Session 2: New Regionalism and South-South Trade

Scene Setters
Ross O’Brien, The Economist Corporate Network
Mark Feldman, Peking University, School of Transnational Law

Chair
Salim Moollan, Essex Court Chambers

Speakers
Olufunke Adekoya, ÆLEX - Lagos
Alfredo Bullard Gonzalez, Bullard, Falla & Ezcurra Abogados
Judge Abdulqawi Ahmed Yusuf, International Court of Justice

Rapporteur
Alejandro I. Garcia, Winston & Strawn
The big tilt, redux
The global economy, defined by emerging markets

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No longer just “South-south”
Emerging economies drive post-crisis growth in global trade

GLOBAL EXPORTS to:
$bn

- ADVANCED ECONOMIES
  - $800bn 71% of total
- DEVELOPING ASIA
- AFRICA
- OTHER EMERGING
- LATIN AMERICA
- CENTRAL ASIA/ M-EAST

Demand from ‘the West’ is stagnant, and still not past pre-crisis levels...

EXPORTS from developing Asia to:
$bn

- EMERGING ECONOMIES
- REST OF THE WORLD

Demand from ‘the West’ is stagnant, and still not past pre-crisis levels...

While inter-emerging market trade has more than trebled in the last decade...

Source: IMF
Global sourcing’s sweet spot

How can South-east Asia continue to benefit from the world’s hunger for efficiency?

UNEMPLOYMENT

% of working age population unemployed

Source: Economist Intelligence Unit
Global sourcing’s sweet spot

China’s massive scale, and stable (if slowly shrinking) supply of productivity continues to benefit from the world’s hunger for efficiency. Importantly, it also sits in a greater Asian supply chain ecosystem with similar characteristics.
China’s aging, urbanising demographics will impact ‘big tech’ shifts globally

Renewable energy

Food safety & product quality

Big data & cloudtech
Re-zoning

The PRD’s new SEZ are a grab-bag of ideas—but that doesn’t mean some won’t stick

Can China re-invent what it started?

Enclave heaven
Number of special economic zones worldwide 1959-2000

<table>
<thead>
<tr>
<th>Countries with SEZs, %</th>
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Mawan, Shekou and Nansha now can host international vessels for coastal routes

Hengqin taking a run at HK’s RMB trade—and Macau’s domestic tourism business
The trade pack agreement space is getting more complex—and more geopolitical.
Are we down with AEC?

Bottom-up integration seems to be happening without formalities

Intra-ASEAN investment (US$ bn)
- 2000: CAGR: 28%
  - 2013: CAGR: 8%

Intra-ASEAN tourist arrivals (m)
- 2000: CAGR: 28%
  - 2012: CAGR: 8%

Q: “How important are the integration policies of the ASEAN Secretariat to your strategy in South-east Asia?”

Source: ASEAN Secretariat; ECN Survey
Room to Maneuver

Will Asia’s thickening supply chains be stronger than its fraying regional bonds?
Here comes the dividend

How—and where—the world will continue to grow

Projected world population
In billions

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<tr>
<th>Year</th>
<th>Europe</th>
<th>North America</th>
<th>LatAm &amp; Carribean</th>
<th>Oceania</th>
<th>Greater China</th>
<th>East Asia</th>
<th>Sub-Saharan Africa</th>
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Net increase (contraction) in regional population, 2015-2040
In millions

Sources: Economist Corporate Network estimates based on EIU data and World Bank data and forecasts