



STRATEGISCHE ADVIESRAAD

INTERNATIONAAL
VLAANDEREN

Flemish Foreign Affairs Council

Presentatie SARIV

Maandag 9 januari 2012

Challenges for the world economy in the next 10 years

→ Global imbalances



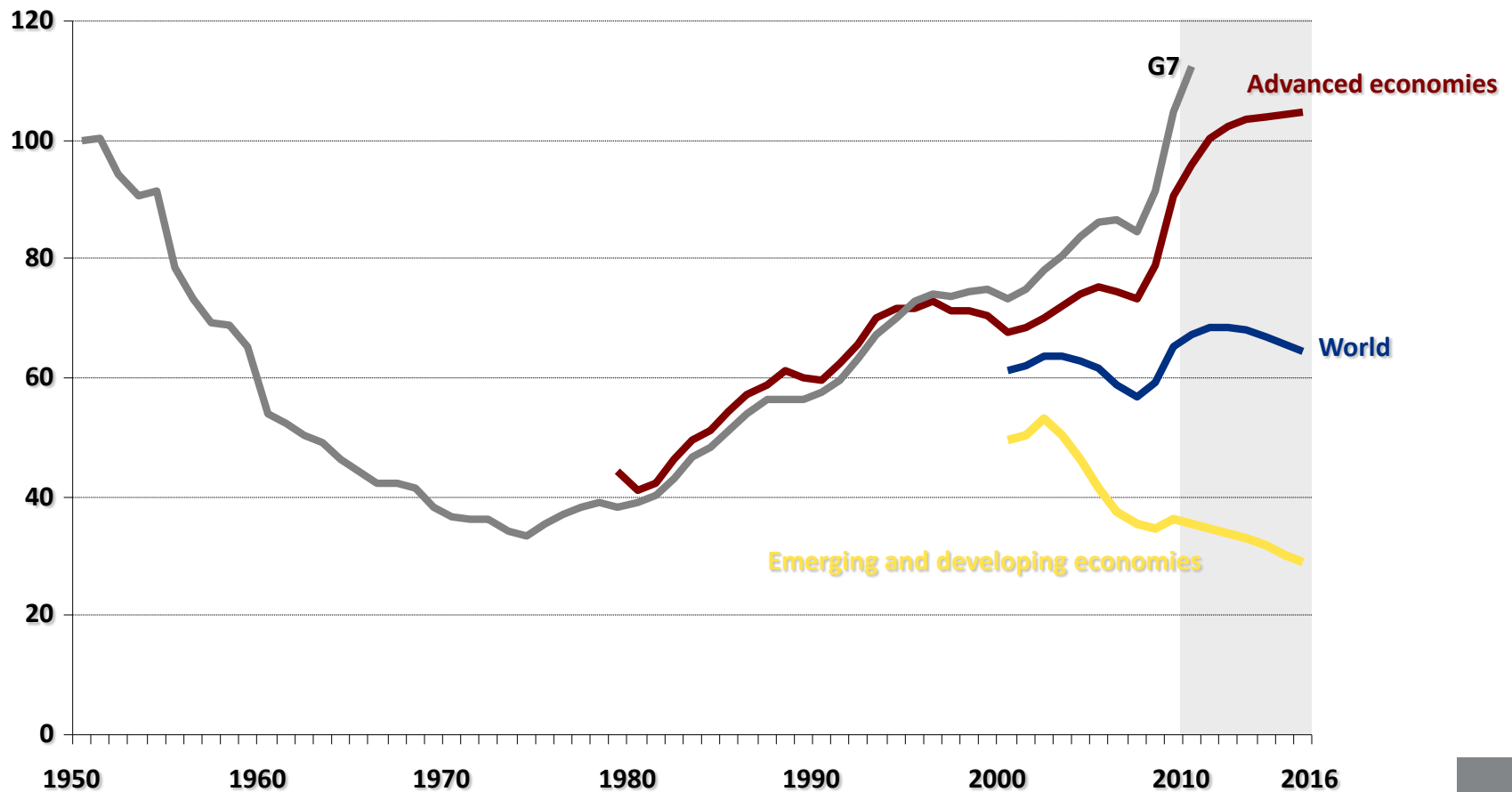
- Shift towards domestic demand in surplus countries
- End of debt-financed growth model in deficit countries
- Correction in exchange rates

Challenges for the world economy in the next 10 years

- Global imbalances
- DM deleveraging

Debt is a DM problem

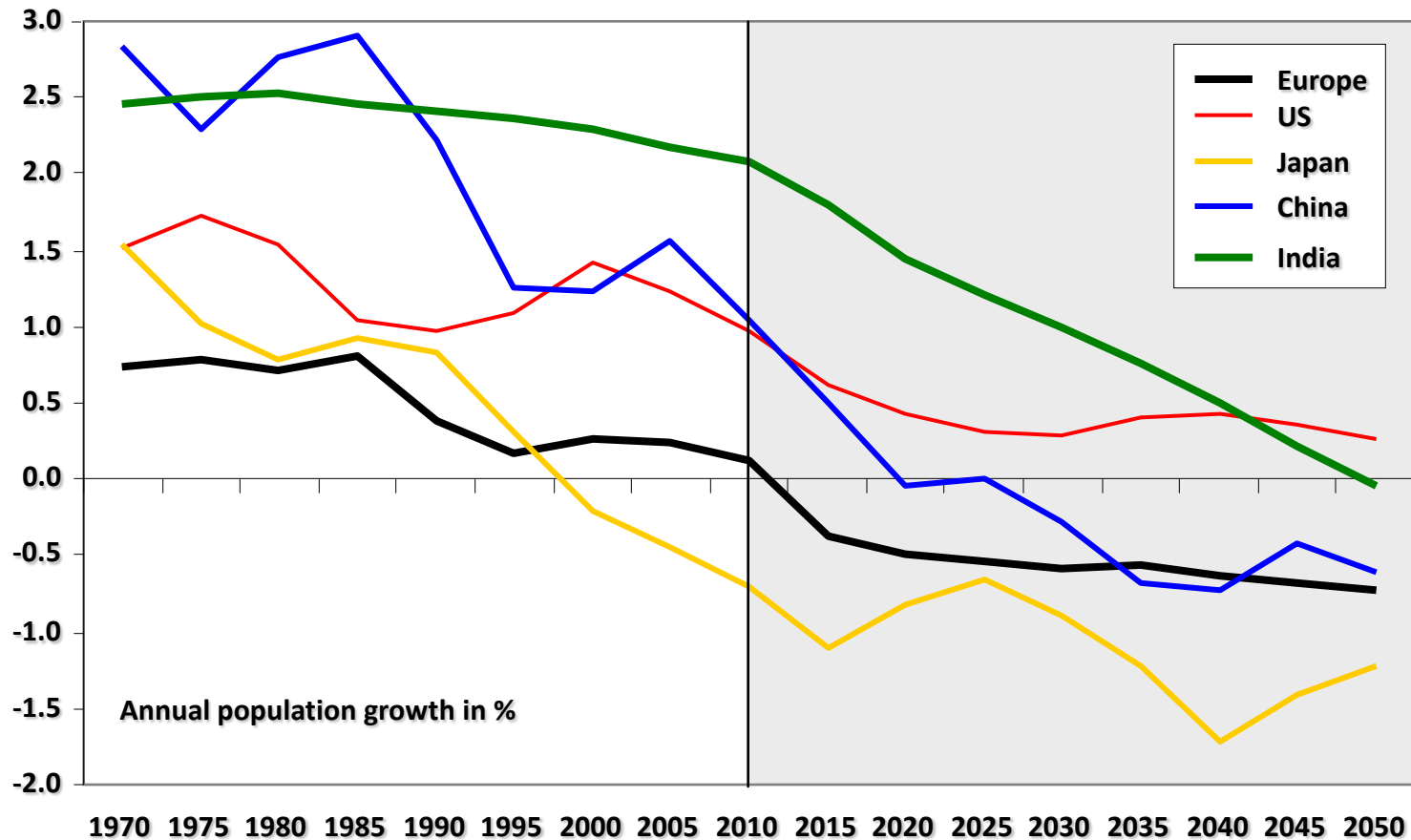
Public Debt



Challenges for the world economy in the next 10 years

- Global imbalances
- DM deleveraging
- Demographic shock

Demographics announce global slowdown

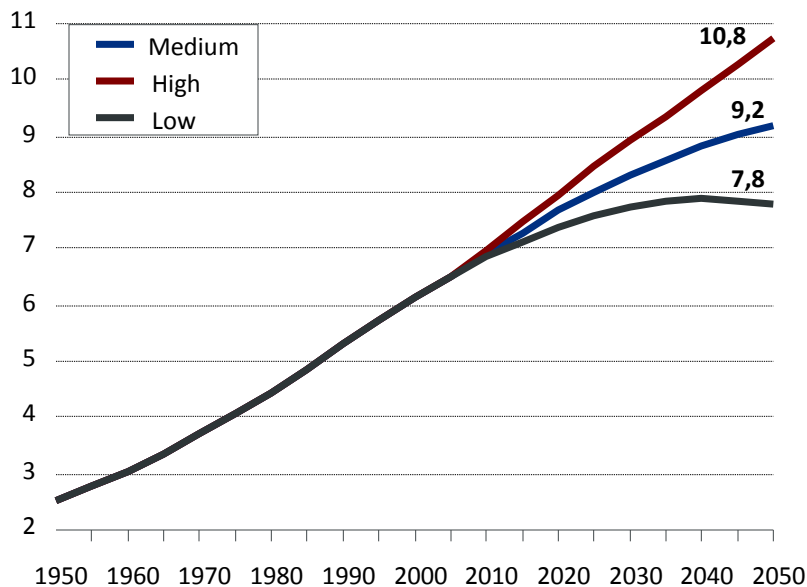


Challenges for the world economy in the next 10 years

- Global imbalances
- DM deleveraging
- Demographic shock
- Rising commodity prices

Global population growth set to continue ...

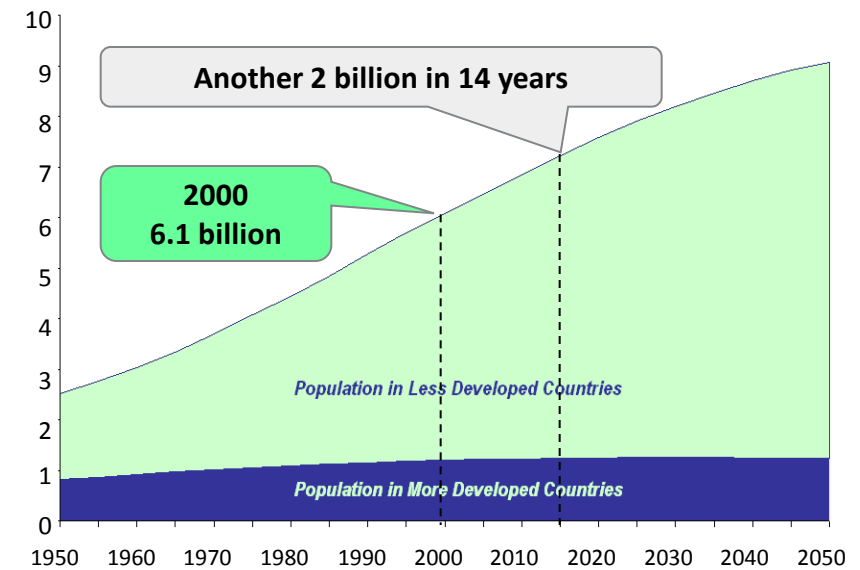
Demographic evolution in Bn People
Medium, High and Low estimate



Source : United Nations 2006 Revisions

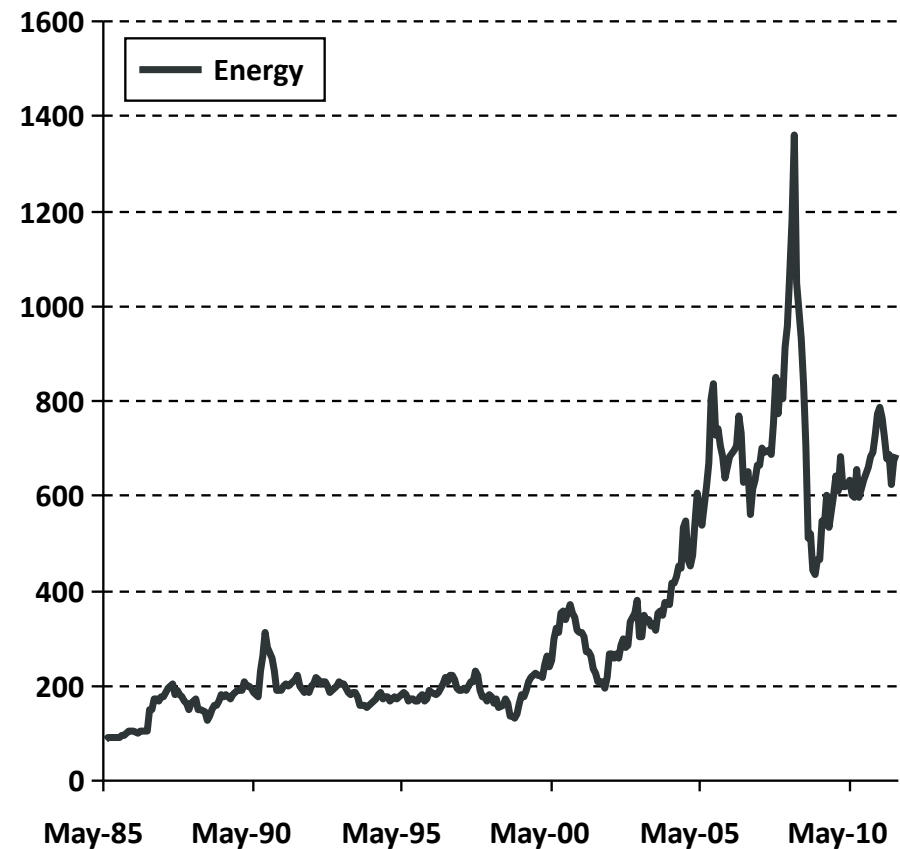
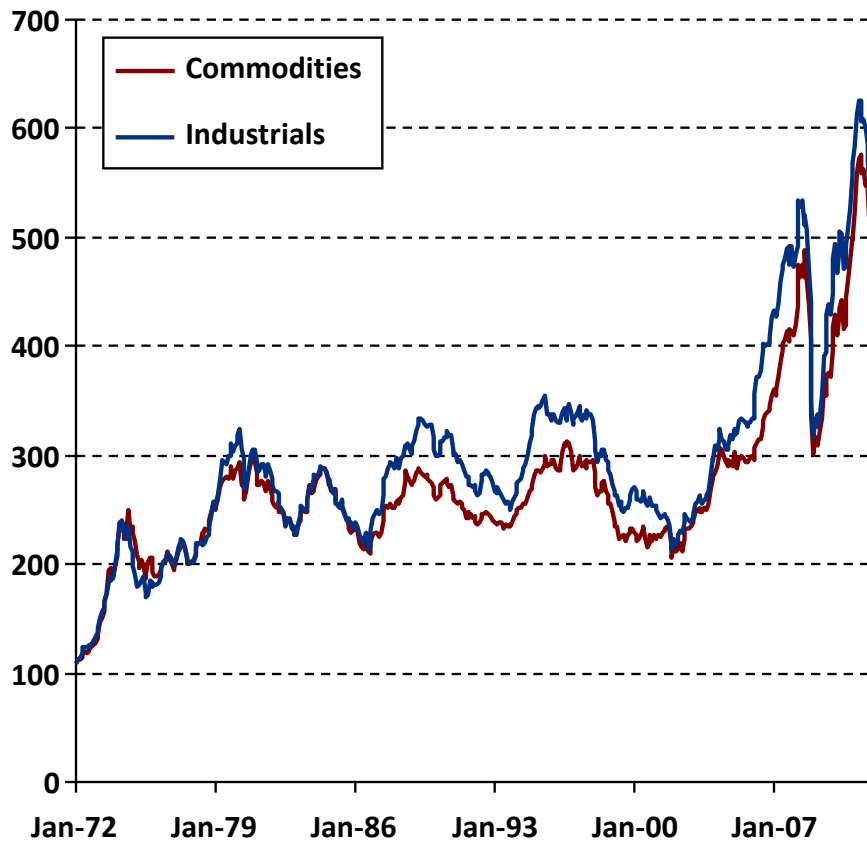
... especially in less developed countries

Demographic evolution in Bn People
Split between developed and less developed regions



➔ *The developed world consists of only 20% of the world population*

Rising commodity prices



Challenges for the world economy in the next 10 years

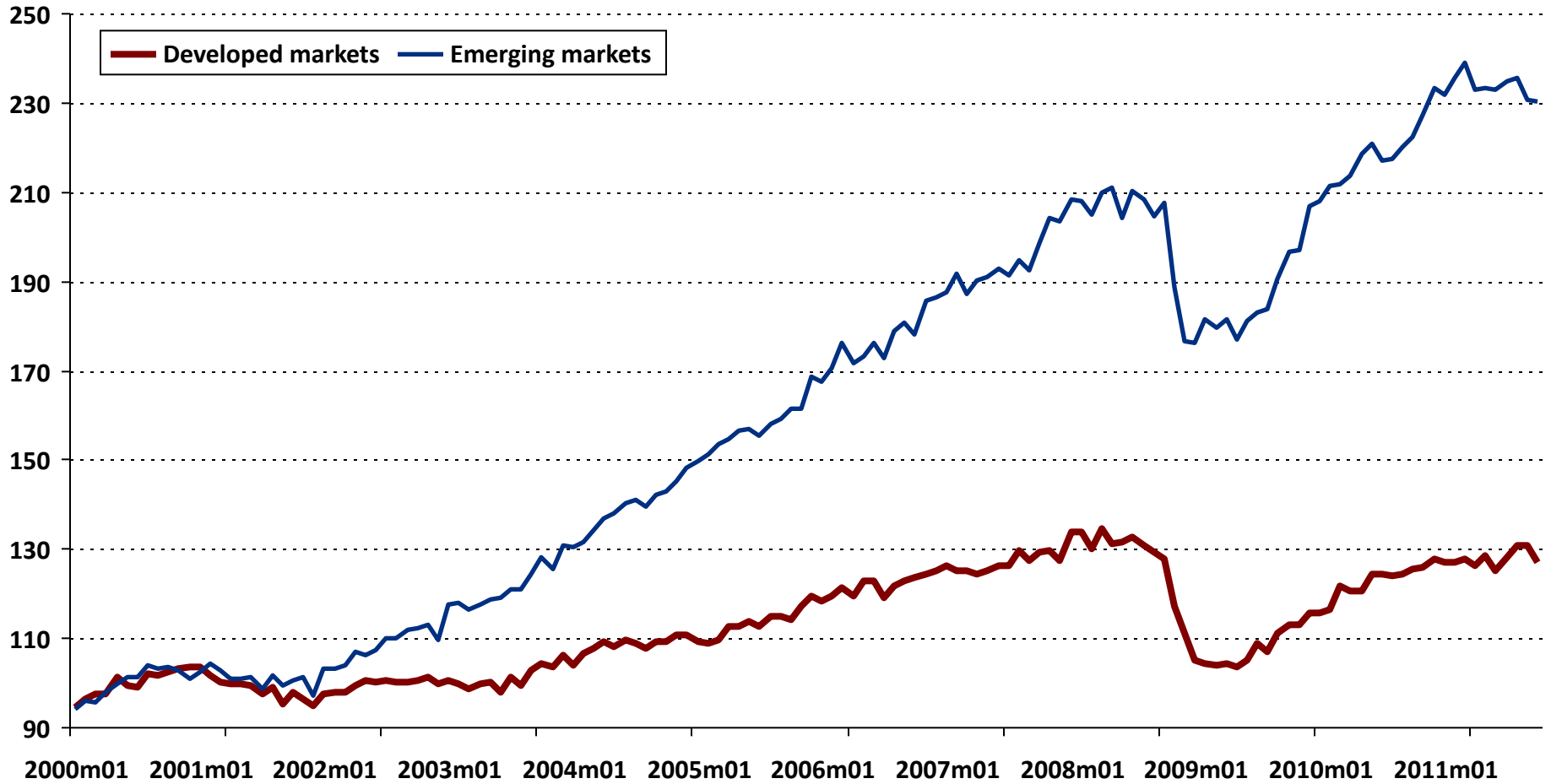
- Global imbalances
- DM deleveraging
- Demographic shock
- Rising commodity prices
- Rising cost of capital



- 30-year downward trend in interest rates is over
- Zero lower bound
- Financial sector reform (BASEL)
- Inflation risks

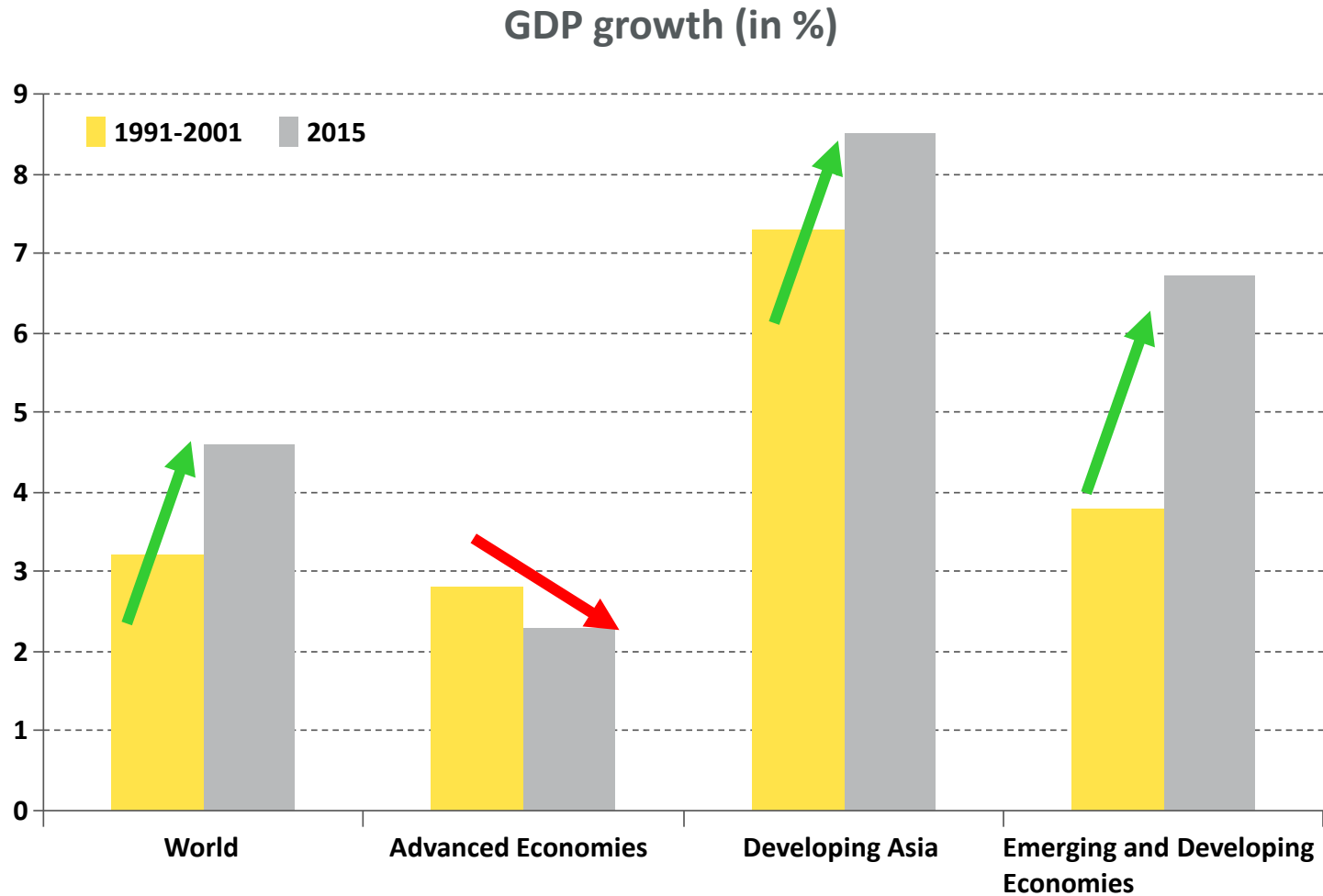
Challenges for the world economy in the next 10 years

- Global imbalances
- DM deleveraging
- Demographic shock
- Rising commodity prices
- Rising cost of capital
- Risk of protectionism



→ Diverging growth outlook

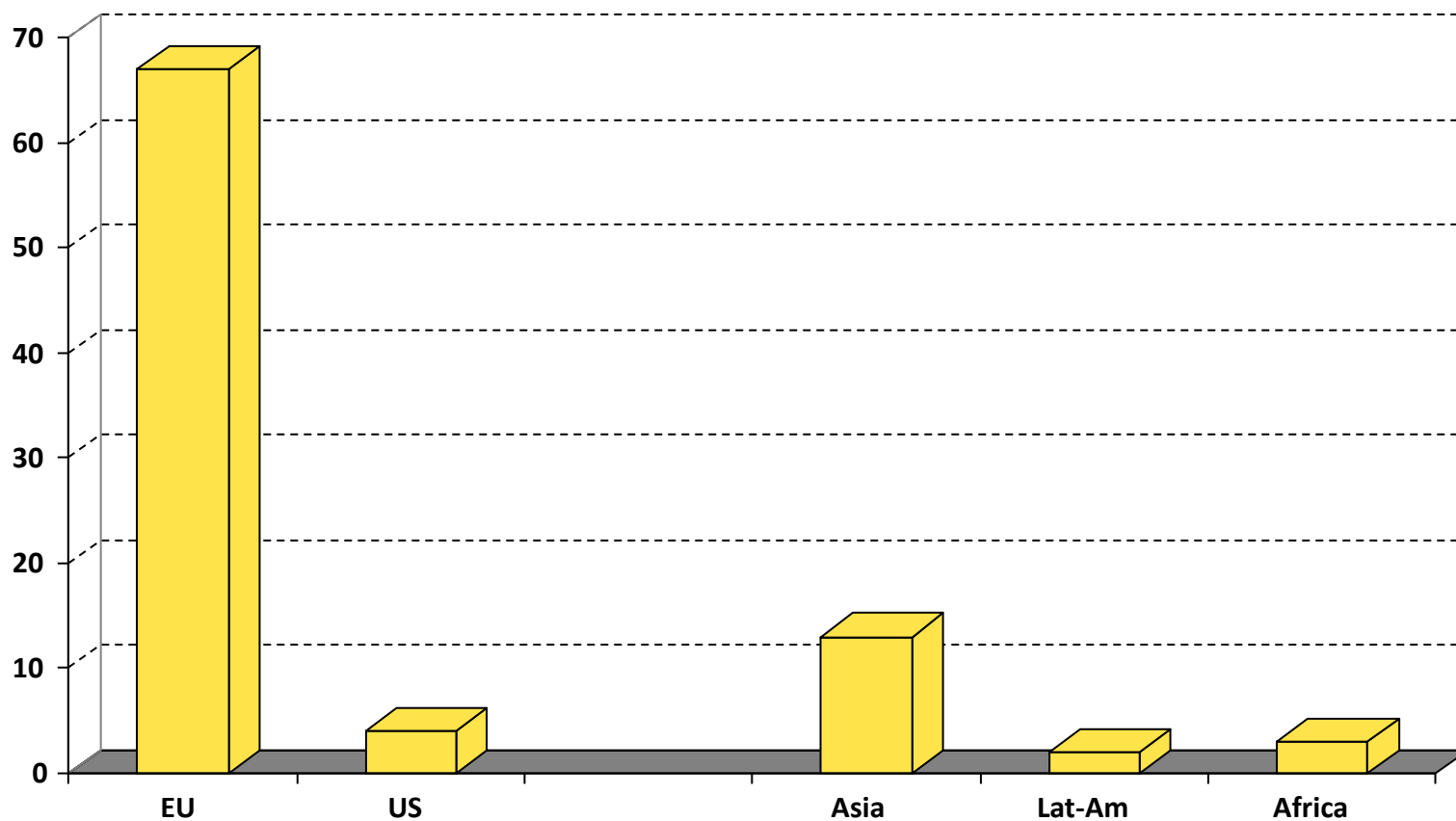
The World is getting stronger, the West isn't...



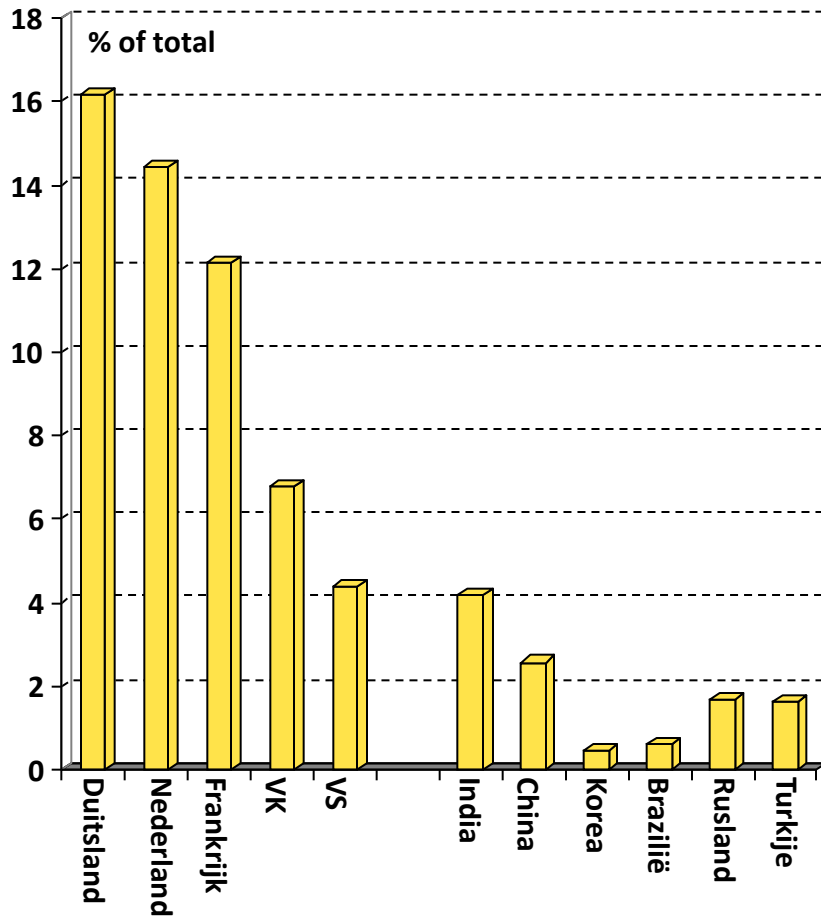
Source: IMF

- Diverging growth outlook
- Worrying focus of Flemish exports

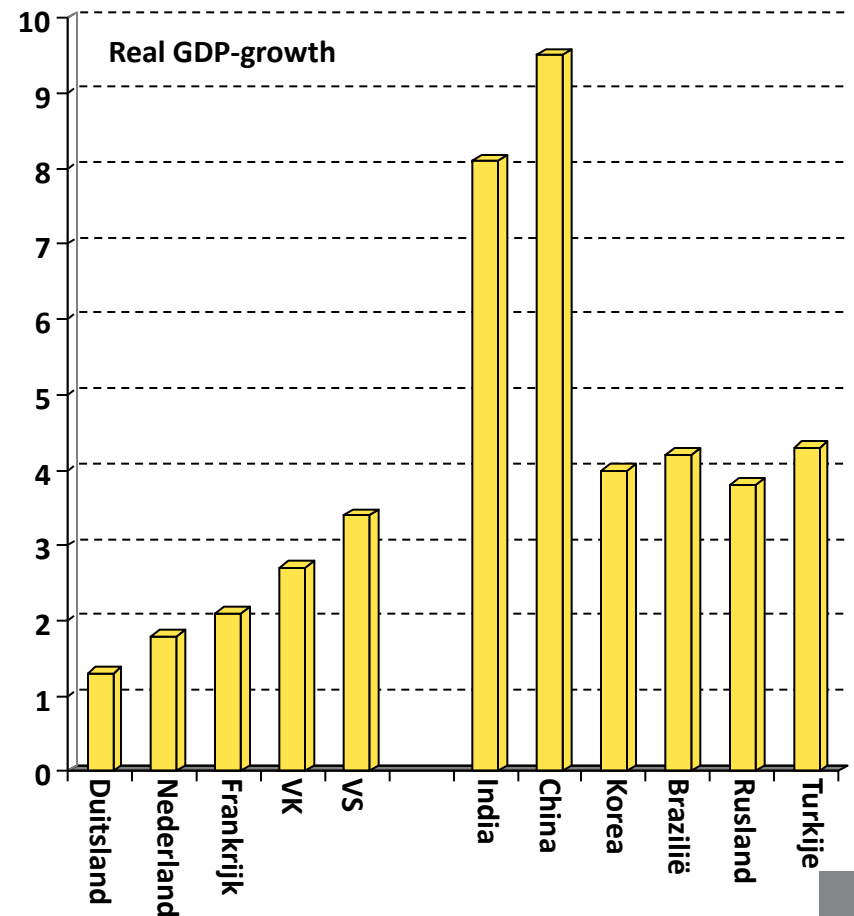
Exports according to destination (% of total)



Flemish exports



Potential economic growth



- ➔ Target new markets/products

- ➔ Improve competitiveness
 - ▶ Cost competitiveness
 - ▶ Labour force
 - ▶ Fiscal situation

- ➔ Central hub in Europe (infrastructure, ports)



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