

**News release  
For Immediate Release**

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**CHINA TO OVERTAKE US BY 2025; SIGNIFICANT GROWTH OF 13 EMERGING ECONOMIES  
INCLUDING MALAYSIA**

**KUALA LUMPUR**, 4 March 2008 – Investors need to look beyond the BRICs (Brazil, Russia, India and China) for future growth opportunities according to a new report from PricewaterhouseCoopers LLP.

'The World in 2050: Beyond the BRICs' concludes that long-term prospects for China, India and other so-called 'E7' economies (Brazil, Mexico, Russia, Indonesia and Turkey) are still upbeat, but the report looks for the first time at an additional 13 emerging economies, including Malaysia, that also have the potential to grow significantly faster than the established Organisation for Economic Co-operation and Development (OECD) countries.

John Hawksworth, head of macroeconomics at PricewaterhouseCoopers LLP, said:  
"The global centre of economic gravity is already shifting to China, India and other large emerging economies and our analysis suggests that this process has a lot further to run.

Our latest projections suggest that China could overtake the US in around 2025 to become the world's largest economy and will continue to grow to around 130% of the size of the US by 2050. India could grow to almost 90% of the size of the US by 2050.

But the fastest mover could be Vietnam, with a potential growth rate of almost 10% per annum in real dollar terms that could push it up to around 70% of the size of the UK economy by 2050."

The report also highlights that there are many other alternatives worth considering, depending on the nature of the investment and the risk tolerance of the investor.

Nigeria, while high-risk, has the long-term potential to overtake South Africa to be the largest African economy by 2050. The Philippines, Egypt and Bangladesh also have high growth potential but also high risk levels. Malaysia and Thailand too have strong growth potential due to their solid track records of long-term economic growth.

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With the possible exception of Vietnam relative to Turkey, the additional analysis does not change the conclusion from earlier PricewaterhouseCoopers research that the E7 will remain the largest emerging economies through to 2050.

PricewaterhouseCoopers Malaysia Managing Director Chin Kwai Fatt said:

“Malaysia’s challenge will be to remain relevant and competitive against its neighbouring countries. The survey predicts that by 2050, Malaysia’s GDP growth (5.8% per annum) will be just below the E7 average (6.4% per annum). Malaysia should capitalise on its abundant resources - from real estate to palm plantation harvests - to supply the region’s burgeoning industrial and consumer markets.

Also, our multicultural and multilingual populace, which differentiate Malaysia from its neighbours, are well-positioned to reap the strong growth opportunities fuelled by the rising consumer affluence of Asia.

To realise our aspiration, Malaysia will need to hasten the development of its people, focusing on upscaling the quality of its human capital; growing a culture of innovation; and equipping its workforce with the necessary knowledge, technology and mindset.”

The emergence of the new economies should prove to be a boost to established OECD economies through the expanded global income base and new market opportunities, which will buoy their exports, overseas investments and foreign direct investment. It is at the company level that winners and losers could emerge as a result of the changing world economic order.

Potential winners would include business services, energy and utilities, healthcare, educational services, media companies and owners of leading global brands. All of these are, in principle, well placed to benefit from the rapid growth in emerging markets provided they can identify and execute the appropriate business strategies, bearing in mind that strong domestic competitors either already exist or will probably soon emerge in these markets.

Losers are likely to be mass market manufacturers due to increased Chinese competition. New lower cost competitors like Vietnam will also increasingly challenge China as the leader of low-cost manufacturing in the global economy, while China itself moves into higher technology areas just as Japan and South Korea did in earlier decades.

Other potential losers will include companies (including manufacturers) that are heavy users of energy and other commodities as inputs, given the likely upward pressure on the relative prices of these commodities from rapid growth in China and other emerging economies. As highlighted in previous PricewaterhouseCoopers research in their ‘World in 2050’ series, mitigating upward pressure on energy consumption and carbon emissions is one of the most important challenges posed by rapid growth of the emerging economies.

Mr. Chin concluded that:

“Clearly, investors’ attention will increasingly turn towards Asia; with the bulk of the 13 new emerging economies identified as Asian nations and the combined strength of China and India, Malaysia is poised to benefit from this shift in the global economic order particularly when we win the war on talent.”

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**Notes to Editor:**

1. To download a copy of 'The World in 2050: Beyond the BRICs', visit [www.pwc.com/world2050](http://www.pwc.com/world2050).
2. Table A: Projected relative size of economies in 2007 and 2050 (US = 100)

Country (indices with US = 100)	GDP at market exchange rates in US \$ terms		GDP in PPP terms	
	2007	2050	2007	2050
US	100	100	100	100
Japan	32	19	28	19
China	23	129	51	129
Germany	22	14	20	14
UK	18	14	15	14
France	17	14	15	14
Italy	14	10	13	10
Canada	10	9	10	9
Spain	9	9	10	9
Brazil	8	26	15	26
Russia	8	17	17	17
India	7	88	22	88
South Korea	7	8	9	8
Mexico	7	17	10	17
Australia	6	6	5	6
Turkey	3	10	5	10
Indonesia	3	17	7	17

Source: PricewaterhouseCoopers estimates (using UN population projections).

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3. Table B: Projected real growth rates for expanded group of emerging market economies: 2007-50 (% per annum)

Country	GDP in US \$ terms	GDP in domestic currency or at PPPs	Population	GDP per capita at PPPs
Vietnam	9.8	6.8	0.8	6.0
<b>India</b>	<b>8.5</b>	<b>5.8</b>	<b>0.8</b>	<b>5.0</b>
Nigeria	8.0	6.1	1.6	4.4
Philippines	7.2	5.2	1.1	4.1
Egypt	7.1	5.1	1.1	3.9
Bangladesh	7.0	5.1	1.1	3.9
<b>China</b>	<b>6.8</b>	<b>4.7</b>	<b>0.1</b>	<b>4.6</b>
<b>Indonesia</b>	<b>6.7</b>	<b>4.5</b>	<b>0.6</b>	<b>3.9</b>
Pakistan	6.4	4.9	1.4	3.5
<b>E7 average</b>	<b>6.4</b>	<b>4.5</b>	<b>0.5</b>	<b>4.0</b>
Malaysia	5.8	4.3	1.0	3.3
Thailand	5.7	3.6	0.1	3.5
Iran	5.2	3.8	0.8	3.0
<b>Brazil</b>	<b>5.2</b>	<b>3.8</b>	<b>0.7</b>	<b>3.1</b>
<b>Turkey</b>	<b>5.1</b>	<b>4.1</b>	<b>0.7</b>	<b>3.4</b>
Argentina	4.9	3.7	0.6	3.0
South Africa	4.8	3.7	0.3	3.3
Saudi Arabia	4.8	4.1	1.4	2.7
<b>Mexico</b>	<b>4.7</b>	<b>3.7</b>	<b>0.5</b>	<b>3.2</b>
<b>Russia</b>	<b>4.3</b>	<b>2.5</b>	<b>-0.6</b>	<b>3.2</b>
Poland	3.4	2.1	-0.5	2.7
<b>G7 average</b>	<b>2.0</b>	<b>2.2</b>	<b>0.3</b>	<b>1.9</b>

Sources: PricewaterhouseCoopers GDP growth estimates (rounded to nearest 0.1%), population growth projections from the UN. E7 countries and the E7 and G7 averages are shown in bold.

This new research uses the same methodology for projecting long-term economic growth rates as previous PricewaterhouseCoopers reports in the World in 2050 series in March 2006 (focusing on the E7 economies and the advanced economies shown in Table A) and September 2006 (focusing on the implications for global energy consumption, carbon emissions and climate change policy). But this new report updates the projections to take account of actual performance in 2006-7, the latest UN demographic projections to 2050 and other relevant new information. It also extends the analysis to 13 other emerging economies with the potential to be one of the largest 30 economies in the world by 2050. Together this 'PwC 30' group of economies accounts for around 85% of world economic output (GDP).

4. PricewaterhouseCoopers (www.pwc.com) provides industry-focused assurance, tax and advisory services to build public trust and enhance value for its clients and their stakeholders. More than 146,000 people in 150 countries across our network share their thinking, experience and solutions to develop fresh perspectives and practical advice.

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