

Asia steps back onto the centre of the economic stage

Despite continuing concerns about economic turbulence and concerns over financial (and viral) contagion, it is likely that there will continue to be a shift in global economic power away from established advanced economies towards emerging economies in Asia and elsewhere.

Global economic growth will be driven by emerging market economies, which will gradually increase their share of world GDP over time, leading to a doubling of the global economy by 2042. [The E7 economies](#) - Brazil, China, India, Indonesia, Mexico, Russia and Turkey - will grow at an annual average rate of 3.5% to 2050, compared to just 1.6% for the advanced G7 nations of Canada, France, Germany, Italy, Japan, the UK and the US.

The [Asia Pacific Regional Comprehensive Economic Partnership trade pact](#), signed in November 2020, covers the 10 ASEAN nations of South-East Asia, plus mainland China, South Korea, Japan, Australia, and New Zealand. The agreement will immediately eliminate tariffs and quotas on 65 per cent of goods traded within the region and remaining tariffs will be liberalised over the next 20 years. It is a 'high-quality' agreement that also aims to tackle non-tariff trade barriers in areas such as services, investment, e-commerce, competition, government procurement, intellectual property and the movement of people.

[As a recent McKinsey report put it:](#) "One of the most dramatic developments of the past 30 years has been emerging Asia's soaring consumption and its integration into global flows of trade, capital, talent, and innovation. In the decades ahead, Asia's economies will go from participating in these flows to determining their shape and direction. . . . The question is no longer how quickly Asia will rise; it is how Asia will lead."

By 2031 two-thirds of the global middle class (defined by Ernst Young as those who earn between US\$10 and US\$100 a day) will live in the Asia-Pacific region - increasing spending power from this region significantly. [China's middle class is set to grow from 150mn to 1bn by 2030 \(70% of its population\). India's middle class is set to grow from 50mn to 475mn by 2030.](#)