



# **ONTARIO ECONOMIC SUMMIT**



an initiative of  
**ONTARIO  
CHAMBER of  
COMMERCE**

# Economic progress in developing countries: Implications for Canada



## ANDREW BURNS

Lead Economist  
Development Prospects Group, World Bank

# Economic progress in developing countries: Implications for Canada



- Developing-countries are growing more than twice as fast as industrialized countries
- By 2030 imports from developing countries will constitute 42 percent of world trade
- Developing countries represent a huge and fast growing, but unexploited market for Canadian exports

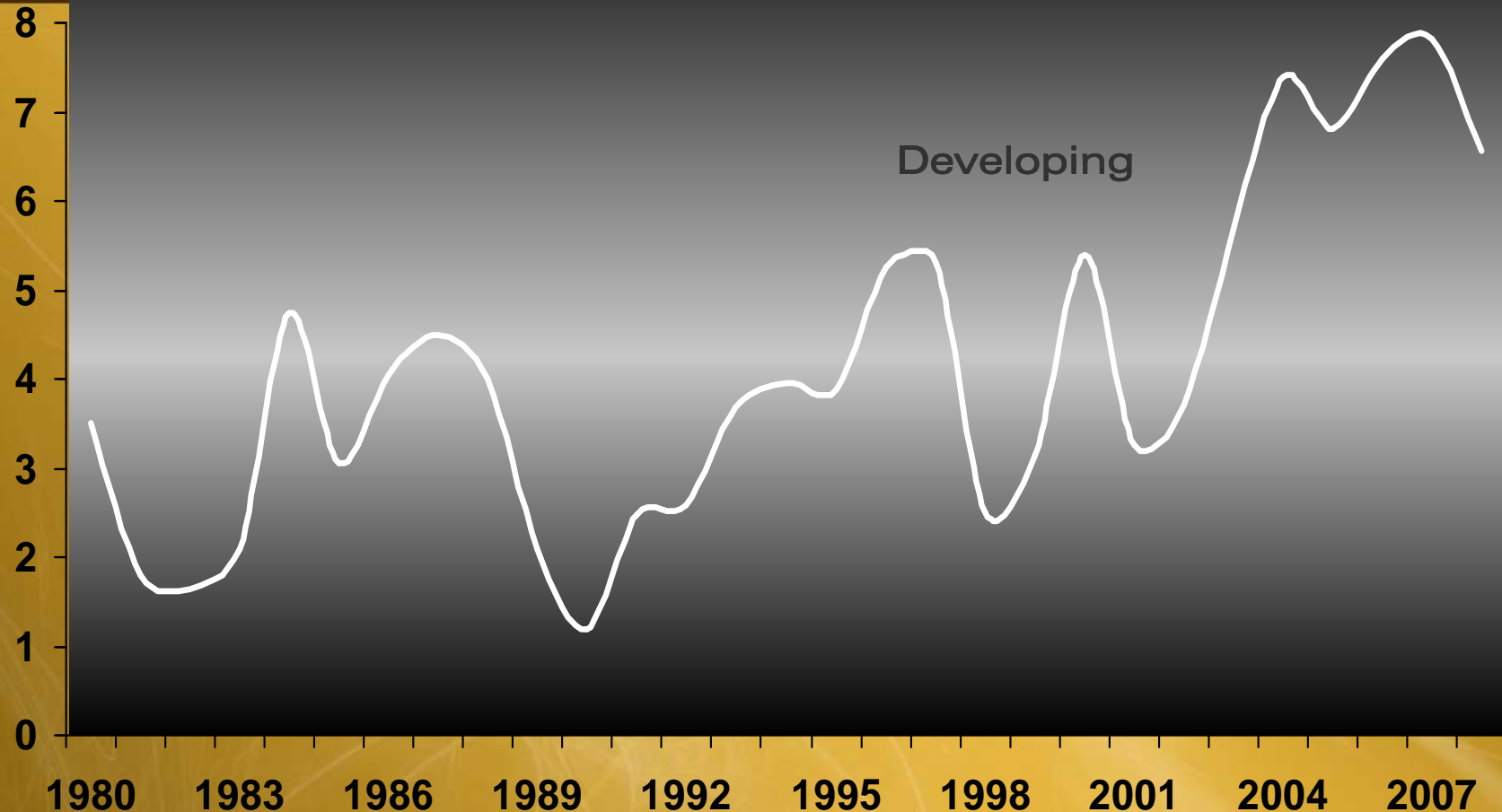


THE WORLD BANK

an initiative of  
 ONTARIO  
CHAMBER of  
COMMERCE

# Developing countries are growing twice as fast as developed countries

Real GDP annual percent change



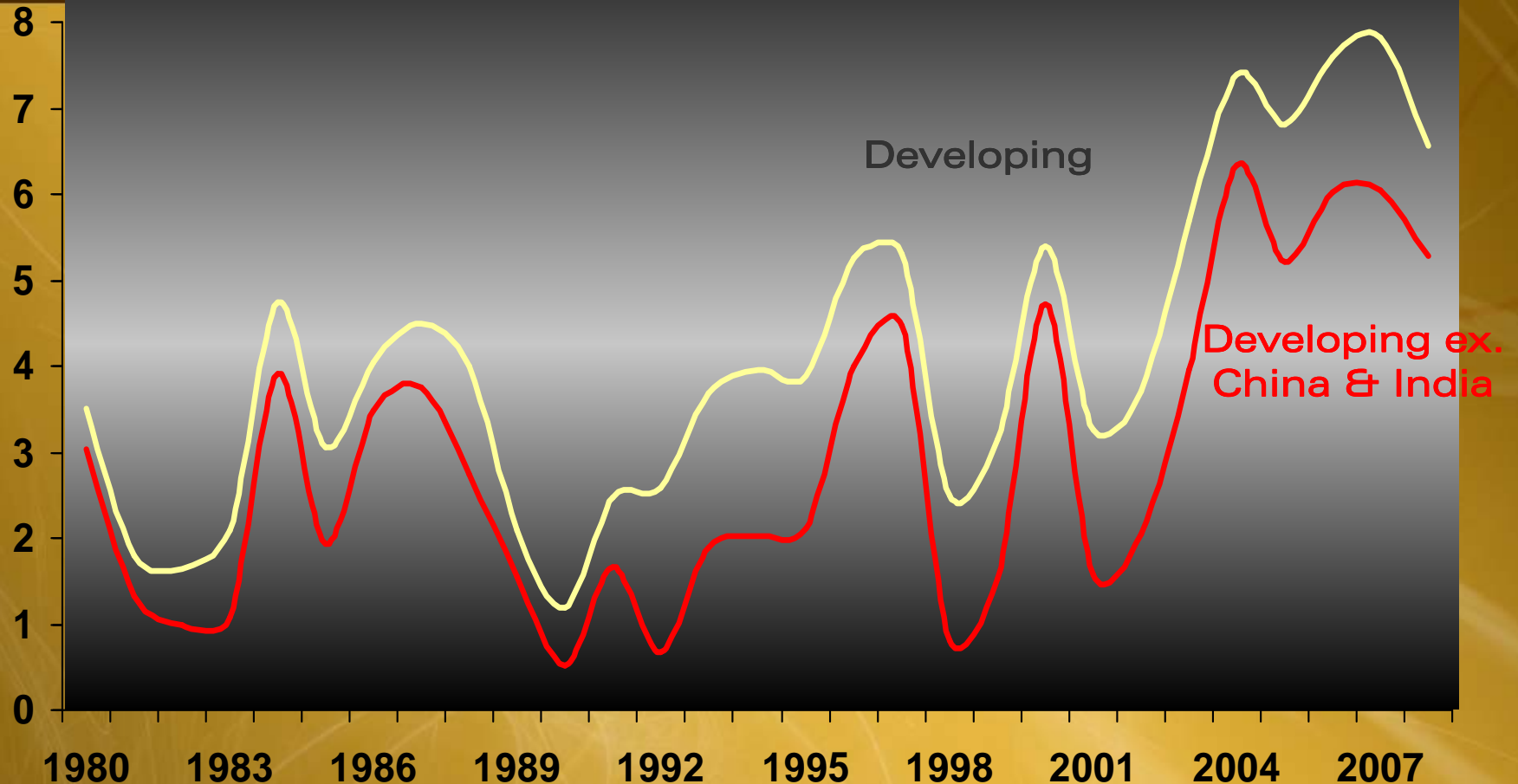
THE WORLD BANK

Source: World Bank



# Developing countries are growing twice as fast as developed countries

Real GDP annual percent change



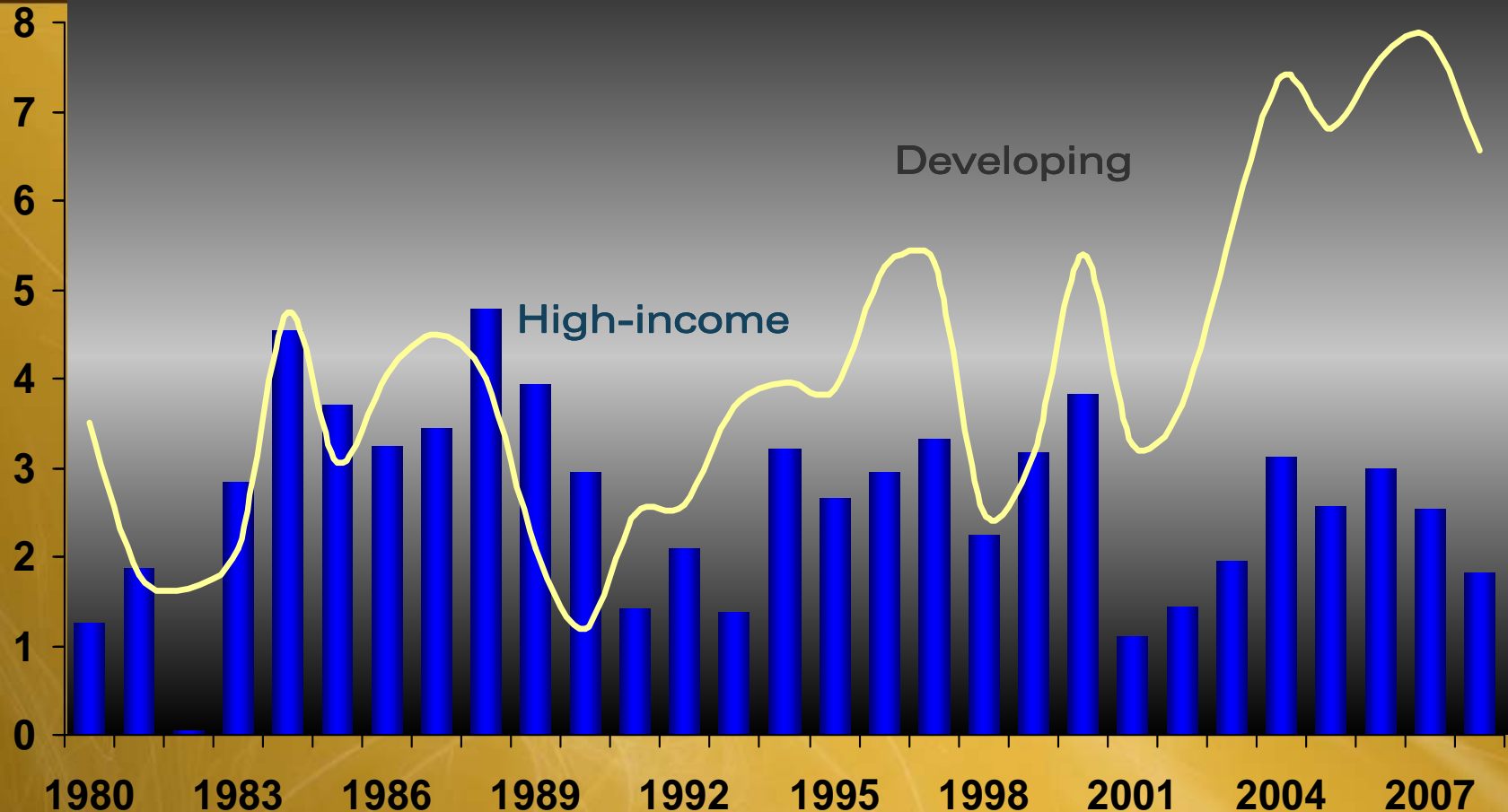
THE WORLD BANK

Source: World Bank

an initiative of  
ONTARIO  
CHAMBER OF  
COMMERCE

# Developing countries are growing twice as fast as developed countries

Real GDP annual percent change



THE WORLD BANK

Source: World Bank

an initiative of  
ONTARIO  
CHAMBER of  
COMMERCE

# Stronger growth reflects improved fundamentals



- ▣ Average developing country tariffs have declined from around 30 percent in 1980 to less than 8 percent
- ▣ Median inflation down from double digits to around 3 percent (since has jumped to 12)
- ▣ General government deficits and debt to GDP ratios have declined



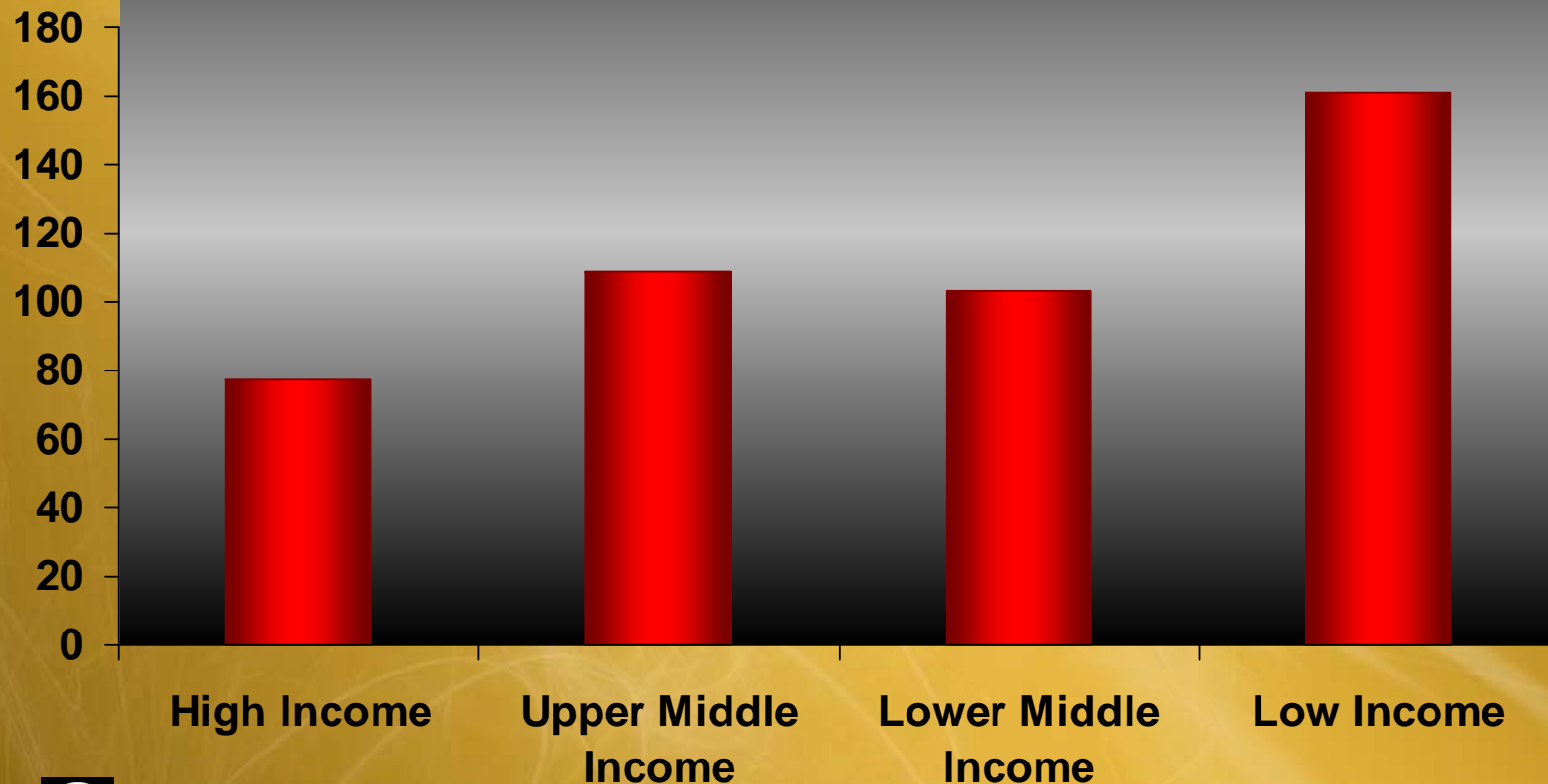
THE WORLD BANK

an initiative of  
 ONTARIO  
CHAMBER of  
COMMERCE

# Technological progress in developing countries has outpaced high-income countries



Percent change in technological achievement, 2000s vs 1990s



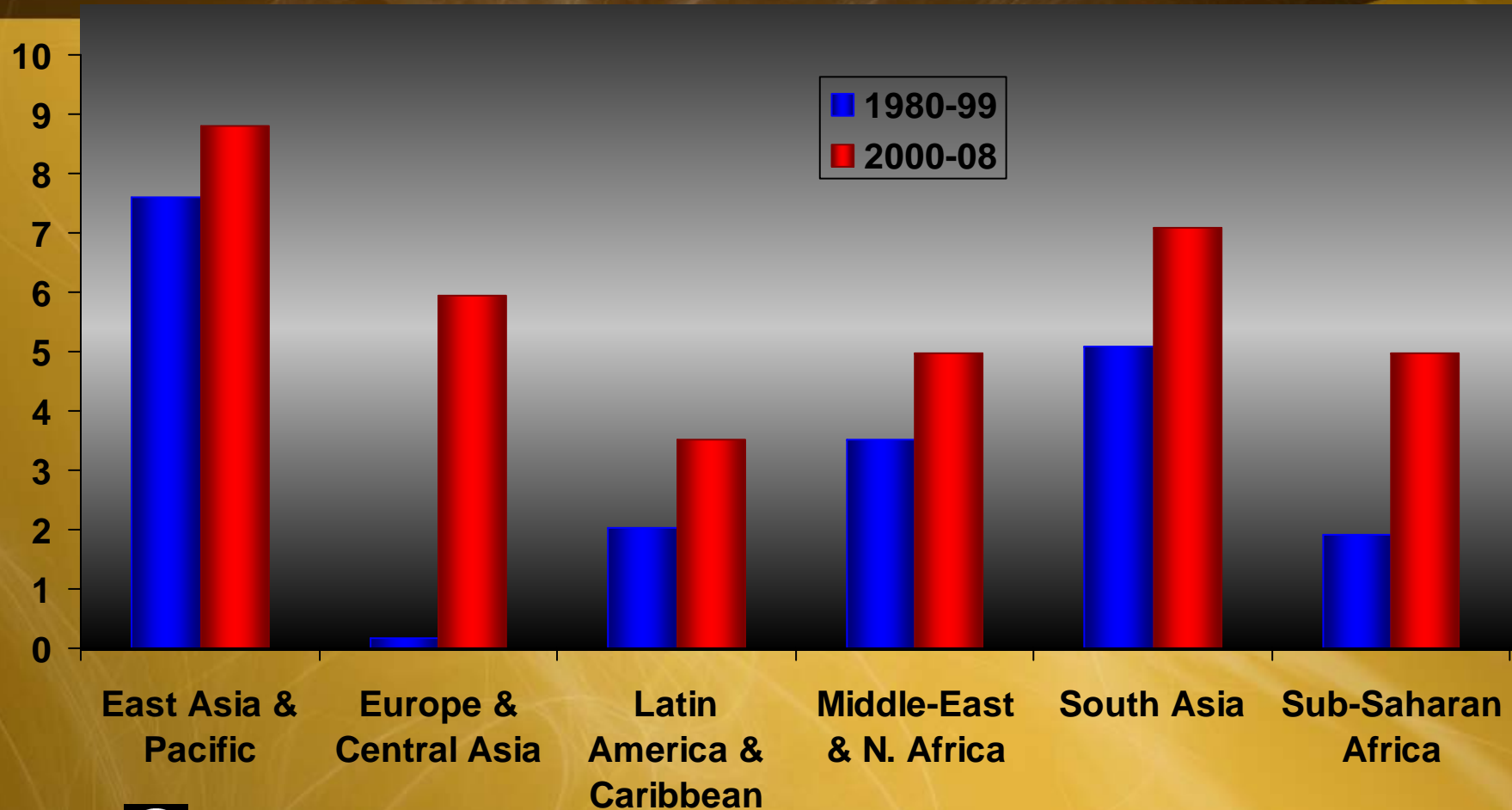
THE WORLD BANK

Source: World Bank, *Global Economic Prospects, 2008*



# All regions are growing faster than in the past

Average annual growth rate



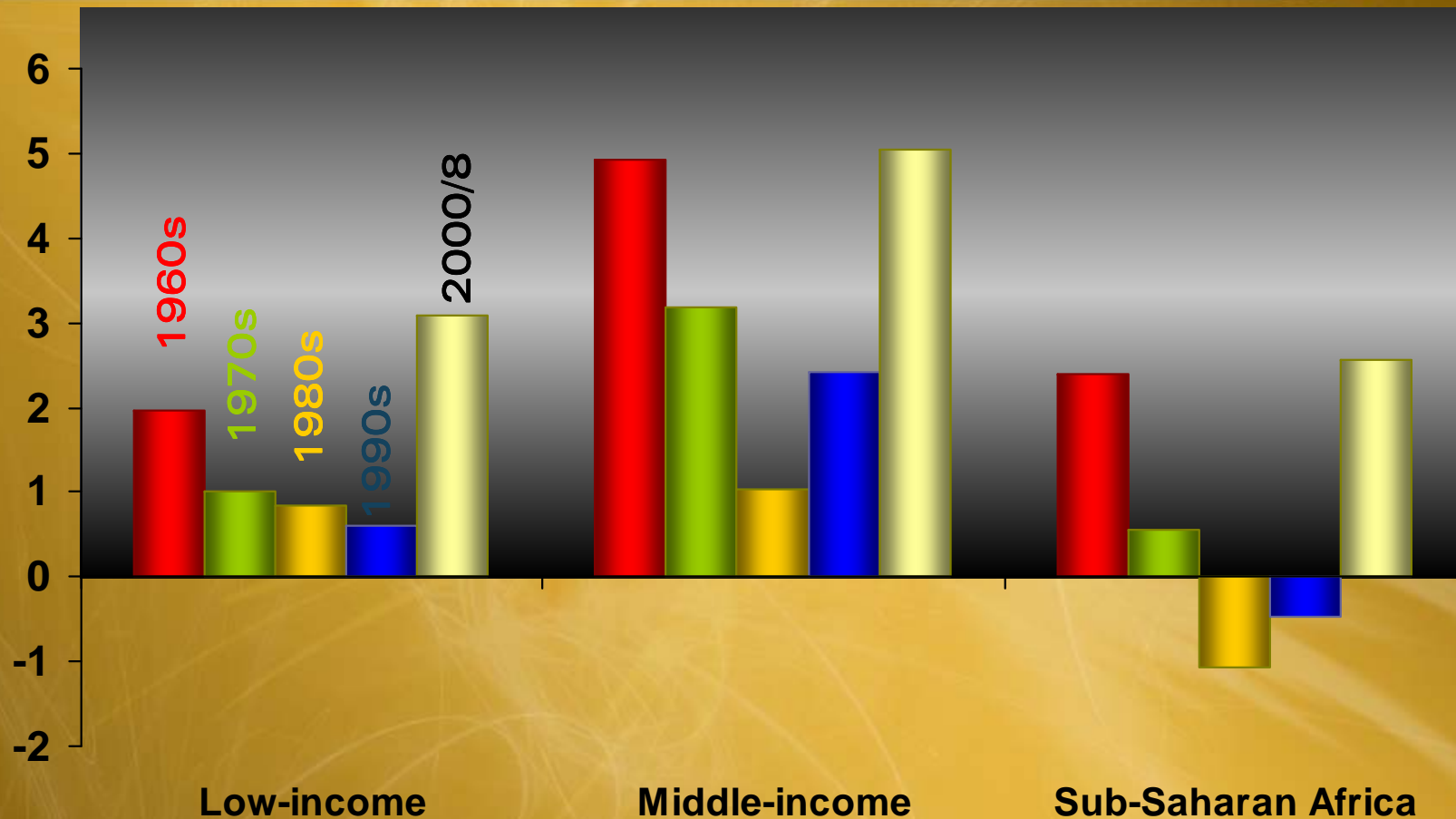
THE WORLD BANK

Source: World Bank.

an initiative of  
ONTARIO  
CHAMBER of  
COMMERCE

# African per capita growth rates approach levels of the 1960s

Average annual per capita income growth



THE WORLD BANK

Source: World Bank

an initiative of  
ONTARIO  
CHAMBER of  
COMMERCE

# Economic progress in developing countries: Implications for Canada



- Developing-countries are growing more than twice as fast as industrialized countries
- By 2030 imports from developing countries will constitute 42 percent of world trade
- Developing countries represent a huge and fast growing, but unexploited market for Canadian exports



THE WORLD BANK

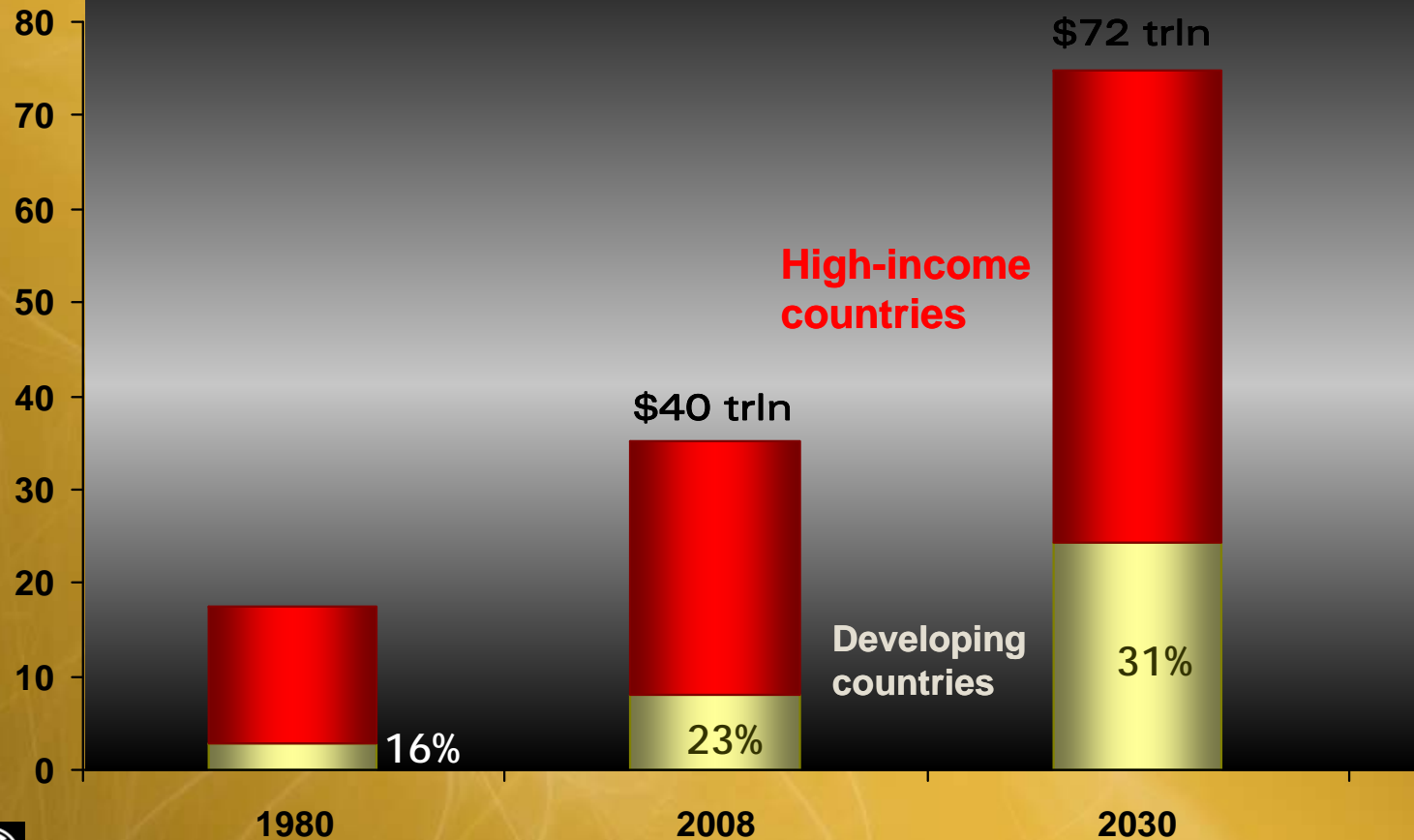
an initiative of  
 ONTARIO  
CHAMBER of  
COMMERCE

# Developing country GDP will more than double by 2030

GDP of high-income and developing countries (market exchange rates)



US\$2001 trillion



THE WORLD BANK

Source: World Bank. *Global Economic Prospects, 2007*

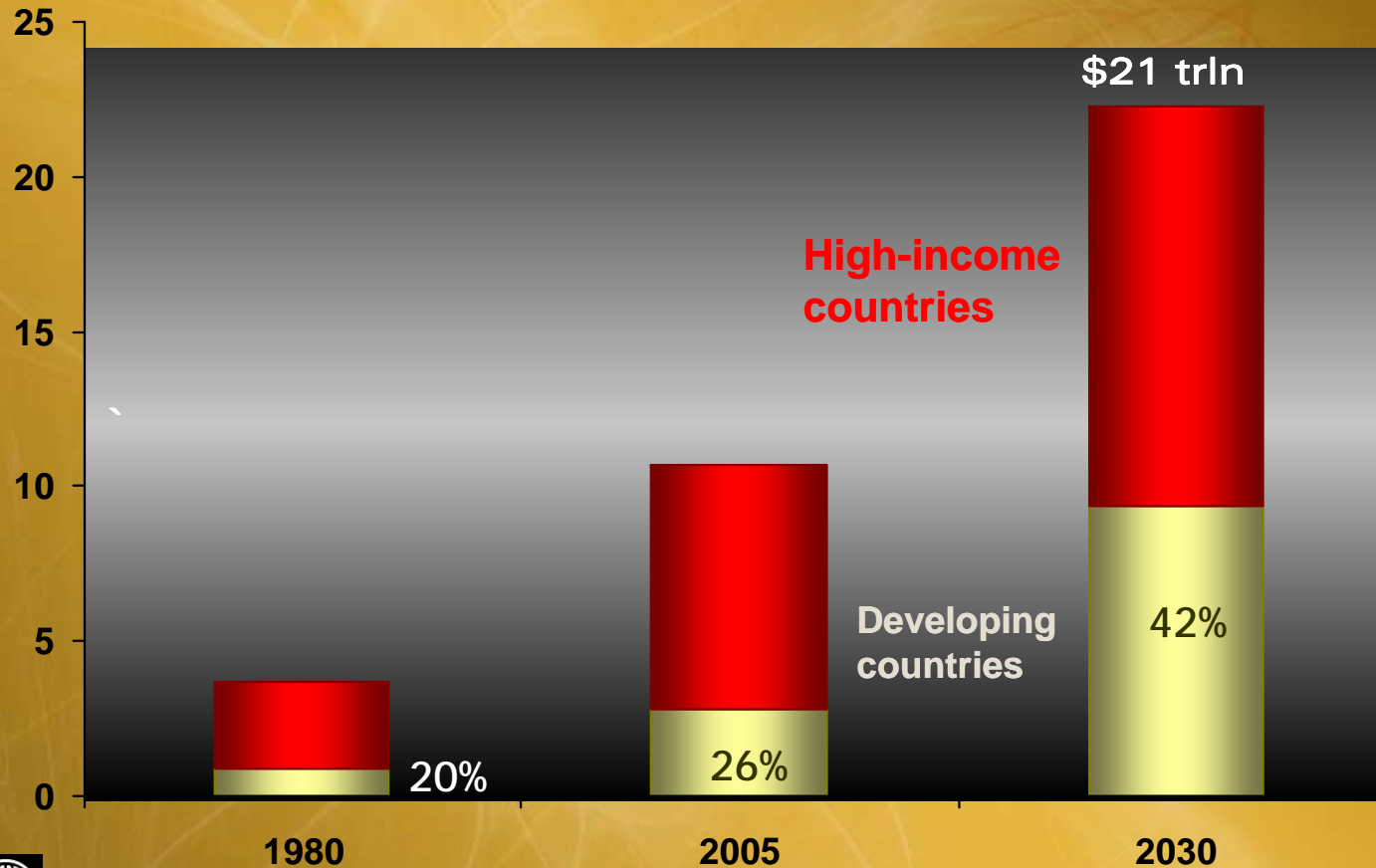
an initiative of  
ONTARIO  
CHAMBER of  
COMMERCE

# Developing countries imports to reach \$20 trillion by 2030

Imports of developing and developed countries



USD trillion



THE WORLD BANK

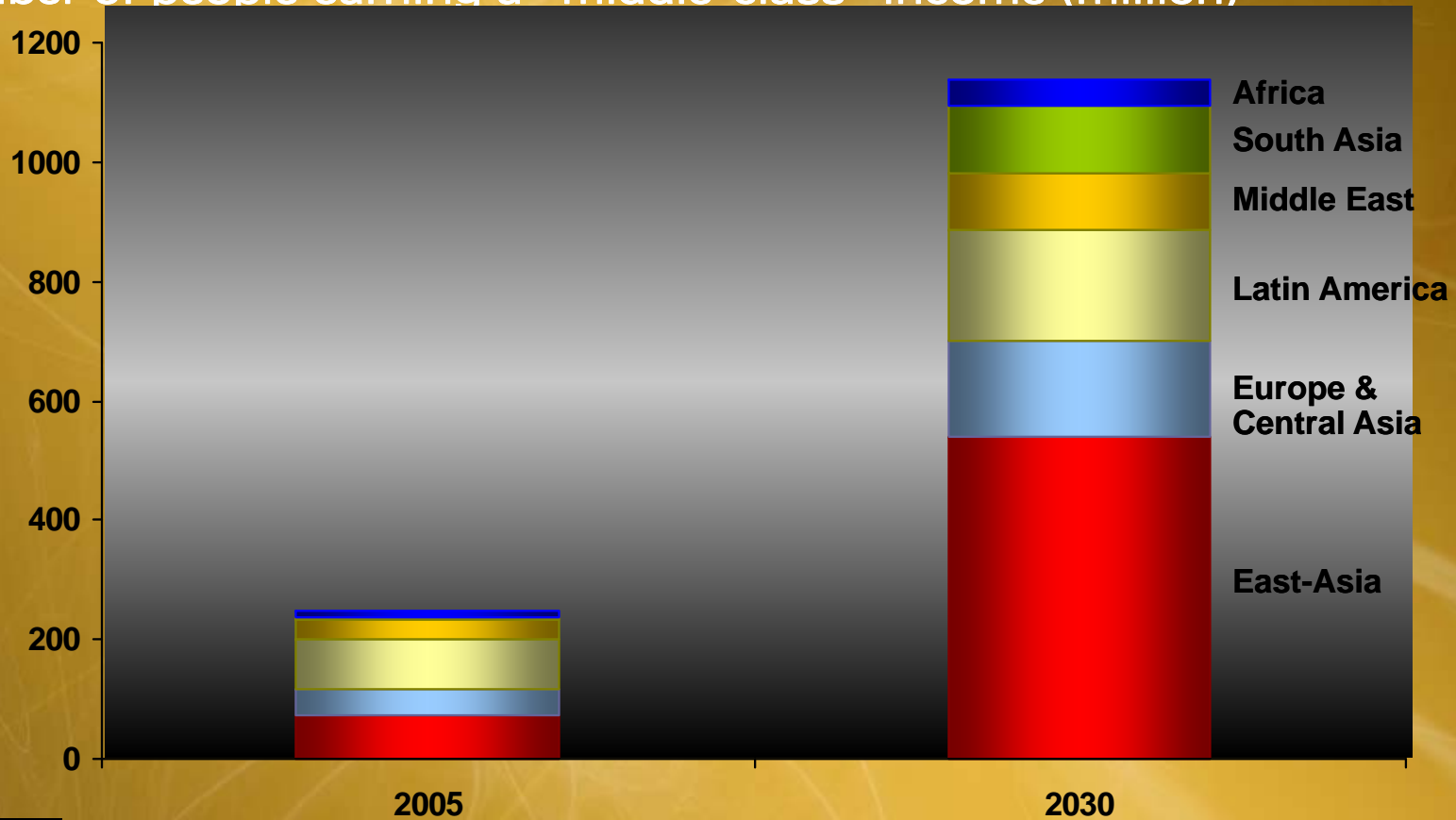
Source: World Bank. *Global Economic Prospects, 2007*

an initiative of  
ONTARIO  
CHAMBER of  
COMMERCE

# In 2030 a huge developing-country middle-class will be shaping global trends and markets



Number of people earning a "middle-class" income (million)



THE WORLD BANK

Source: World Bank. *Global Economic Prospects, 2007*



# Economic progress in developing countries: Implications for Canada



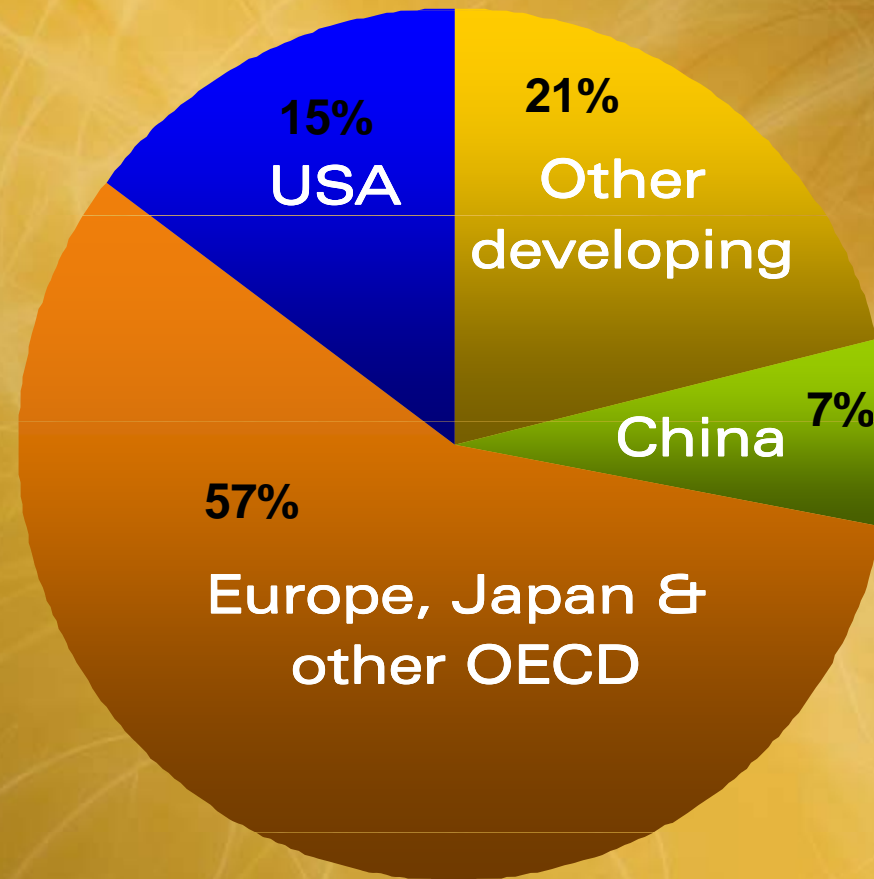
- Developing-countries are growing more than twice as fast as industrialized countries
- By 2030 imports from developing countries will constitute 42 percent of world trade
- Developing countries represent a huge and fast growing, but unexploited market for Canadian exports



THE WORLD BANK

an initiative of  
 ONTARIO  
CHAMBER of  
COMMERCE

# Developing country import markets are twice as large as the U.S. market

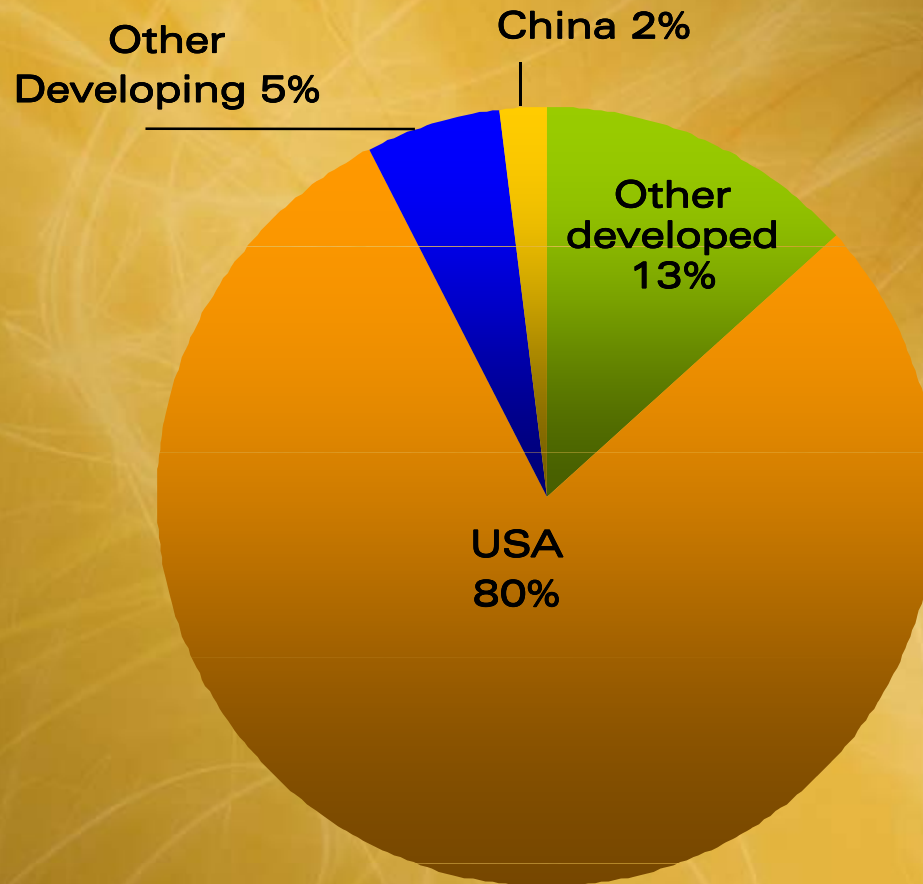


THE WORLD BANK

Source: World Bank.



# Canada exports very little to the developing world



THE WORLD BANK

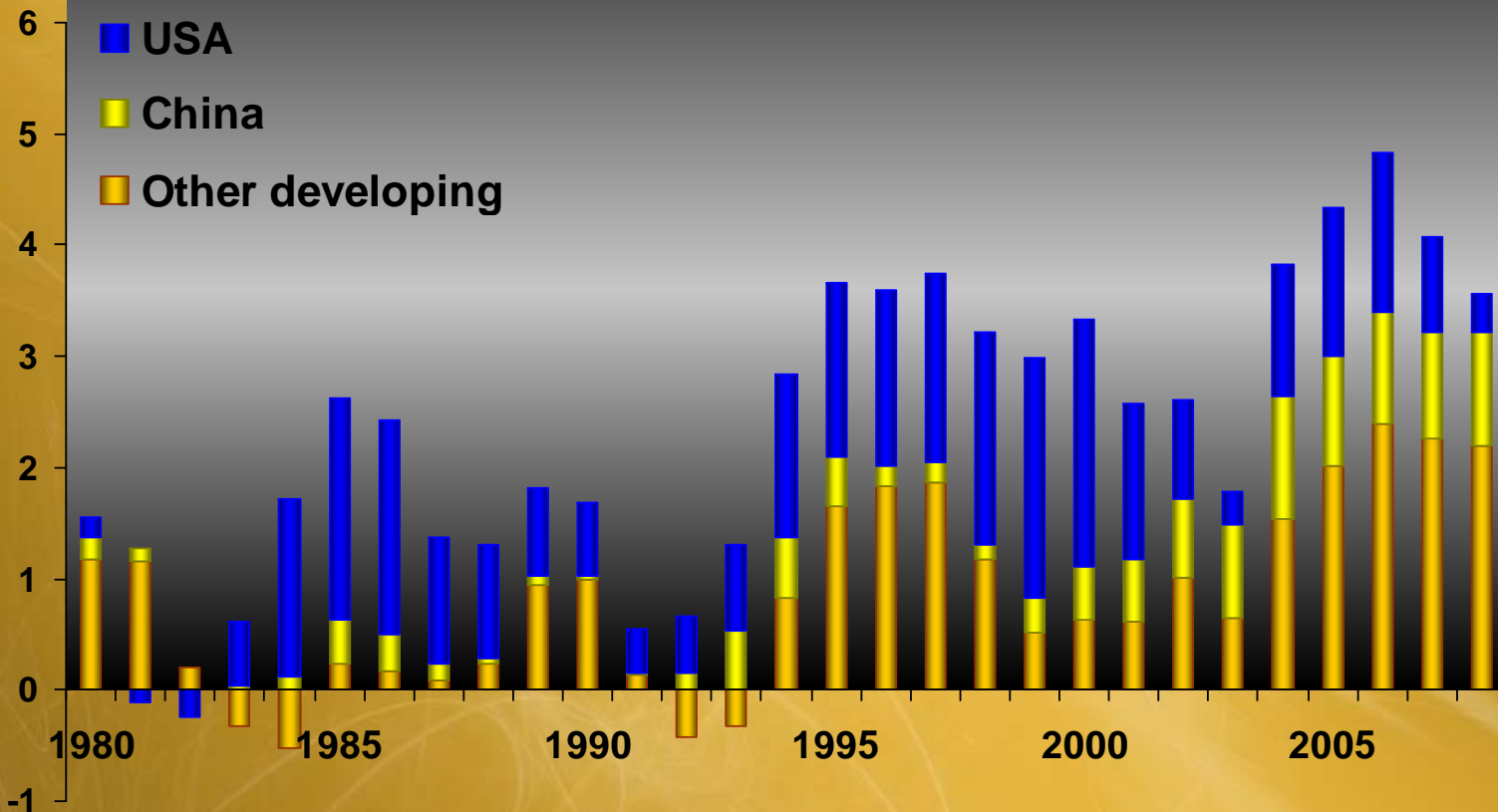
Source: IMF, Direction of Trade Statistics



# Growth in developing country imports exceed those of the USA by a wide margin



Contribution to growth in world import demand (3-year moving average)



THE WORLD BANK

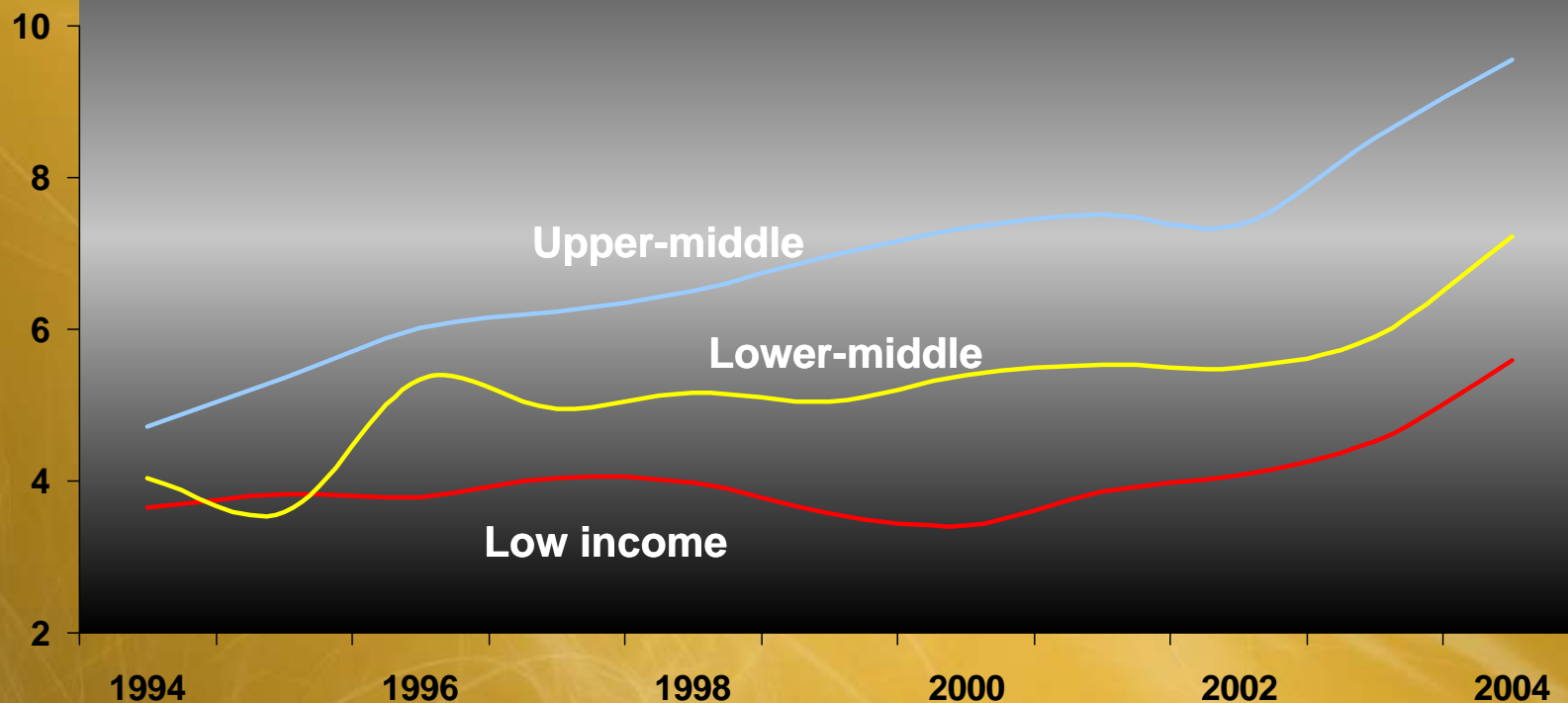
Source: World Bank.

an initiative of  
ONTARIO  
CHAMBER OF  
COMMERCE

# Developing country imports include both high-tech and low-tech goods



High-tech Imports (% of GDP)



THE WORLD BANK

Source: CEPII, BACI database; World Development Indicators



# Some final thoughts



- Rising share of developing economies in world trade will continue
- High-income populations are ageing but most developing country populations will not for decades
- The growing middle class in developing countries will shape trends and styles



# **ONTARIO ECONOMIC SUMMIT**



an initiative of  
**ONTARIO  
CHAMBER of  
COMMERCE**