
THE WORLD ECONOMY

TODAY, TOMORROW, AND BY 2060

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KEY POINTS

Although the period from 2000-2019 saw an EMDE GDP growth rate twice that of AEs, this is unlikely to persist post-COVID

EMDEs will continue to increase their share in global GDP, though will experience lower productivity, labor and investment growth compared to before

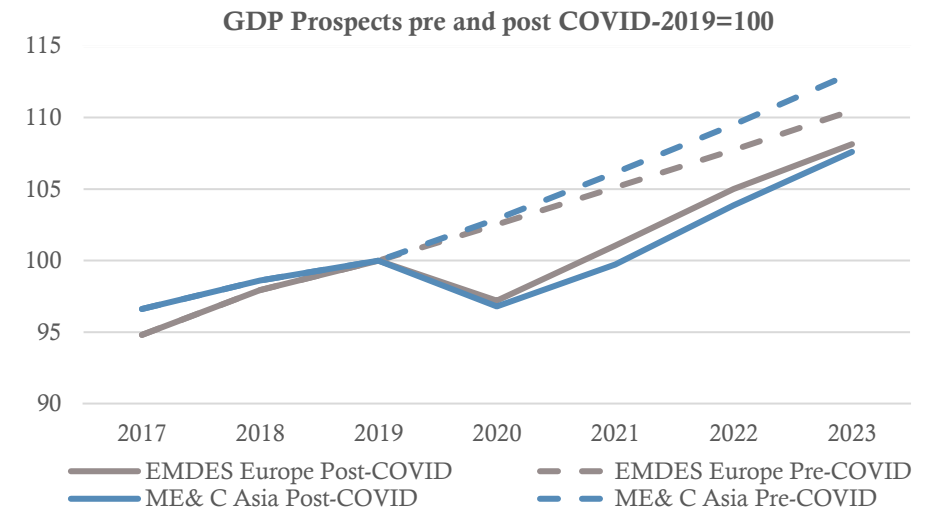
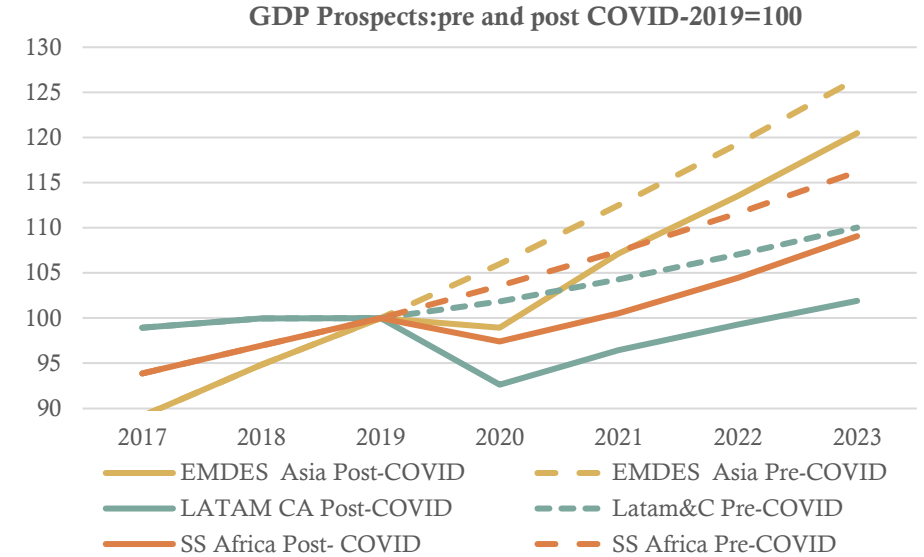
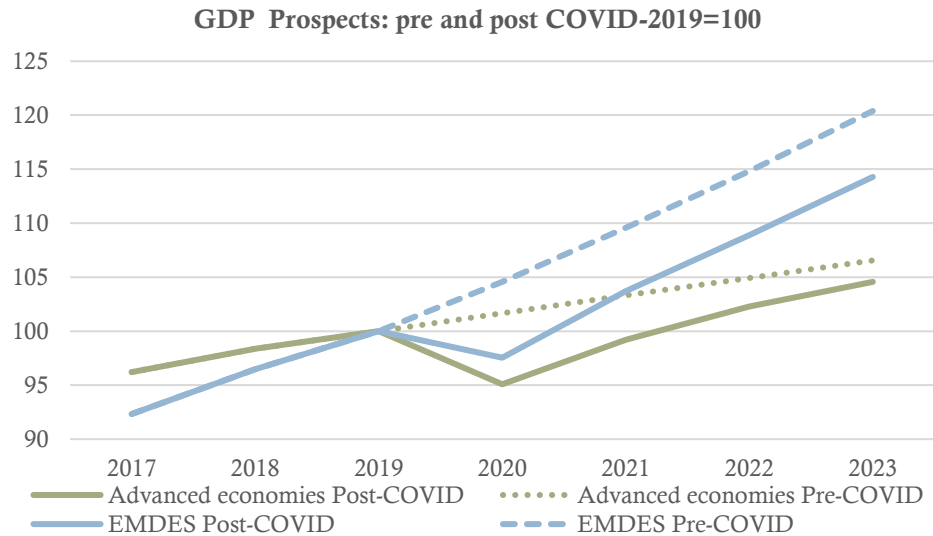
The economic slowdown caused by the pandemic will have far-reaching social and political implications and lasting impact caused by trade and connectivity disruptions

Additional fiscal support and an anticipated vaccine-powered recovery have had positive impacts on the projections

EMDEs were hit harder and are expected to suffer more significant medium-term losses than AEs

GDP PROSPECTS

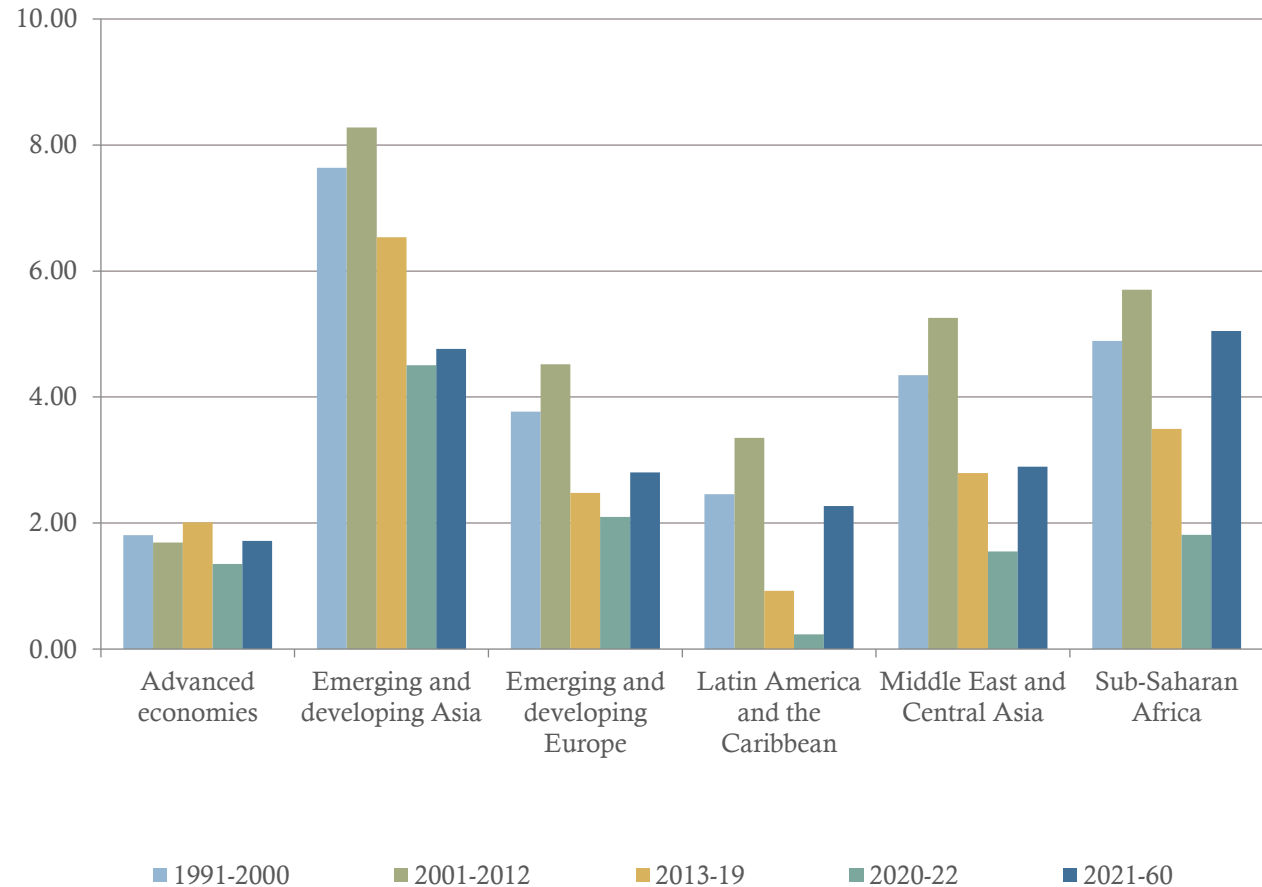
- Strength of recovery varies across country groups.
- AEs are to expect a quicker recovery than EDMEs.
- Output lower than previous trajectories.



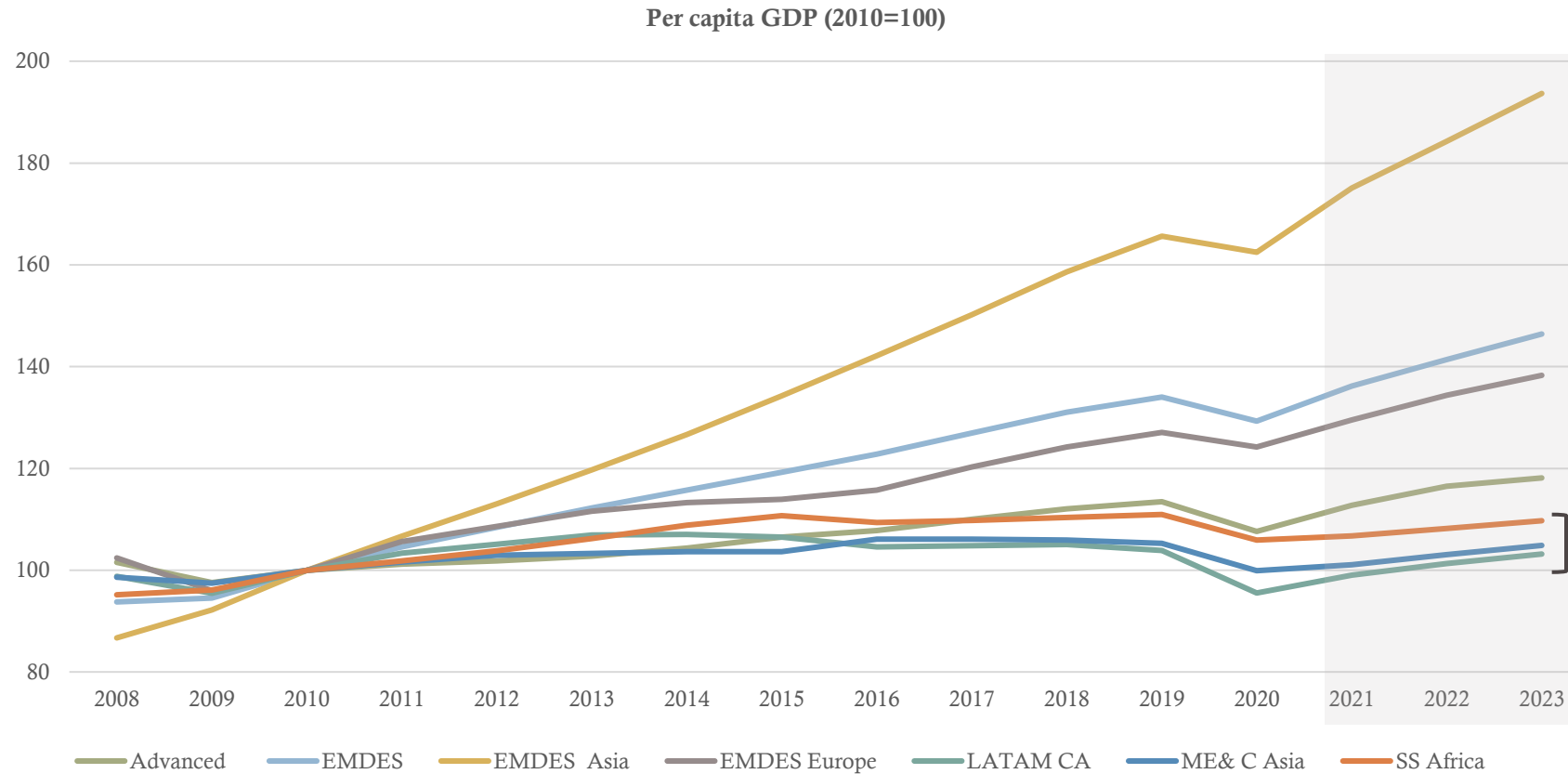
COMPARATIVE GDP

In general, there has been a downward trend in growth rates, prior to the COVID pandemic. Post-COVID rates of growth are expected to be higher than in the recent past but show a downward trend.

Comparative GDP Growth-1991-2060



GDP PER CAPITA



Latin America & the Caribbean, the Middle East & Central Asia, and Sub-Saharan Africa are all lagging with regards to per capita GDP

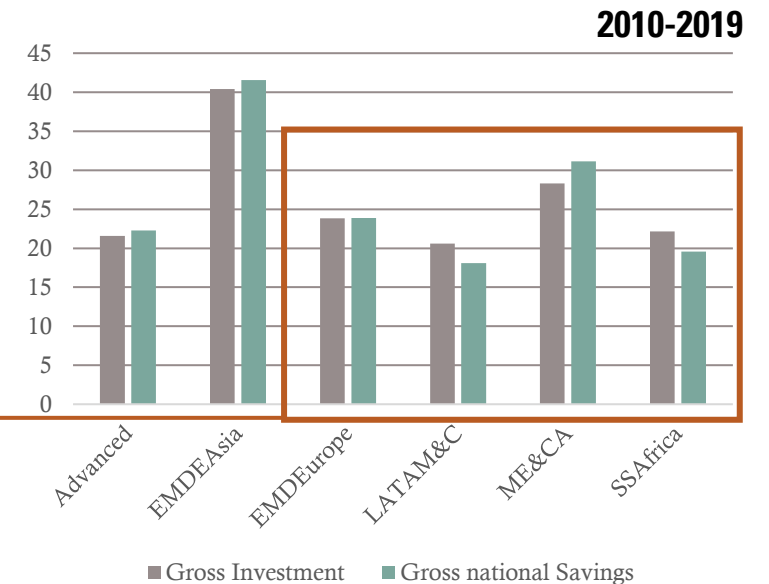
REGIONAL PERFORMANCE

Total factor Productivity Growth (Average 2000-2019)	
Region	TFP
Advanced	0.79
EMDES Asia	3.94
EMDES Europe	2.36
LATAM CA	-0.06
ME& C Asia	0.56
Sub-Saharan Africa	1.22

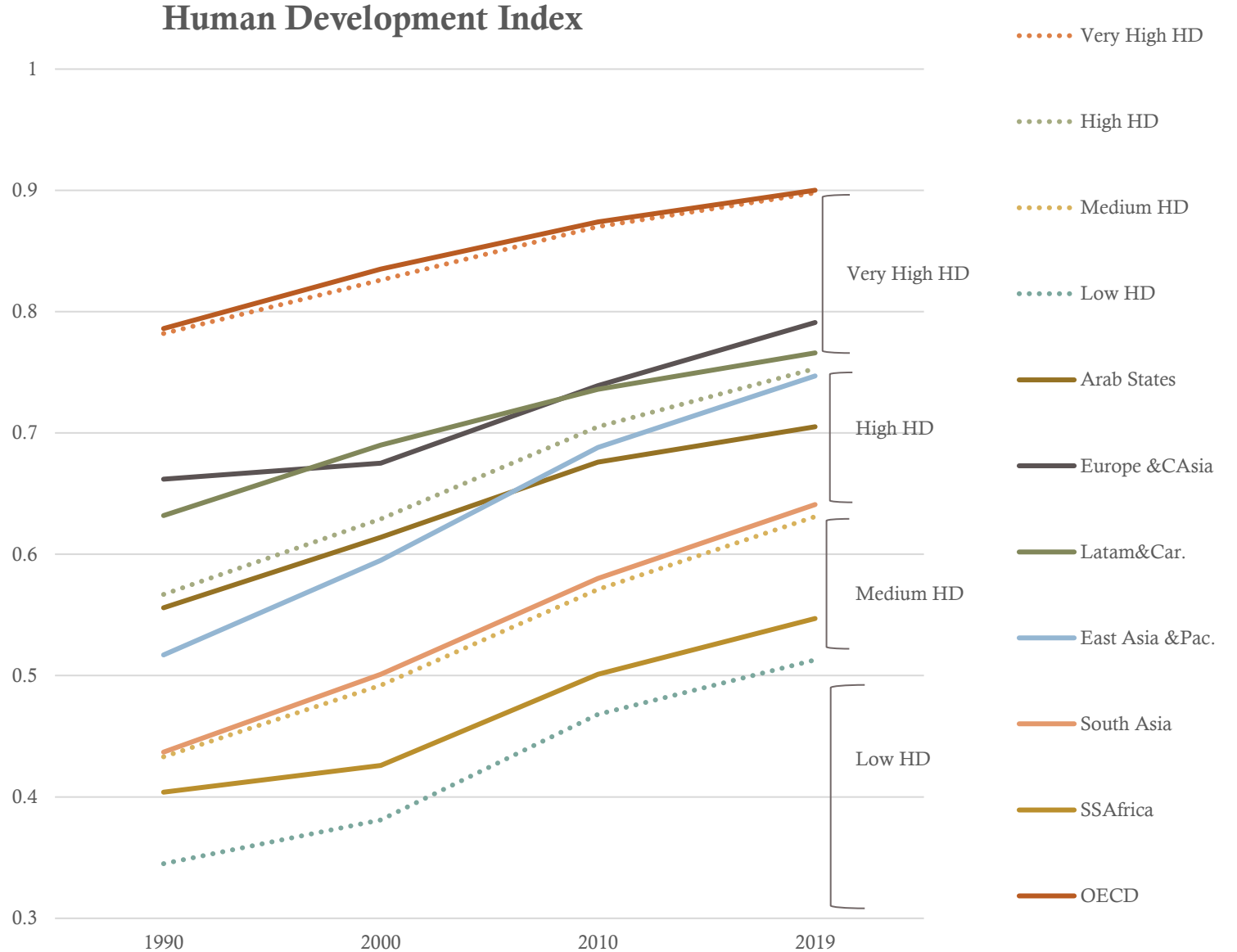
Poor TFP growth in Latin America, the Middle East, and Sub-Saharan Africa compared to other EMDEs

Relatively low savings and investment levels among EMDEs – except Emerging Asia and ME & CA

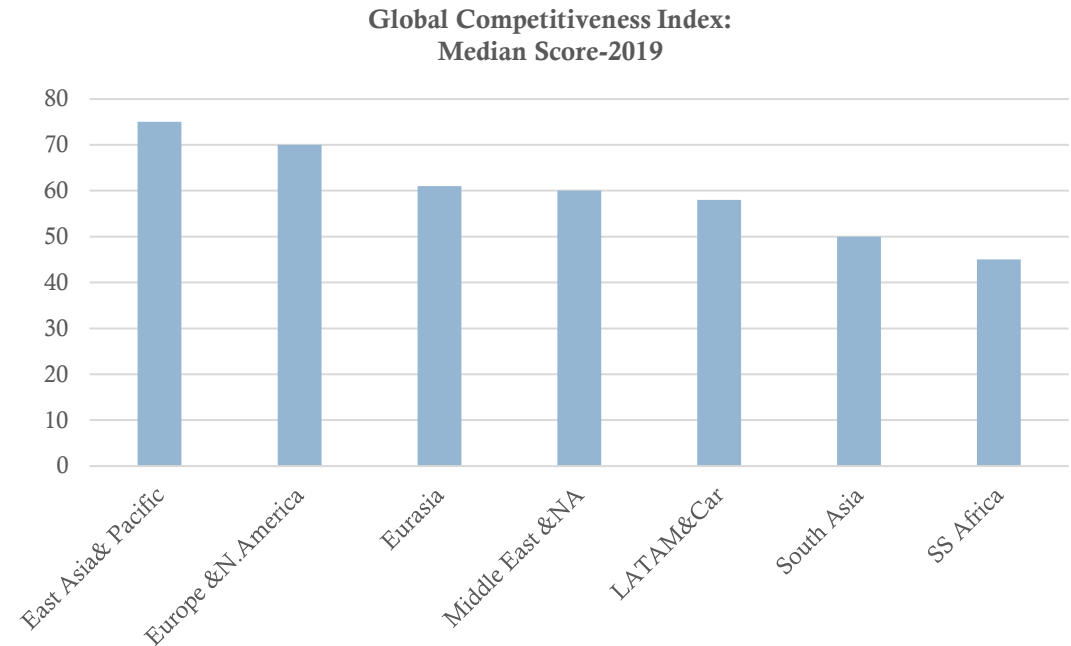
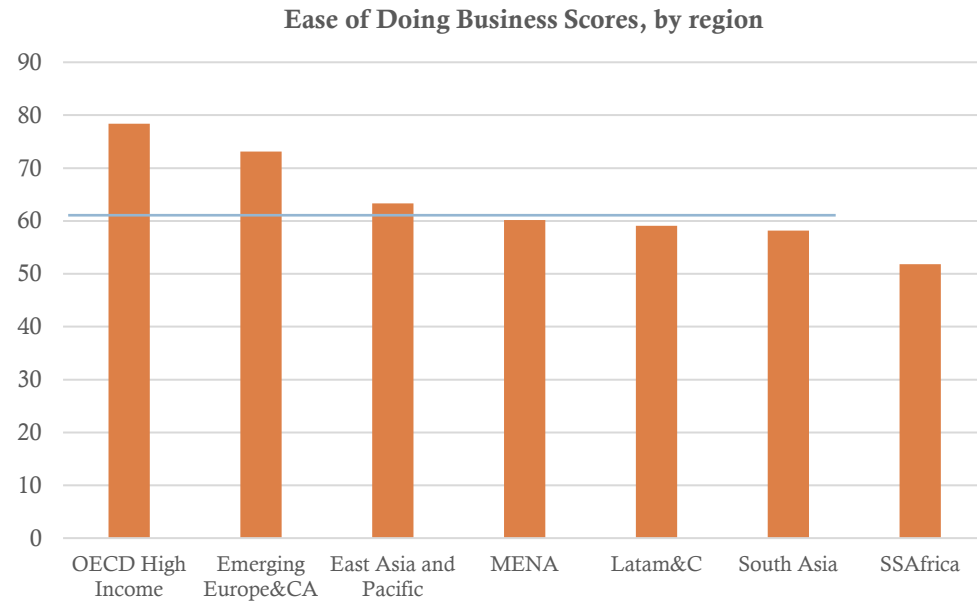
Savings and Investment, by region (%GDP)



REGIONAL PERFORMANCE

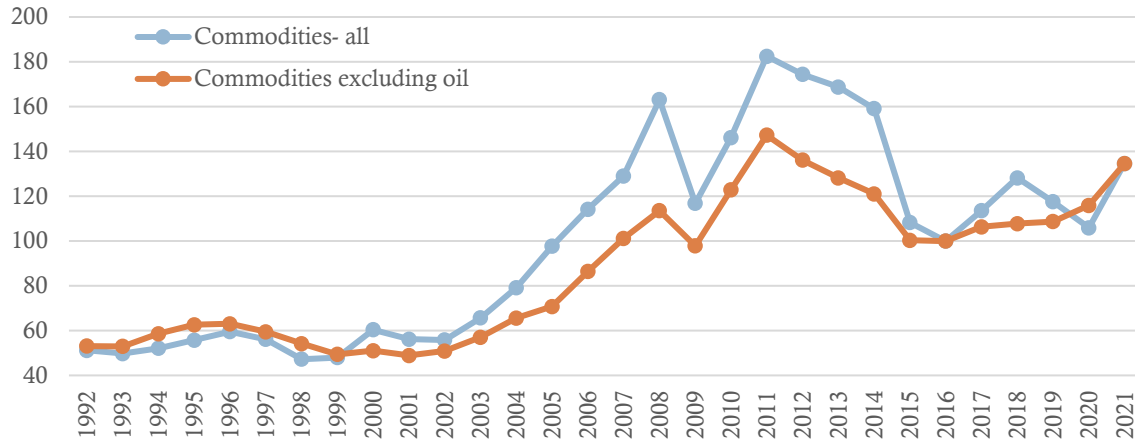


BUSINESS ENVIRONMENT

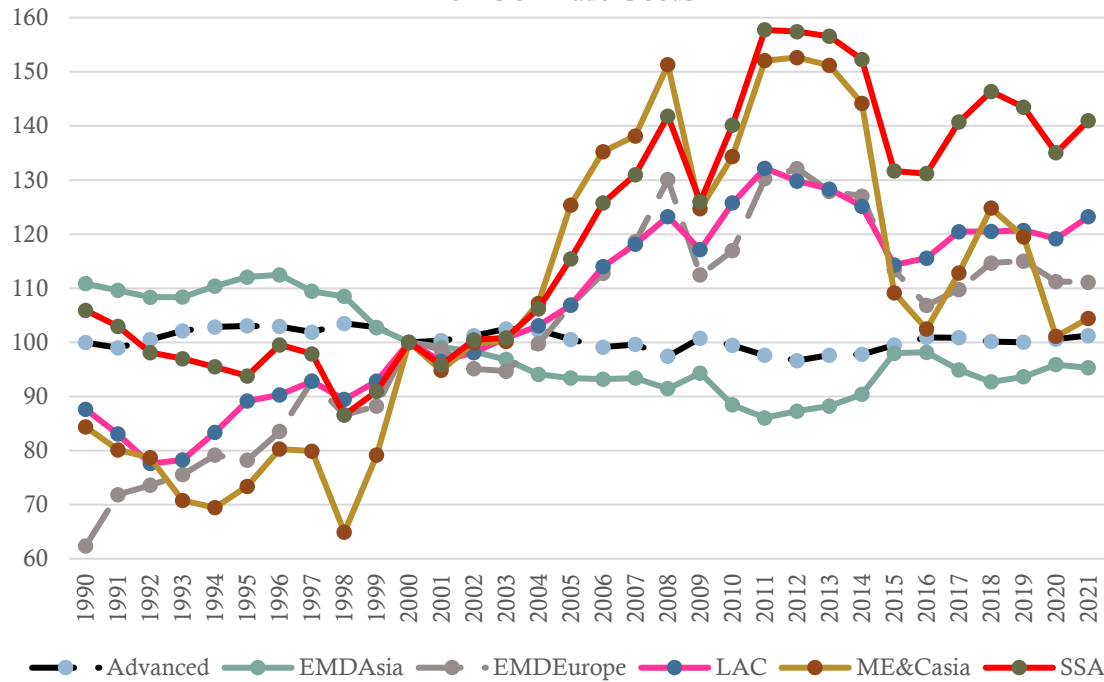


Despite the benefit of high incomes, Latin America and the Middle East suffer in their EDB scores. Sub-Saharan Africa experiences low scores as well. Similar trends arise when looking at the Global Competitive Index.

Commodity Prices (2016=100)



Terms of Trade Goods



COMMODITY PRICE CYCLES AND TERMS OF TRADE

Commodities (as % of exports) represent about:

- 44% for LAC
- 72% for SSA
- 59% for MENA
- 21% for EMDE Asia
- 22% for High-income OECD

Increase in commodity prices translate to improvements in terms of trade.

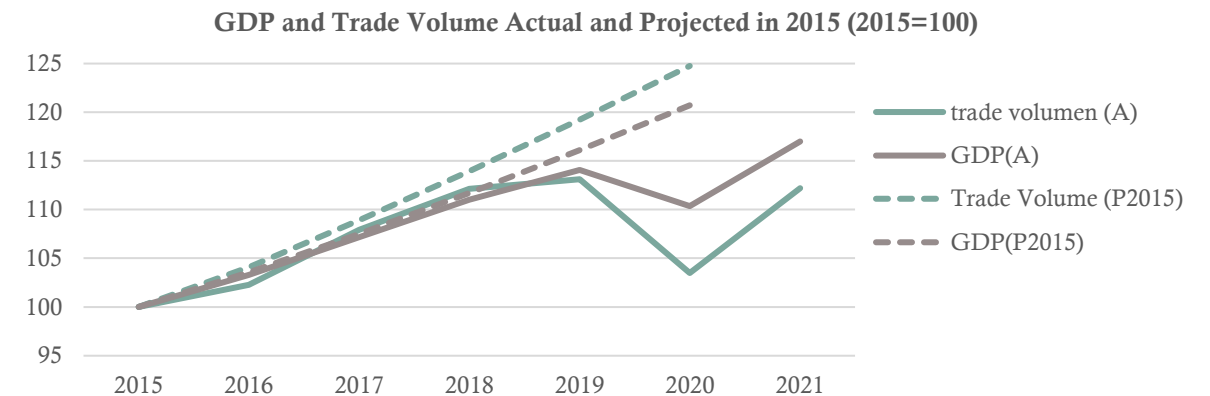
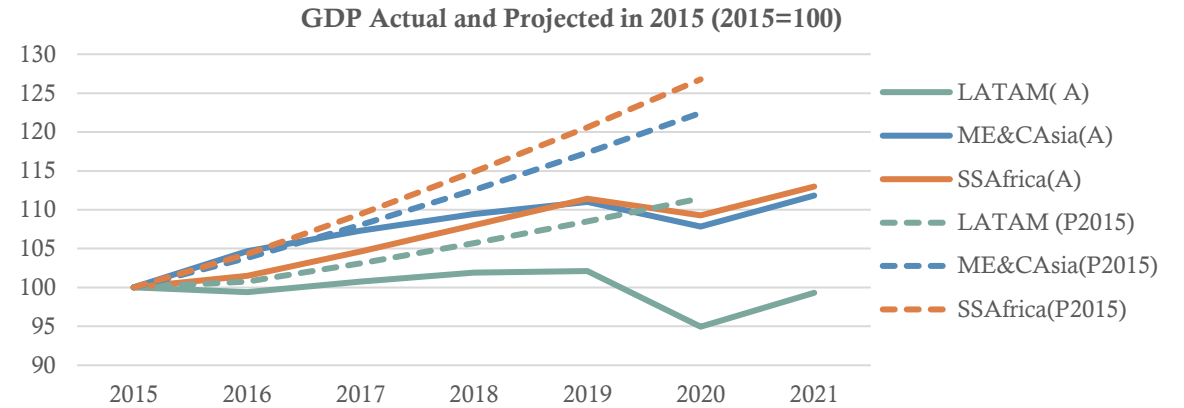
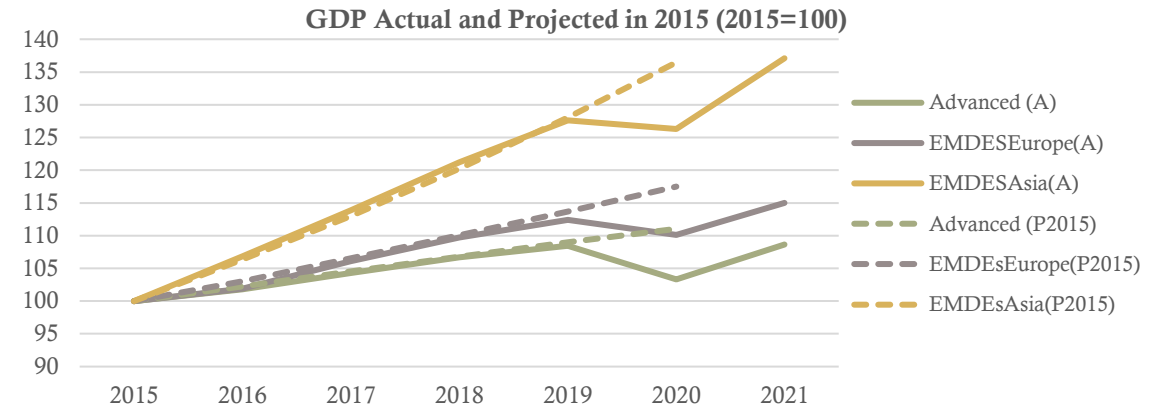
The break of the super commodity cycle in 2012-13 and an economic slowdown in advanced and emerging world translate to a shock for commodity exporters.

Impact: decline in GDP of .5% for each 1% change in terms of trade.

COMPARISON OF ACTUAL PERFORMANCE AND 2015 PROJECTIONS

Most marked decline in commodity-dependent regions

Actual (A) retreat from globalization from 2015 projections (P2015), despite GDP loosely tracking expectations through 2019.



SCENARIOS

What are the long-term
projections post-recovery?

THREE POTENTIAL SCENARIOS

CENTRAL Scenario

Continued increase in participation of EMDEs in World GDP

Global productivity frontier will improve at an average annual rate slightly below 1%

AEs will improve at this rate and EMDEs will converge

STRONG POLICY Scenario

EMDEs become fast growing 'convergers'

Global productivity frontier improves at a faster rate and convergence occurs more rapidly

Current non-convergers successfully adopt adequate policies and institutional reforms needed for rapid catch-up

WEAK POLICY Scenario

EMDEs adopt poor policies resulting in undesirable domestic policies in most EDMs

The rate of global productivity growth slows dramatically to 0.6%

CENTRAL SCENARIO

By 2060, the global economy triples

The world will be significantly wealthier as global GDP per capita increases to \$28,449 compared to \$10,636 today

Dramatic improvements to income levels and living standards for people in countries currently classified as “developing”

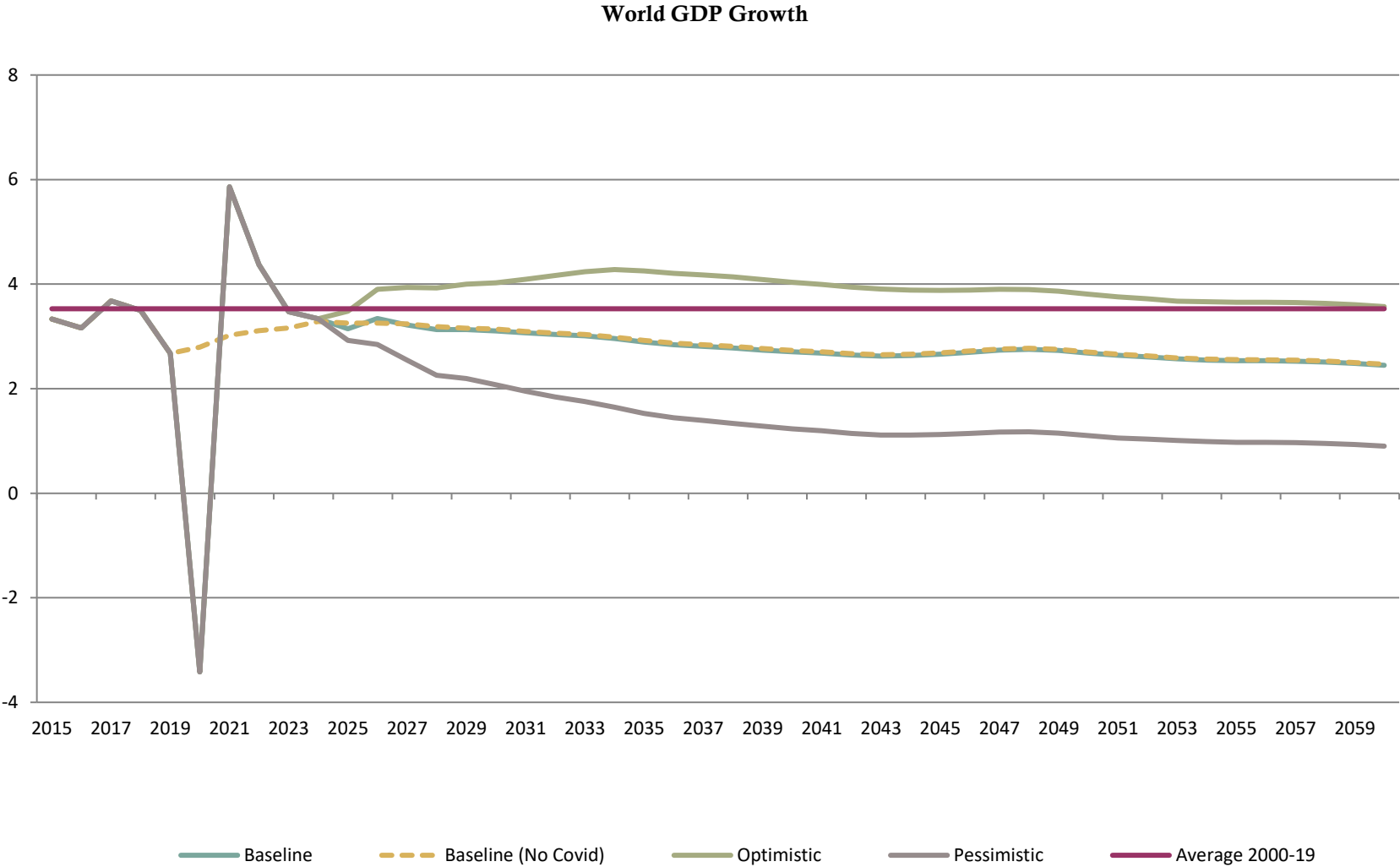
Income and Income pc, PPP2018

	GDP						Average Annual Growth	
	GDP, pc		GDP		GDP, pc		2021-60	
	2021	2040	2060	GDP	GDP, pc			
World	127634	16573	241781	26652	404949	40514	2.93	2.26
Advanced	53962	50600	77682	70252	101632	92147	1.60	1.51
EMDES	70897	10774	159736	20217	297306	33692	3.65	2.89
EMDES Asia	44414	10707	112163	24180	214792	45511	4.02	3.68
EMDES Europe	10098	25840	16500	43672	23568	66437	2.14	2.39
LATAM CA	9304	14582	14698	20218	20653	27394	2.01	1.59
ME& NA	6918	14381	12470	19835	21207	28198	2.84	1.70
Sub-Saharan Africa	3979	3752	9799	5792	25247	10446	4.73	2.59

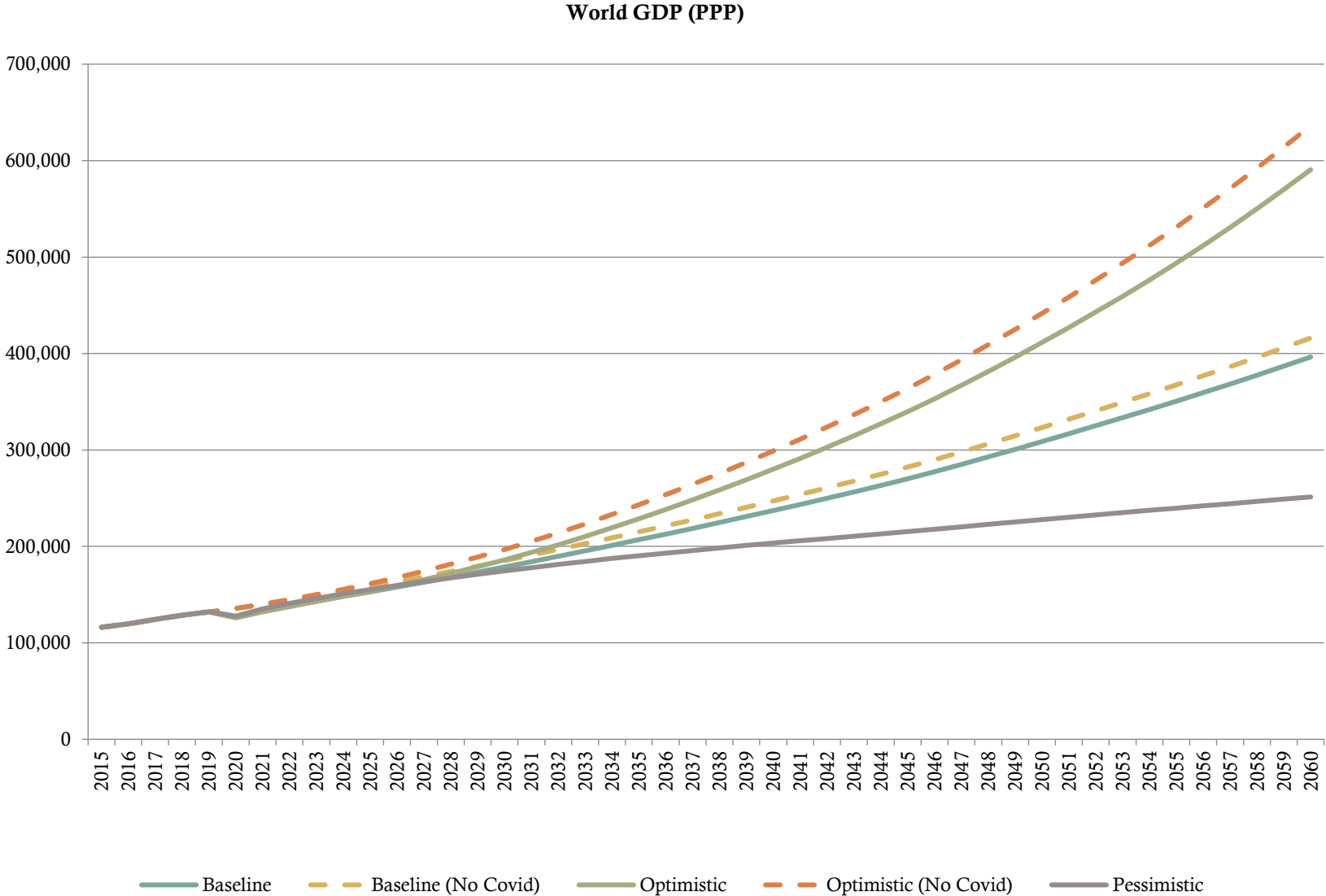
Income and Income pc, MKT2018

	GDP						Average Annual Growth	
	GDP, pc		GDP		GDP, pc		2020-60	
	2021	2040	2060	GDP	GDP, pc			
World	81915	10636	156770	17876	273927	28449	3.06	2.49
Advanced	48877	45832	73111	66118	96494	87488	1.71	1.63
EMDES	31711	4819	81512	10727	174438	20625	4.35	3.70
EMDES Asia	21290	5132	60796	14019	136930	31458	4.76	4.64
EMDES Europe	3660	9366	7064	18697	11056	31168	2.80	3.05
LATAM CA	4187	6562	7078	9736	10275	13629	2.27	1.84
ME& NA	2936	6103	5326	8472	9186	12215	2.89	1.75
Sub-Saharan Africa	1571	1481	4295	2539	11253	4656	5.05	2.90

COMPARISON OF WORLD GDP UNDER THE THREE SCENARIOS



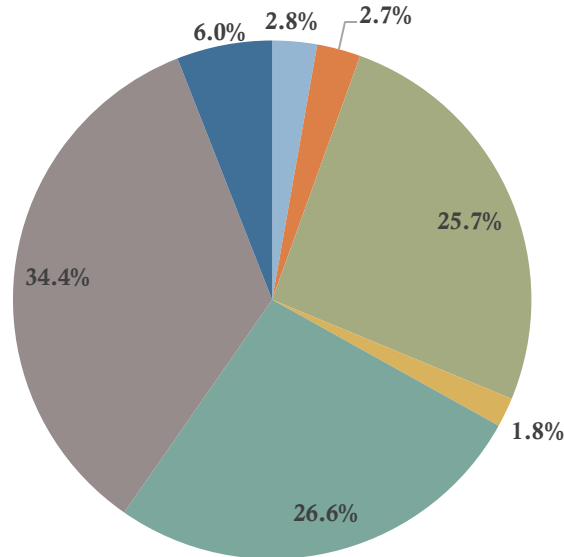
COMPARISON OF WORLD GDP UNDER THE THREE SCENARIOS



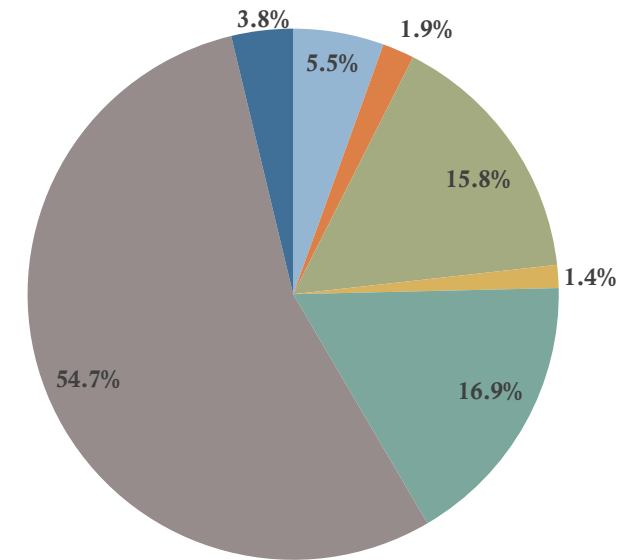
REGIONAL SHARE OF GLOBAL GDP

- Africa
- Middle East
- Europe
- Oceania
- North America
- Asia
- Latin America & Car

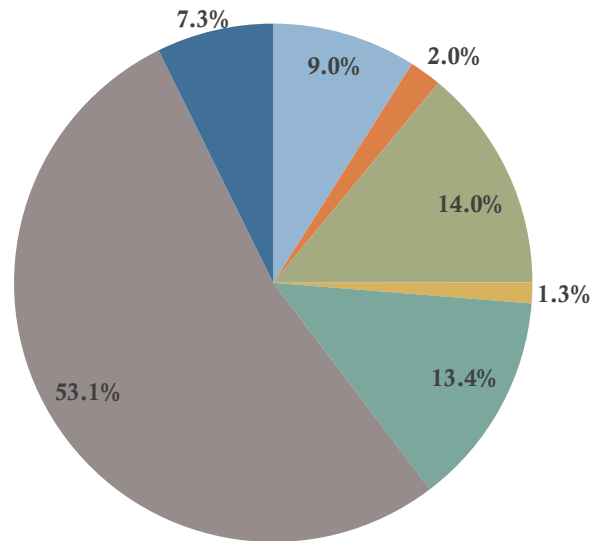
Global, 2019



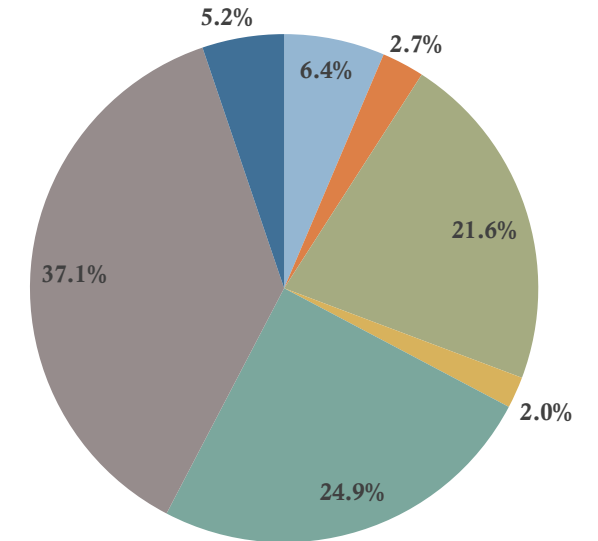
Global Baseline, 2060



Global Optimistic, 2060

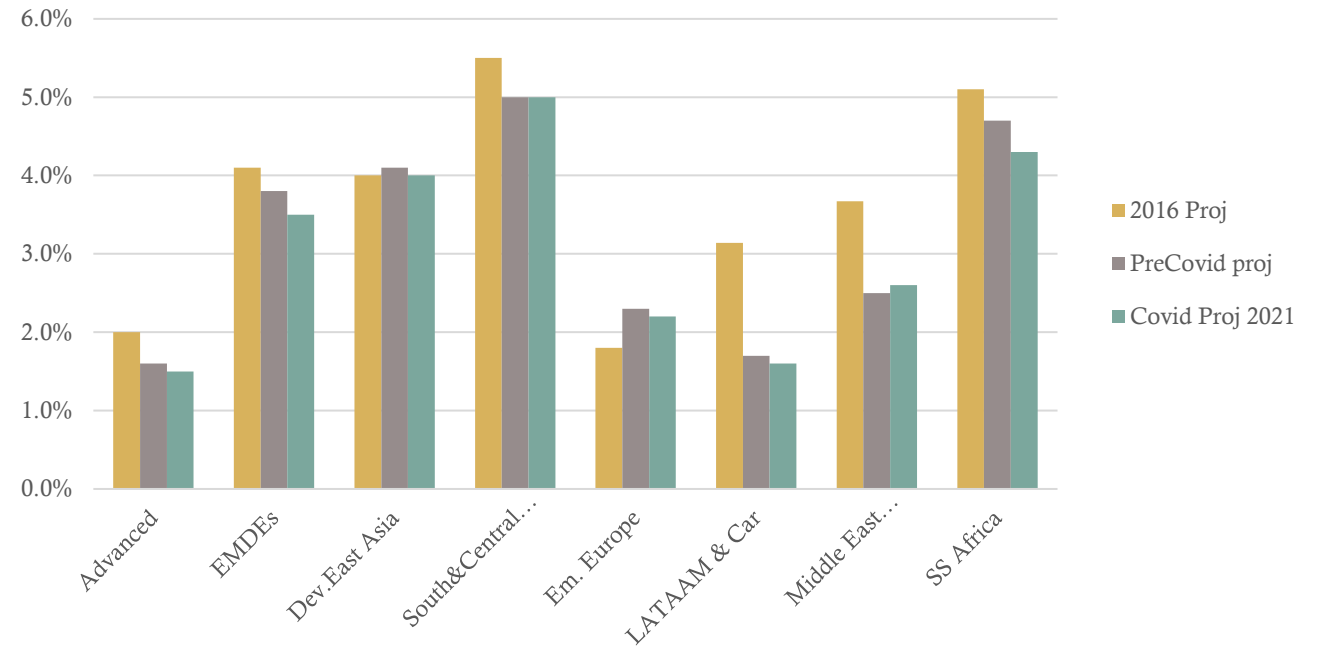


Global Pessimistic, 2060

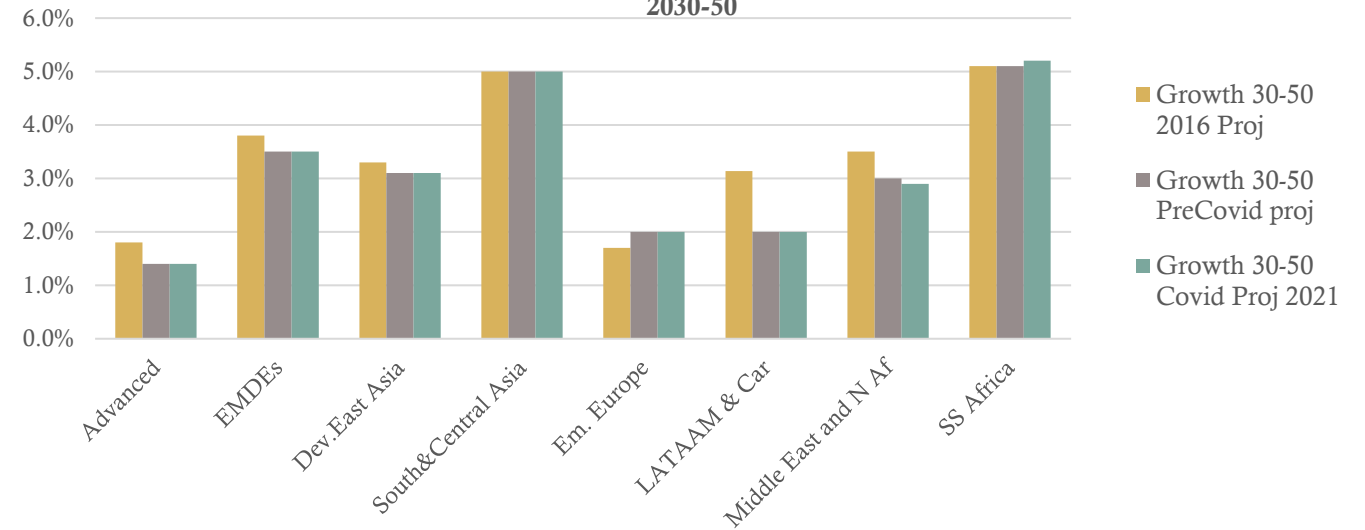


GDP GROWTH RATES

GDPPPP Projected and actual Growth Rates- Projected 2016, Precovid, and Post covid 2015-50



GDPPPP Projected and actual Growth Rates- Projected 2016, Precovid, and Post covid 2030-50



KEY TAKEAWAYS

CENTRAL Scenario

Average Growth Rate: 3.1%

EMDE Growth Rate: 4.4%

Global GDP reaches 40,514 mil USD PPP2018

GDP per capita in EMEDs increases threefold to \$34,000

Africa, Middle East, and Latin America emerge as less-dynamic

STRONG POLICY Scenario

Average Growth Rate: 3.9%

EMDE Growth Rate: 4.8%

Global GDP 48% higher than under central scenario

GDP per capita in EMEDs increases fourfold to \$52,000

Regional differences become less pronounced

WEAK POLICY Scenario

Average Growth Rate: 1.9%

EMDE Growth Rate: 2.1%

Global GDP 38% lower than under central scenario

The growth of Asia and Africa significantly impacted

CONCLUSIONS



EMDE countries will need to work hard to 'catch up' with developed economies



Strong Policy scenario unlikely given it requires developing regions to follow the past record of East Asia



High likelihood of a pessimistic outcome given current performance of lagging regions



Success or failure dependent on the extent of domestic actions rather than exogenous events

ANNEX

ANNEX 1

Overview of WEO Projections, Percent Change

	Year over Year			
	Estimate		Projections	
	2019	2020	2021	2022
World Output	2.8	-3.3	5.5	4.2
Advanced Economies	1.6	-4.7	4.3	3.1
United States	2.2	-3.5	6.4	3.5
Euro Area	1.3	-6.6	4.4	3.8
Japan	0.3	-4.8	3.3	2.5
Other Advanced Economies	1.8	-2.1	4.4	3.4
Emerging Market and Developing Economies	3.6	-2.2	6.7	5.0
Emerging and Developing Asia	5.3	-1.0	8.6	6.0
China	5.8	2.3	8.4	5.6
India	4.0	-8.0	12.5	6.9
Emerging and Developing Europe	2.4	-2.0	4.4	3.9
Latin America and the Caribbean	0.2	-7.0	4.6	3.1
Middle East and Central Asia	1.4	-2.9	3.7	3.8
Sub-Saharan Africa	3.2	-1.9	3.4	4.0

IMF World Economic Outlook, April 2021

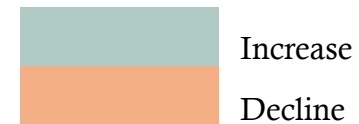
ANNEX 2

Average Rates of GDP Growth per period

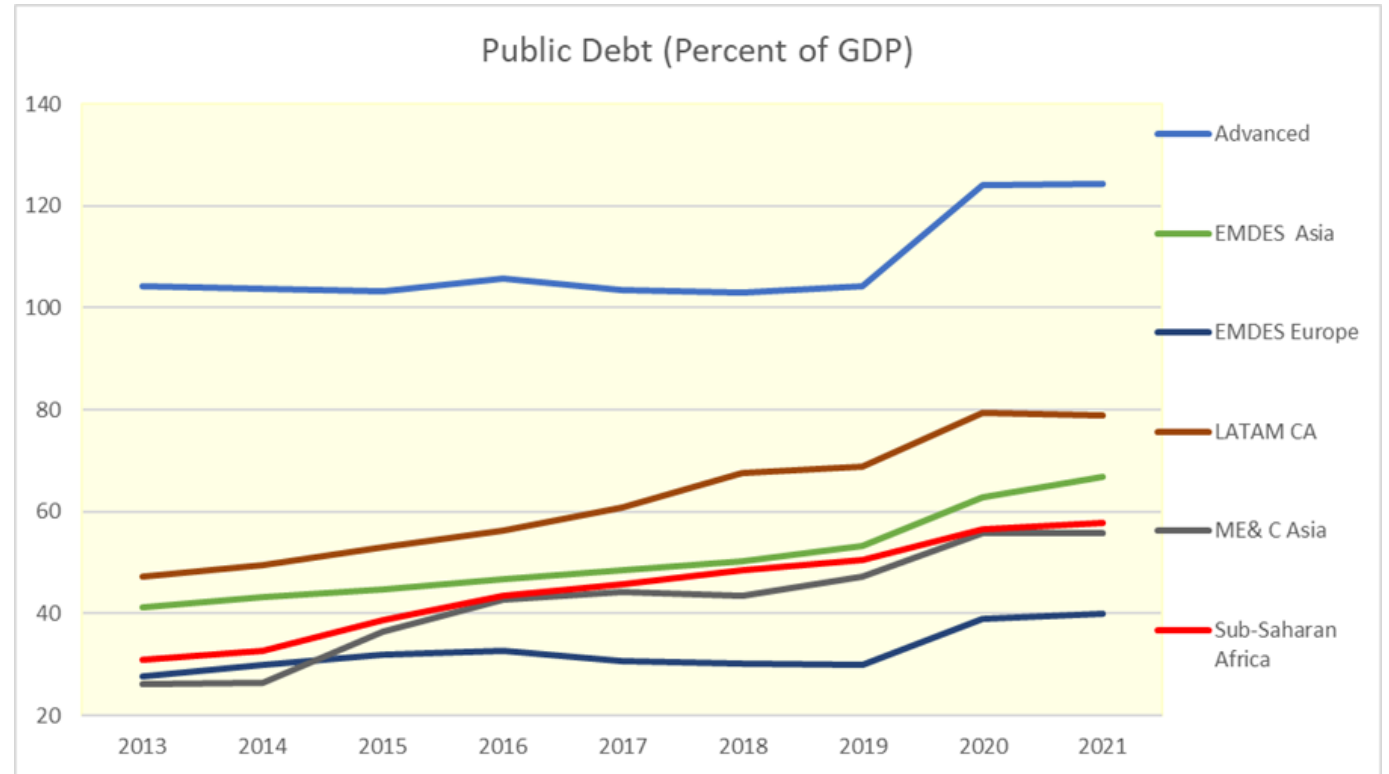
	1991-2000	2001-2012	2013-19	2020-22
World	3.74	3.93	3.41	2.39
Advanced economies	1.81	1.69	2.01	1.35
EMDEs	5.56	6.17	4.50	3.15
EMDEs Asia	7.63	8.28	6.52	4.50
EMDES Europe	3.79	4.52	2.54	2.10
LATAM CA	2.47	3.35	0.96	0.24
ME& C Asia	4.35	5.26	2.80	1.55
Sub-Saharan Africa	4.89	5.70	3.49	1.81

Source: IMF and Centennial

2020-22 Estimated and Projected



ANNEX 3



ANNEX 4

Regional Average Change in Terms of Trade-2000-2020

Region	Average Percent Change	Standard Deviation
Advanced	-0.07	1.47
EMDES	0.89	3.18
EMDES Asia	-0.17	3.11
EMDES Europe	1.36	6.57
LATAM CA	1.33	4.08
ME& C Asia	1.80	11.73
Sub-Saharan Africa	2.22	6.98

Source: IMF and Centennial

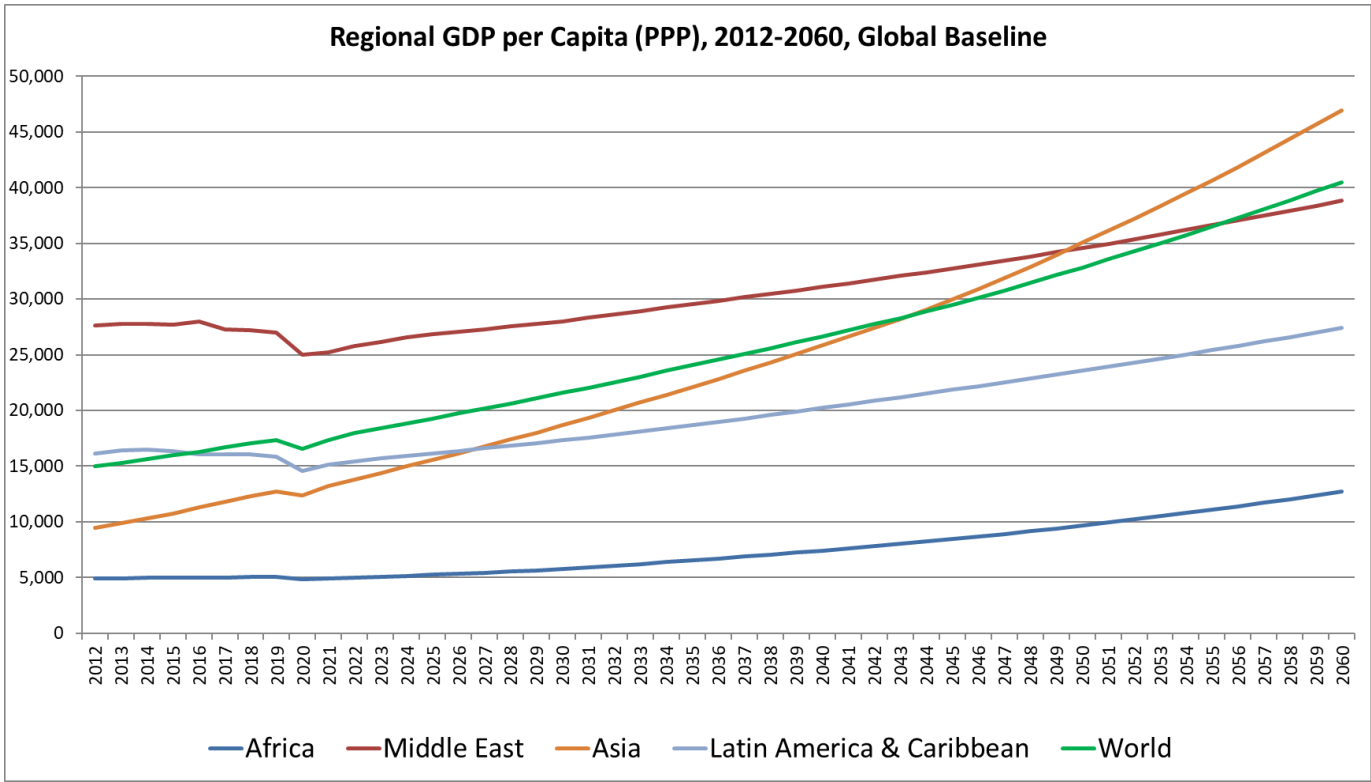
ANNEX 5

2019	GDP	Percent of total
Africa	2,385.3	2.8%
Middle East	2,334.4	2.7%
Europe	22,031.9	25.7%
Oceania	1,573.7	1.8%
North America	22,768.1	26.6%
Asia	29,432.7	34.4%
Latin America & Car	5,097.6	6.0%
World	85,623.7	100.0%

2040	Global Baseline	Percent of Total	Global Baseline (No COVID)	Percent of Total
Africa	5,956.9	3.8%	6,128.3	3.8%
Middle East	3,480.6	2.2%	3,547.0	2.2%
Europe	32,460.9	20.7%	30,998.0	19.2%
Oceania	2,646.7	1.7%	2,491.4	1.5%
North America	33,614.7	21.4%	34,150.0	21.2%
Asia	71,532.3	45.6%	76,050.8	47.2%
Latin America & Caribbean	7,078.0	4.5%	7,716.1	4.8%
World	156,770.0	100.0%	161,081.7	100.0%

2060	Global Baseline	Percent of Total	Global Baseline (No COVID)	Percentage of Total
Africa	15,126.09	5.5%	15,346.05	5.4%
Middle East	5,289.75	1.9%	5,382.25	1.9%
Europe	43,228.42	15.8%	41,445.15	14.6%
Oceania	3,828.25	1.4%	3,636.81	1.3%
North America	46,375.31	16.9%	47,140.32	16.6%
Asia	149,804.20	54.7%	160,434.30	56.4%
Latin America & Car	10,275.06	3.8%	11,289.49	4.0%
World	273,927.1	100%	284,674.3	100%

ANNEX 6

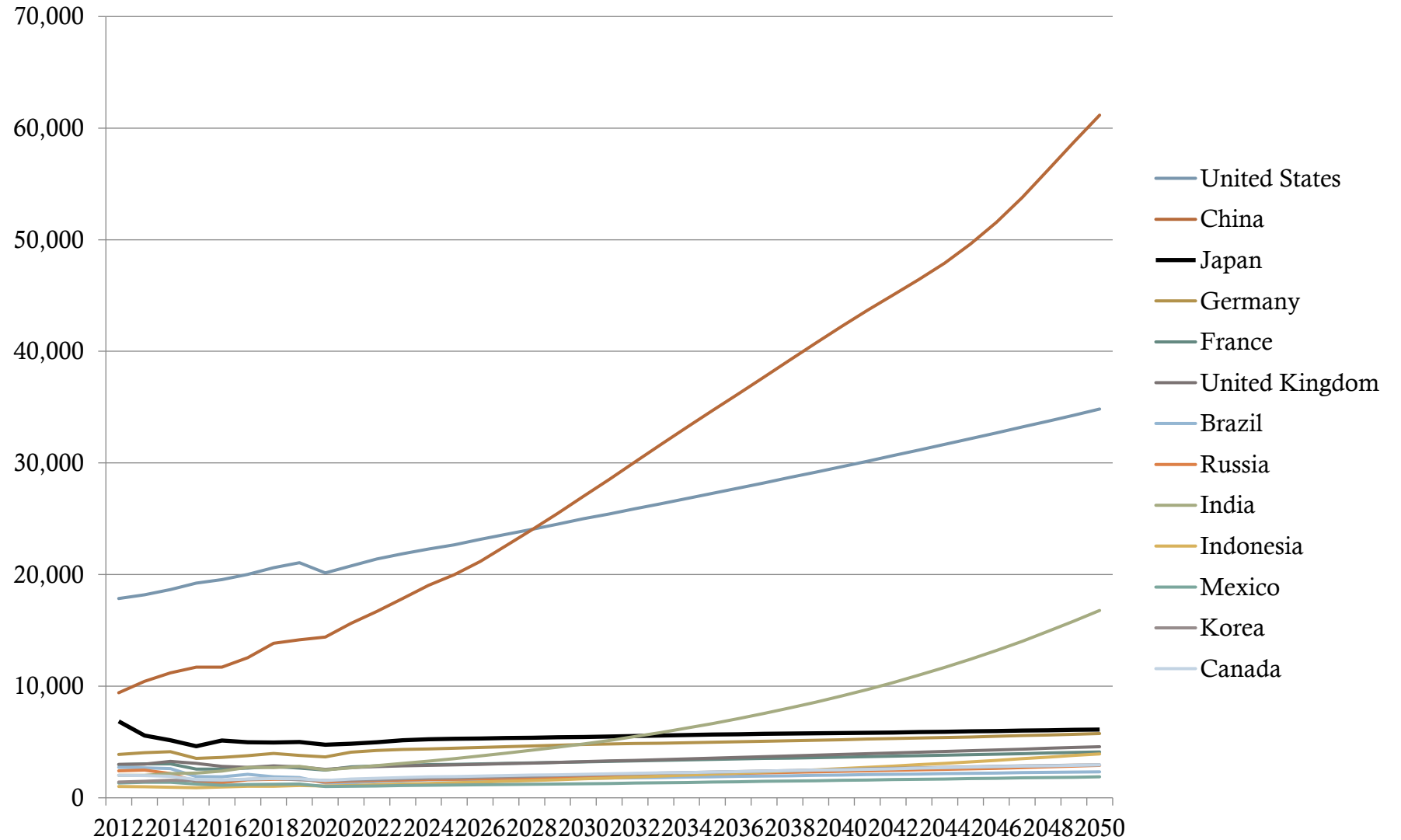


ANNEX 7

GDP and GDP Per capita 2019-2040-2060 under alternative scenarios							
Region	Scenario	2019	2040	2060	2019	2040	2060
				GDP (US \$mill PPP2018)			
				GDPPC (US\$PPP2018)			
World	Baseline	132153	241781	404949	17340	26652	40514
	Optimistic		284990	598210		31415	59849
	Pessimistic		203430	251255		22424	25137
Africa	Baseline	6500	15039	35989	5079	7408	12689
	Optimistic		20898	80974		10295	28550
	Pessimistic		13532	24490		6666	8635
Middle East	Baseline	4089	6324	9380	26966	31095	38835
	Optimistic		7477	13998		36764	57956
	Pessimistic		5924	7509		29129	31090
Europe	Baseline	32153	44730	59086	38589	54226	75028
	Optimistic		50183	75218		60837	95513
	Pessimistic		40650	46095		49281	58532
Latin America & Caribbean	Baseline	10029	14698	20653	15865	20218	27394
	Optimistic		20673	44539		28437	59076
	Pessimistic		13599	16700		18706	22151
Asia	Baseline	54890	124972	229995	12682	25818	46974
	Optimistic		146346	323582		30234	66088
	Pessimistic		96169	114750		19868	23436
North America	Baseline	22955	33670	46453	62638	82111	105748
	Optimistic		36728	55293		89567	125873
	Pessimistic		31373	38880		76510	88509
Oceania	Baseline	1537	2347	3393	51259	65178	83411
	Optimistic		2684	4606		74558	113227
	Pessimistic		2181	2830		60566	69578

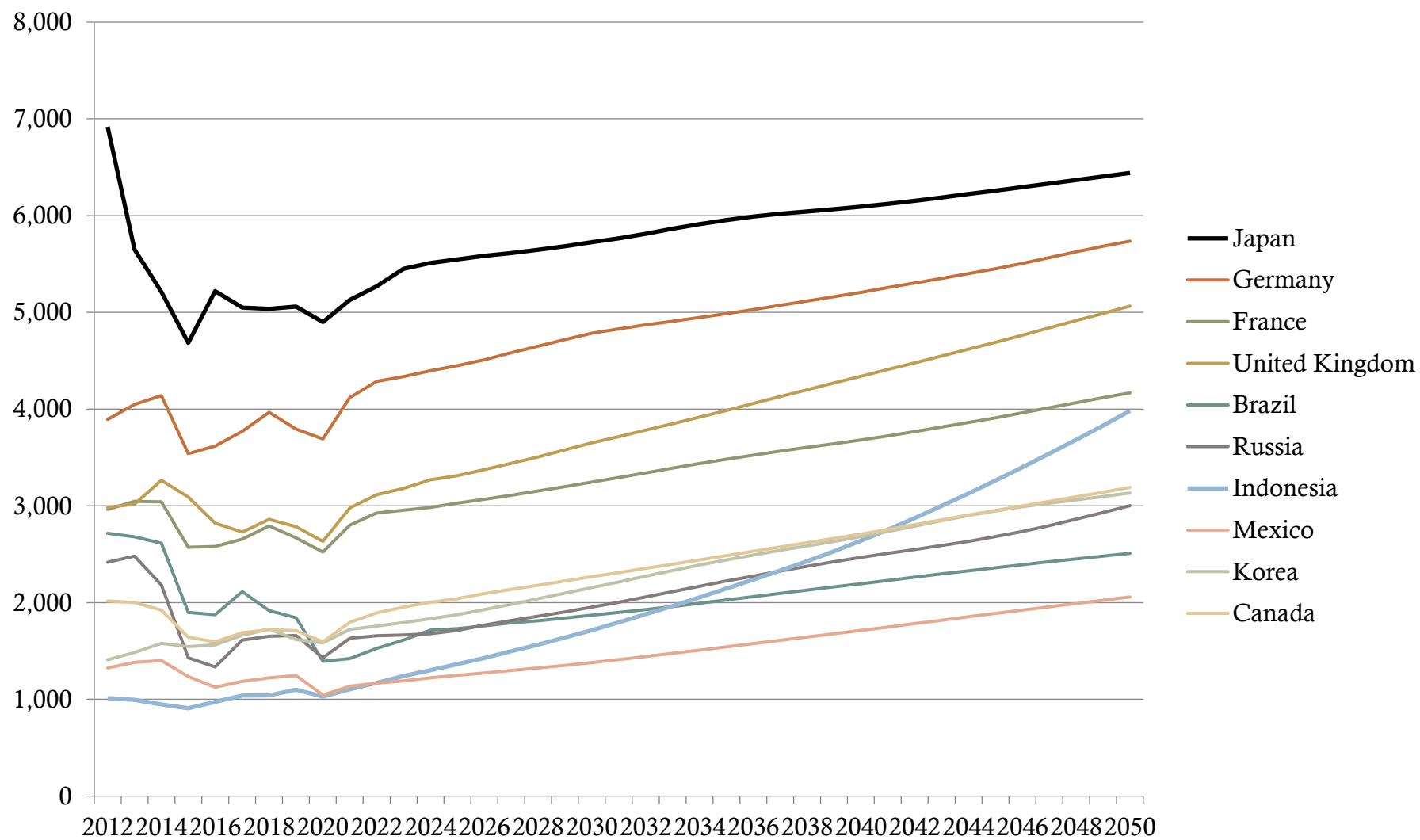
ANNEX 8

Major Country GDP (MkFX), 2012-2050, Global Baseline

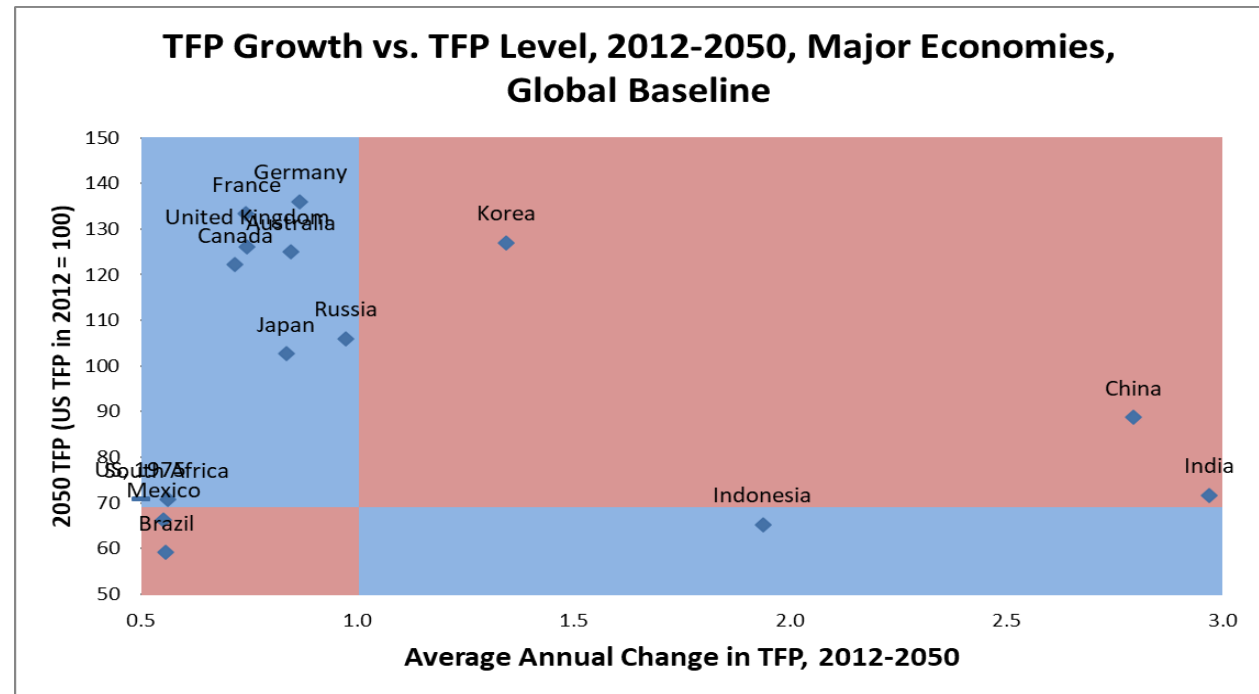
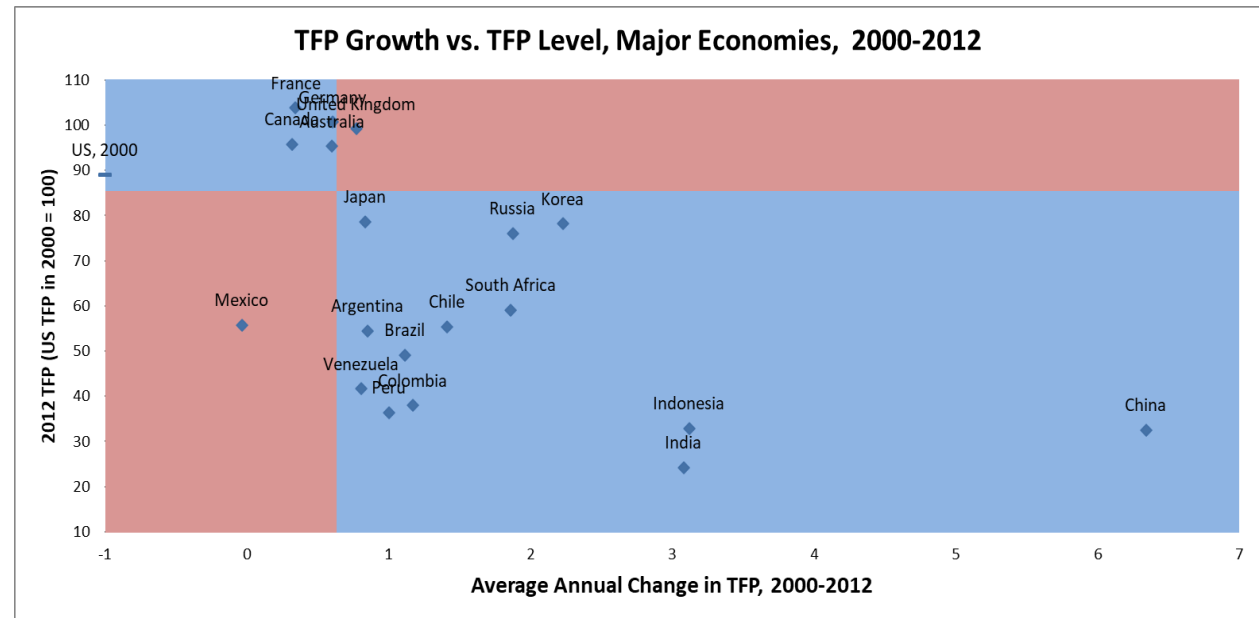


ANNEX 9

Major Country GDP (MkFX) – excl USA, PRC, India – Global Baseline



ANNEX 10



ANNEX 11

