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## News release

Date 00.01 GMT, Wednesday 16<sup>th</sup> January, 2013

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## Nigeria could rank 13<sup>th</sup> among world's top 20 economies by 2050, says PwC report

**Lagos: 16<sup>th</sup> January, 2013** – Nigeria has the potential to be the fastest growing economy among the world's top 20 economies from now to 2050, according to the latest **World in 2050** report published by PwC's macroeconomics team.

With a projected GDP of nearly US\$4 trillion by 2050 and an annual average real GDP growth rate of around 6%, as well as a youthful and growing working population, Nigeria is projected to rank 13<sup>th</sup> among the world's largest economies by 2050 if it can realise its full potential. The full report, **World in 2050 The BRICs and Beyond: Prospects, challenges and opportunities**, is available at <http://www.pwc.com/world2050>

According to the report, a growing, prime working age population, together with rising average rates of schooling and technological progress, drive Nigeria's strong growth prospects. However, the report's projections rely on the country using its oil wealth to develop a broader-based economy with better infrastructure and institutions (e.g., as regards rule of law and political governance) which will support long term productivity growth.

Andrew S. Nevin, a partner with PwC Nigeria, said: "Nigeria's projections for population, education levels and technological progress are very strong. Nigeria lags behind with regard to its investment rate, however. Productivity is lower in Nigeria due to weaker infrastructure and institutions, as well as an over-reliance on oil revenues. By investing in these areas and diversifying its economy, Nigeria can realise its full potential by 2050.

"Over the past decade, the private sector has played an enormously positive role in sectors like telecoms, retail, and financial services in Nigeria and throughout Africa. For Nigeria to realise its potential, it is going to require governments at the state and federal levels to play their role in fostering the right type of environment, including improvements in the rule of law, greater transparency and



strengthening of the health and education systems, and enabling the development of key sectors, with power being the most important. Many strides have been made in this regard and they need to keep coming.”

John Hawksworth, PwC Chief Economist and co-author of the report, said: “The shift in the global economic centre of gravity is clear. The E7 could overtake the G7 before 2020, and by 2050 China, the US and India could be by far the largest economies – with a big gap to Brazil in fourth place, ahead of Japan. By the same time, Russia, Mexico and Indonesia could be bigger than Germany or the UK; Turkey could overtake Italy; and Nigeria could rise up the league table, as could Vietnam and South Africa in the longer term. There are huge opportunities for Western companies in the emerging markets – but also great competitive challenges from fast-growing emerging market companies. Governments also face huge challenges, not least in relation to global warming as a result of this rapid pace of economic development.”

The report lists growth estimates as driven by: Growth in the labour force, as proxied by UN projections for working age population; Growth in the quality of labour which is assumed to be related to current and projected average education levels in the workforce; Growth in the physical capital stock, which is determined by new capital investment less depreciation of the existing capital stock; and technological progress, which drives improvements in total factor productivity.

The table below illustrates the changing league positions in world GDP at PPPs – selected countries are marked in bold to highlight notable changes in rankings over time.

Actual and projected top 20 economies ranked based on GDP in PPP terms

2011			2030		2050	
PPP rank	Country	GDP at PPP (2011 US\$bn)	Country	Projected GDP at PPP (2011 US\$bn)	Country	Projected GDP at PPP (2011 US\$bn)
1	US	15094	<b>China</b>	30634	<b>China</b>	53856
2	<b>China</b>	11347	US	23376	US	37998
3	India	4531	India	13716	India	34704
4	Japan	4381	Japan	5842	<b>Brazil</b>	8825
5	Germany	3221	Russia	5308	Japan	8065
6	Russia	3031	<b>Brazil</b>	4685	Russia	8013
7	<b>Brazil</b>	2305	Germany	4118	<b>Mexico</b>	7409
8	France	2303	<b>Mexico</b>	3662	<b>Indonesia</b>	6346
9	<b>UK</b>	2287	<b>UK</b>	3499	Germany	5822
10	Italy	1979	France	3427	France	5714
11	<b>Mexico</b>	1761	<b>Indonesia</b>	2912	<b>UK</b>	5598
12	Spain	1512	Turkey	2760	Turkey	5032
13	South Korea	1504	Italy	2629	<b>Nigeria</b>	3964
14	Canada	1398	Korea	2454	Italy	3867
15	Turkey	1243	Spain	2327	Spain	3612
16	<b>Indonesia</b>	1131	Canada	2148	Canada	3549
17	Australia	893	Saudi Arabia	1582	South Korea	3545
18	Poland	813	Australia	1535	Saudi Arabia	3090
19	Argentina	720	Poland	1415	<b>Vietnam</b>	2715
20	Saudi Arabia	686	Argentina	1407	Argentina	2620

Source: World Bank estimates for 2011, PwC estimates for 2030 and 2050



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**Notes:**

1. The original PwC 'World in 2050' study in 2006 covered the 17 largest economies: the G7 (France, Germany, Italy, Japan, the UK, the US and Canada) plus Spain, Australia and South Korea; and the E7 (Brazil, Russia, India, China, Indonesia, Mexico and Turkey). The extended 2013 study – titled ***World in 2050 The BRICs and Beyond: Prospects, challenges and opportunities*** – also includes Vietnam, Nigeria, South Africa, Malaysia, Poland, Saudi Arabia and Argentina. PwC's growth model in the report takes into account projected trends in demographics, capital investment, education levels and technological progress.
2. A copy of the ***World in 2050 The BRICs and Beyond: Prospects, challenges and opportunities*** report can be found at <http://www.pwc.com/world2050>
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