

Or the middle income trap?

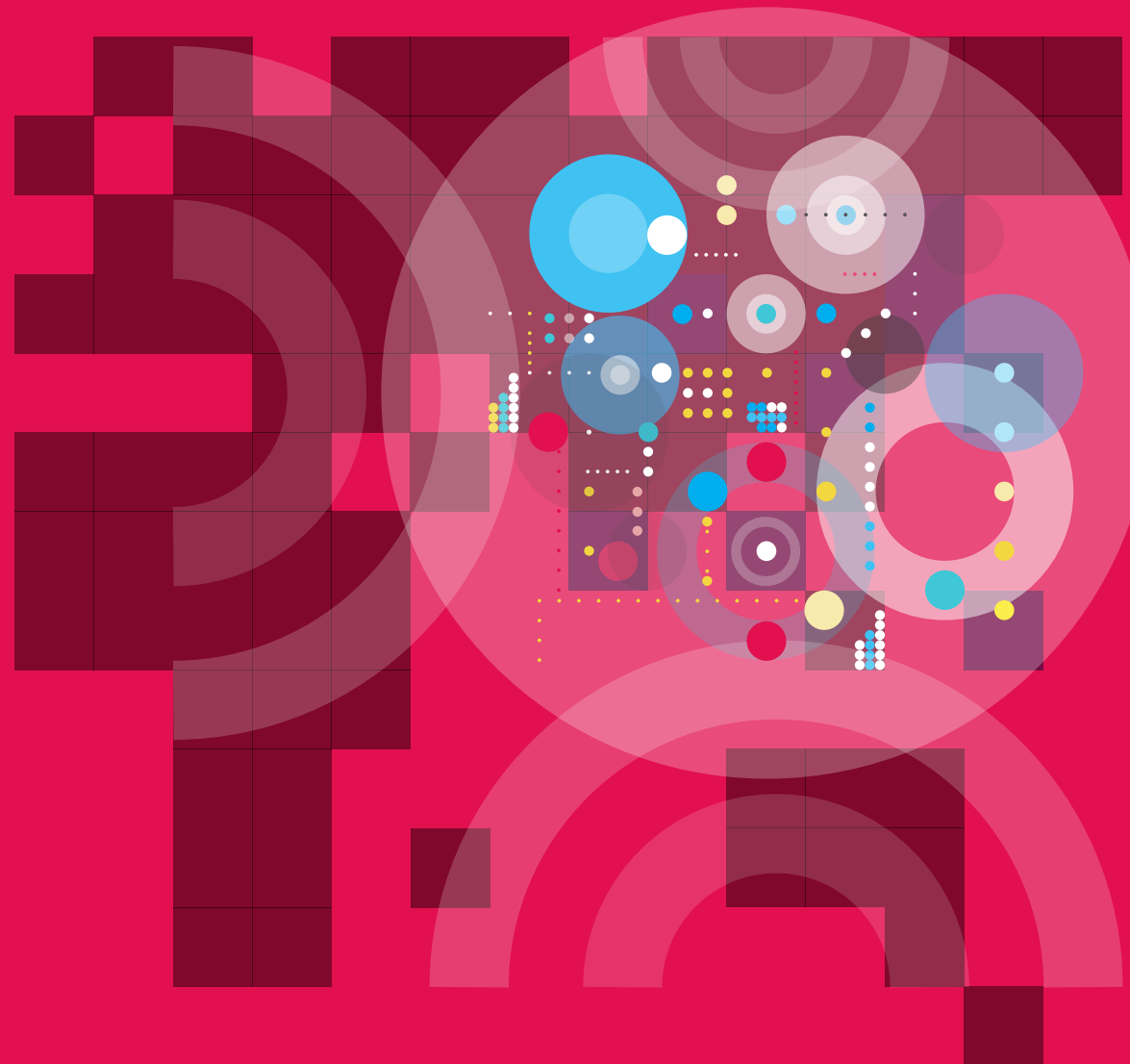
ASIA 2050

Realizing the Asian Century

The Asian Century

- Countries stuck in middle income trap—unable to compete with low income economies in manufacturing or with advanced economies in high skill innovations.
- Countries enjoy short periods of growth followed by stagnation or even decline—stuck at low growth rates.
- GDP per capita of PPP \$20,000

This study is aimed at key opinion makers to foster debate on a vision of and strategy for Asia's potentially historic rise among the global community of nations between now and 2050.

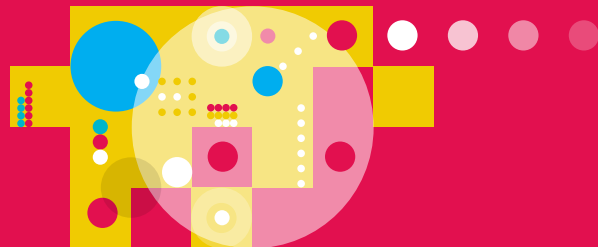


- By 2050 Asia could account for more than half of global trade, investment and GDP.
- Asia's per capita income up sixfold. Three billion additional Asians affluent by today's standards.
- Asia regains its global economic position of 250 years ago; no poor country
- GDP per capita of PPP \$39,000 in 2050



Mega challenges

- 1 Inequalities within countries could undermine social cohesion**
- 2 Some big countries could fall into the middle income trap**
- 3 Competition for scarce natural resources will be intense**
- 4 Climate change could threaten agricultural production and coastal populations**
- 5 Overarching challenge of governance and institutional capacity**



National, regional and global agendas

National agenda
 Achieve growth with inclusion and equity
 Transform finance
 Manage massive urbanization
 Radically reduce energy and natural resource use
 Unleash entrepreneurship and innovation
 Improve institutions and governance
 Move to policies promoting social well-being

Regional agenda
 Allow unhindered flow of trade and investments throughout the region
 Implement development assistance to reduce cross-country disparities
 Manage regional commons including maritime security and disaster preparedness

Global agenda
 Take ownership of the global commons: open trade, stable financial system, climate change, and peace and security
 Participate actively and constructively in the formulation of global rules
 Act as and be seen as a responsible global citizen
 Manage its changing role in global governance in a non-assertive and constructive manner

Harmonize geopolitical position on global issues
 Develop own model of regional cooperation: market-driven, bottom-up and pragmatic
 Avoid conflict to maintain social and political stability

Intangibles

- 1 Continually adjust strategy and policies to respond to changing circumstances and shifting comparative advantages.**
- 2 Adopt a pragmatic rather than ideological approach to policy formulation and keep a laserlike focus on results.**
- 3 Build much greater mutual trust and confidence between the major economies.**
- 4 Modernize governance and retool institutions while enhancing transparency and accountability.**

