

LONG-TERM INVESTMENTS IN DEVELOPING ECONOMIES

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MAIN MESSAGES

1. WORLD'S BINARY RECOVERY:

- High-Income countries: high debt, grow slowly, aging population.
- Developing countries: low debt, grow fast, young population.

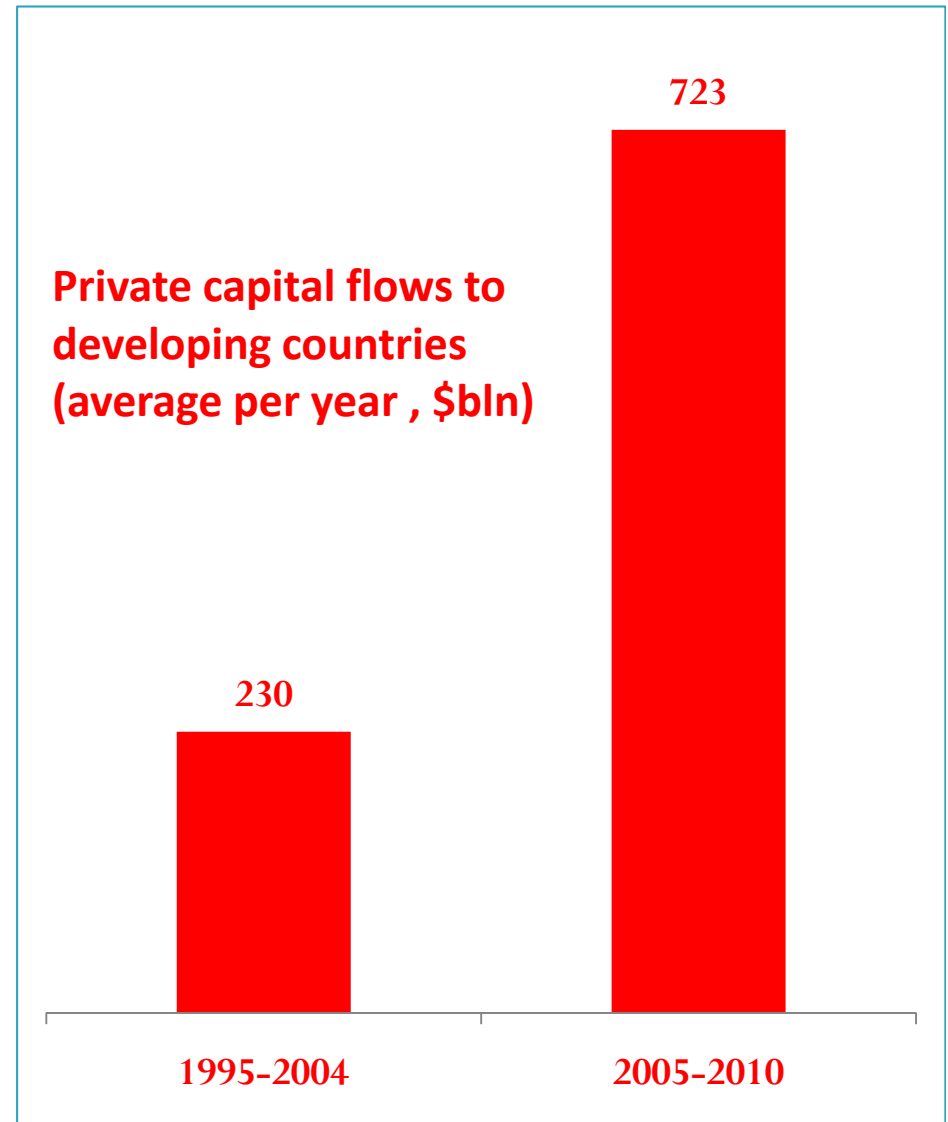
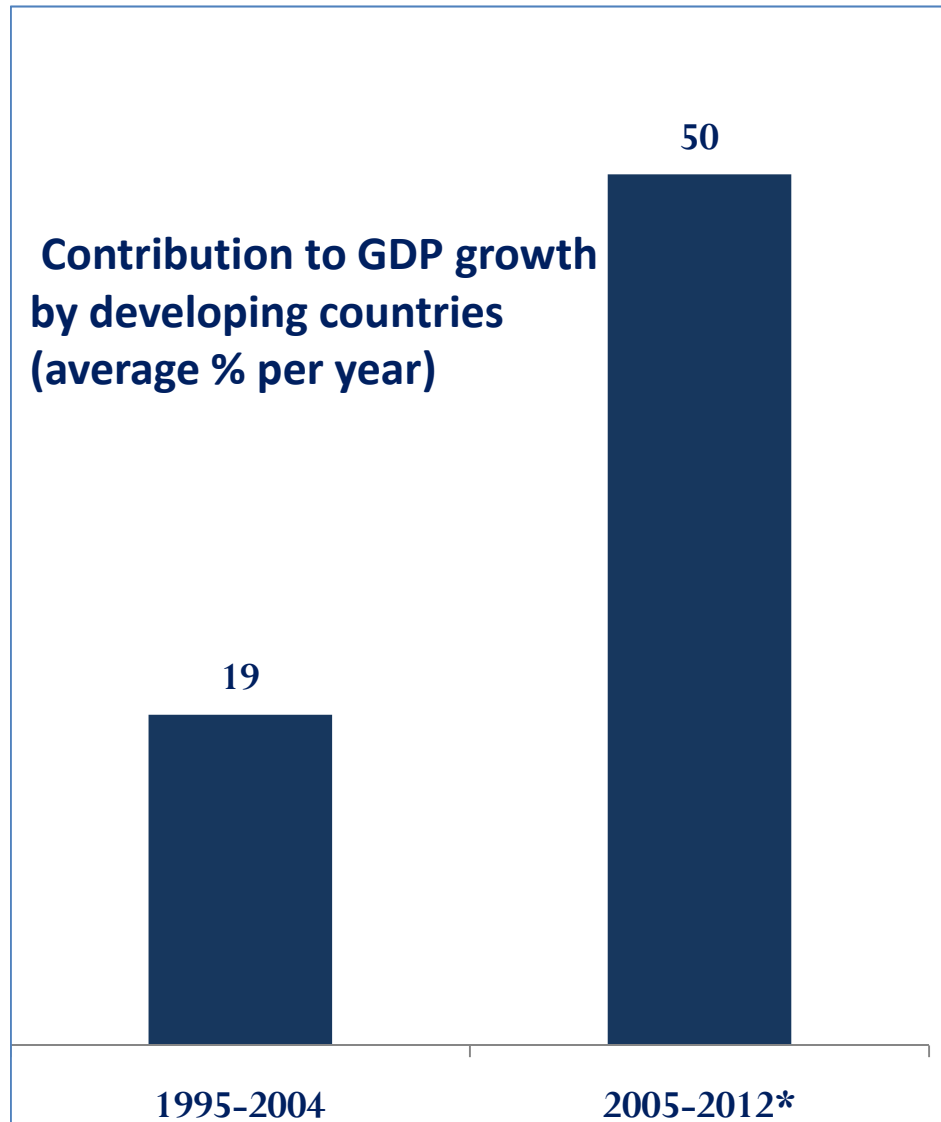
2. DEVELOPING COUNTRIES SUCCESS DUE TO:

- Sound economic policies.
- Structural reforms to remove bottlenecks.

3. LOOKING FORWARD:

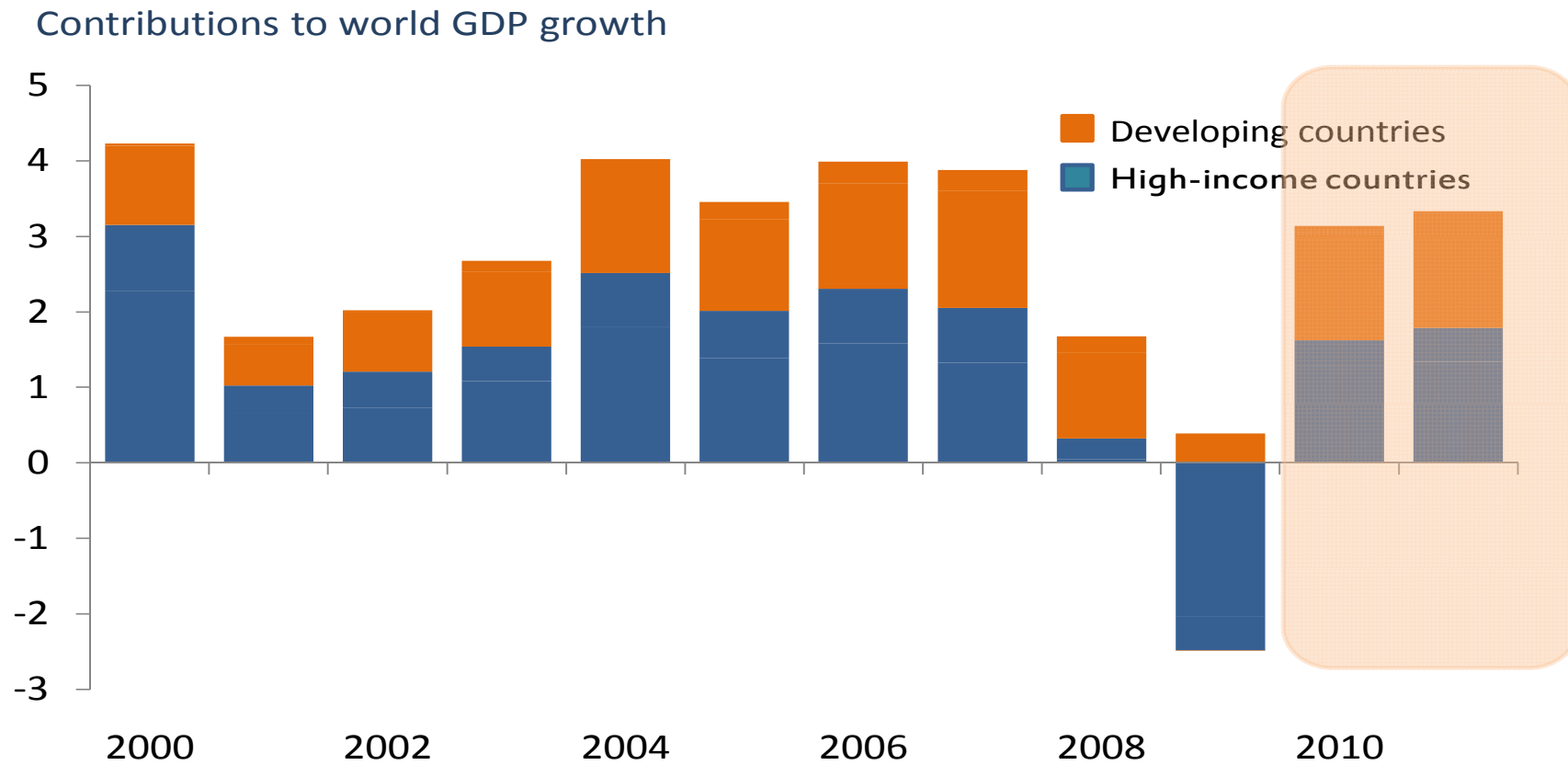
- Developing countries contribute to an increasing share of the world's growth, with a key role in sustaining the global recovery.
- High-income countries have no choice but learn the lesson.

DEVELOPING COUNTRIES AS NEW ECONOMIC POWERS



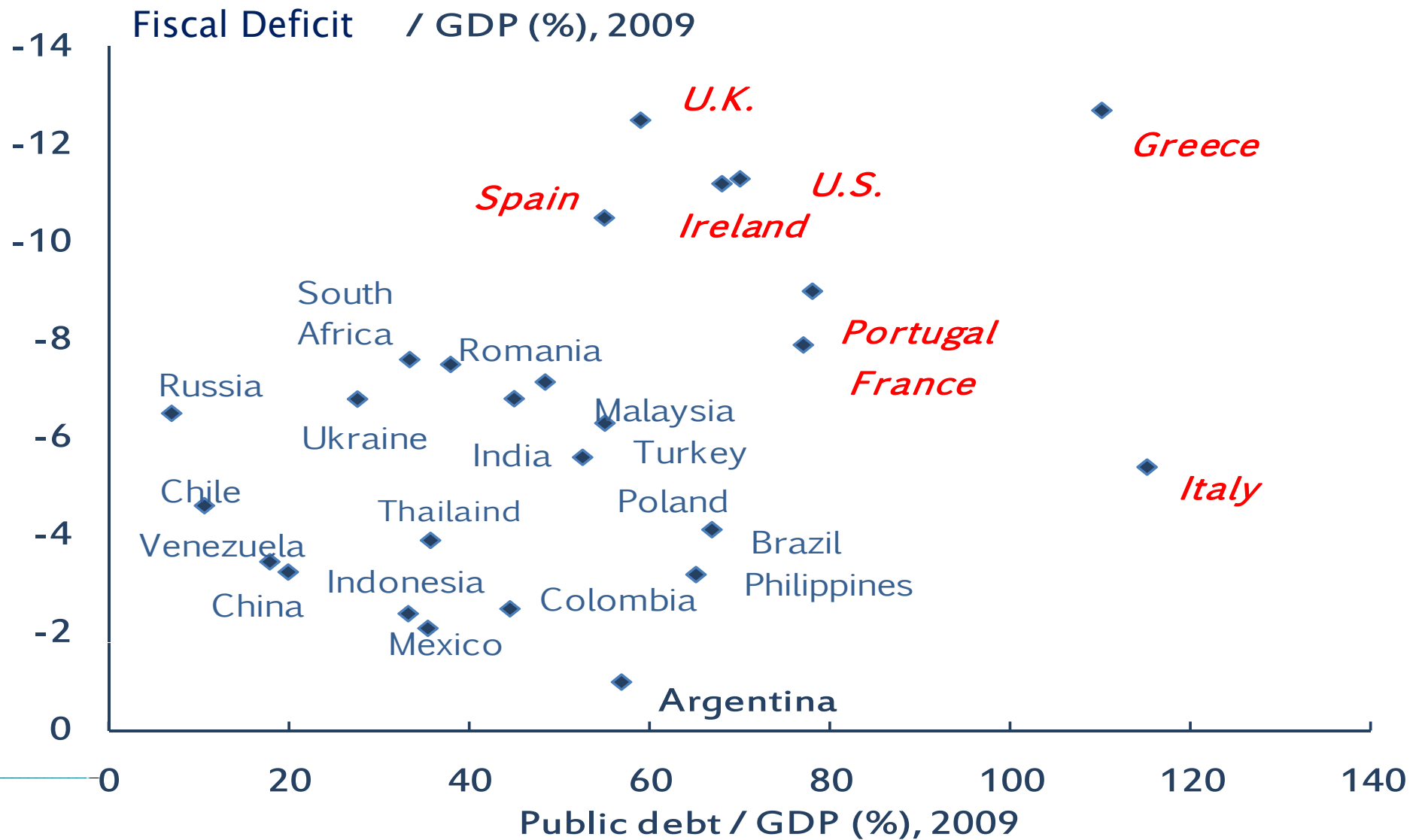
Source: World Bank

DEVELOPING COUNTRIES AS THE NEW DRIVING FORCE OF THE GLOBAL ECONOMY

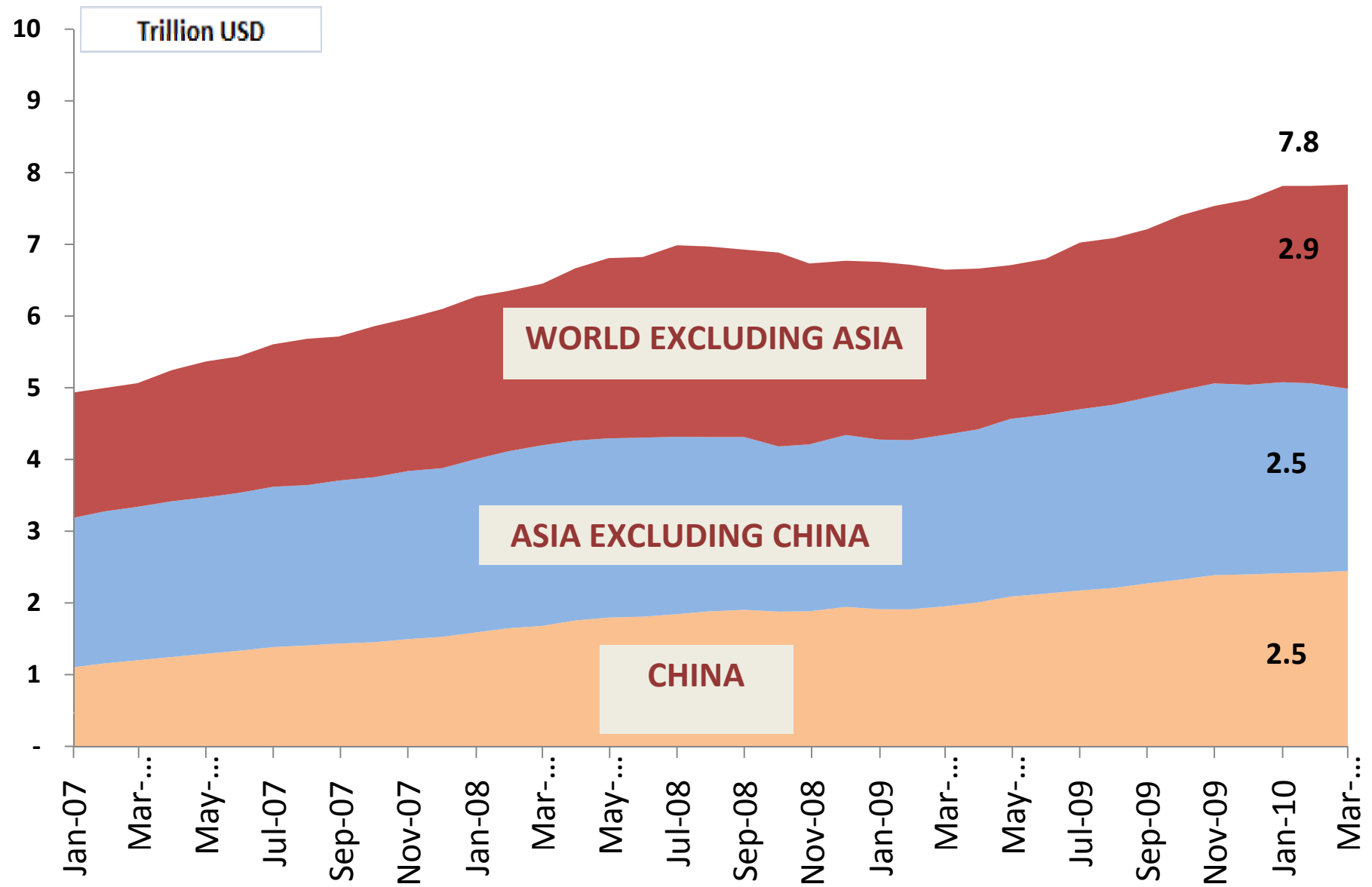


Source: World Bank

DEVELOPING COUNTRIES IMPROVED RESILIENCE



FOREIGN EXCHANGE RESERVES ACCUMULATION

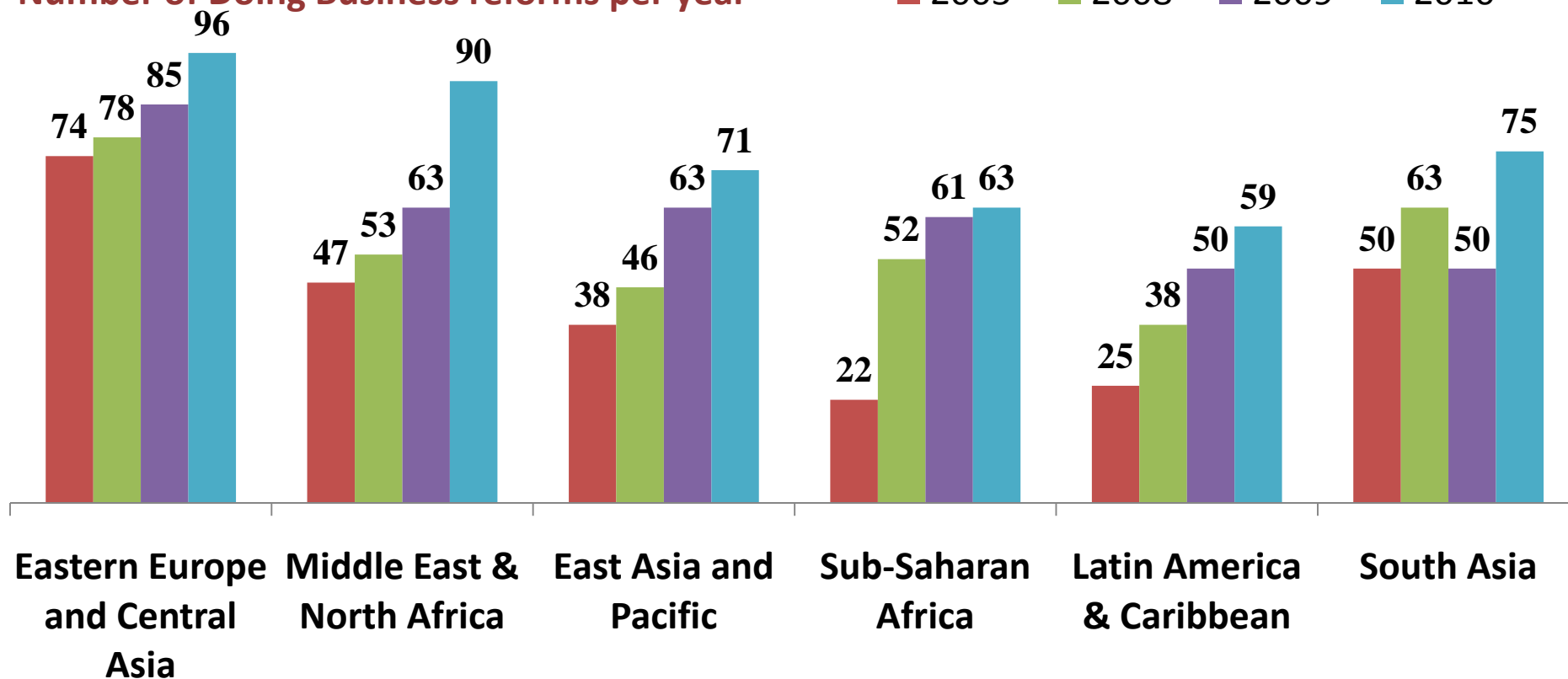


Source: World Bank

STRUCTURAL REFORMS IN DEVELOPING COUNTRIES ACCELERATED

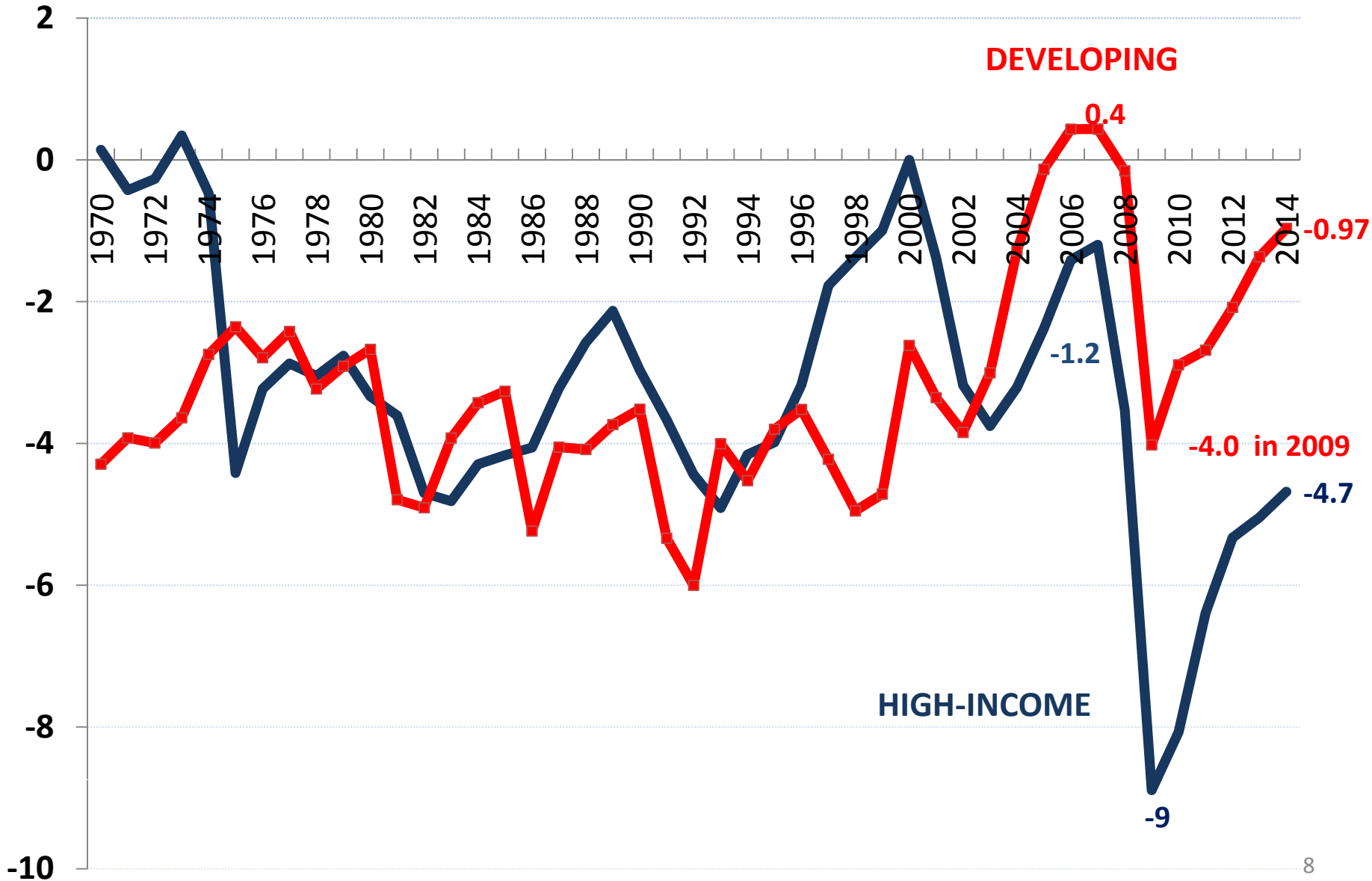
Number of Doing Business reforms per year

2005 2008 2009 2010



FISCAL BALANCES WITH PROJECTION TO 2014

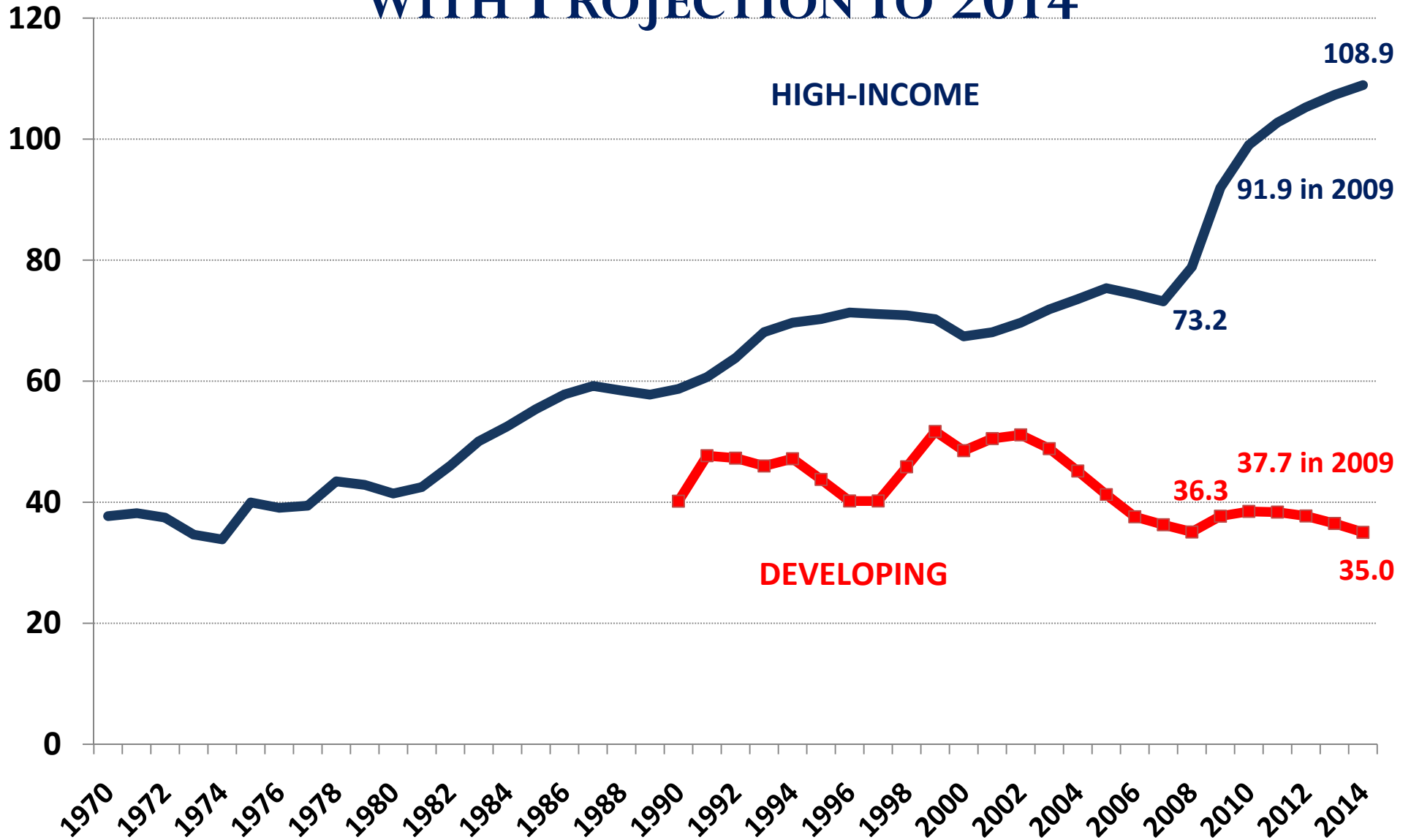
% GDP



Source: IMF

PUBLIC DEBT WITH PROJECTION TO 2014

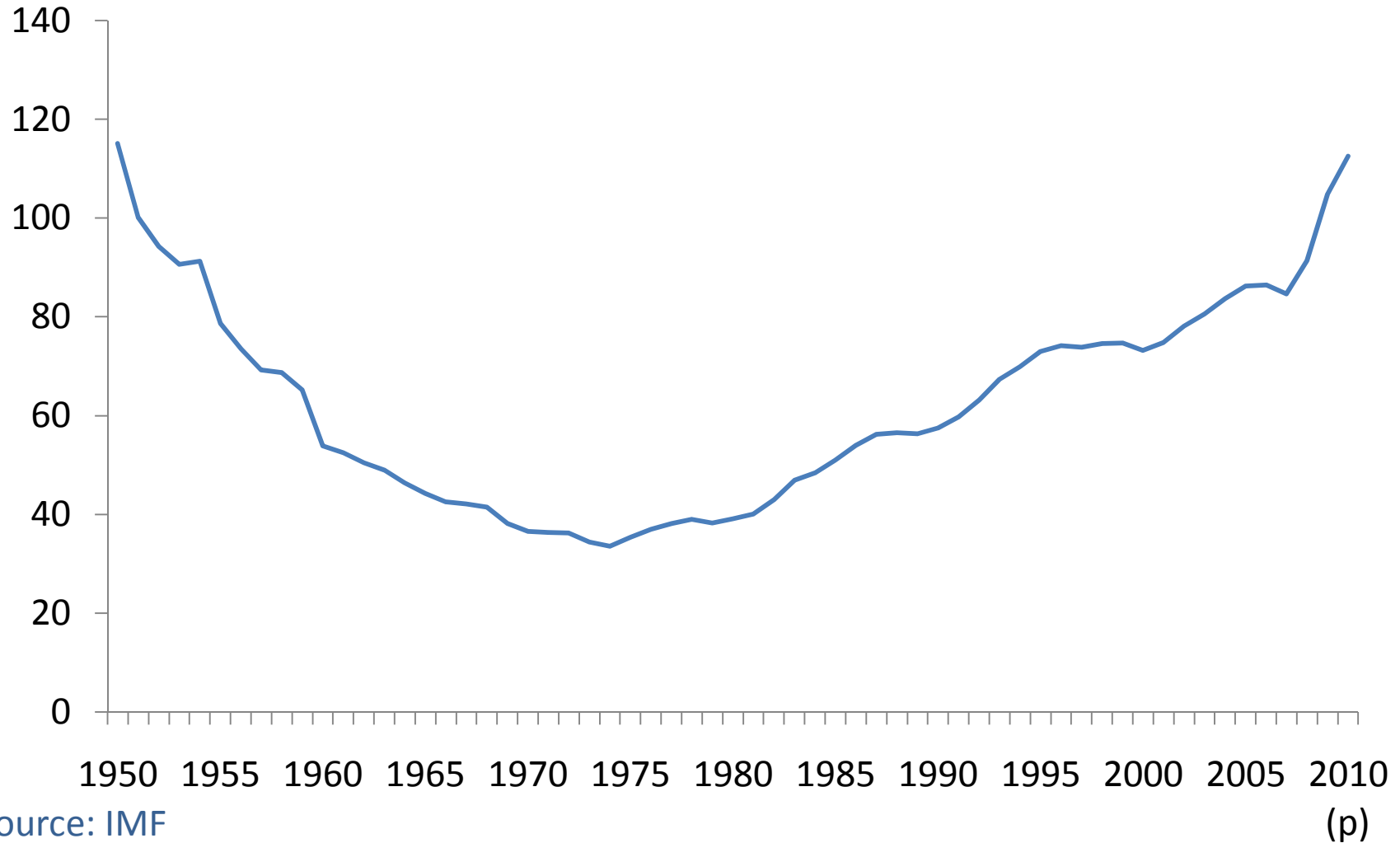
% GDP



Source: IMF

G-7 DEBT CLOSE TO POST-WAR HIGHS

Sovereign debt-to-GDP ratio, percent

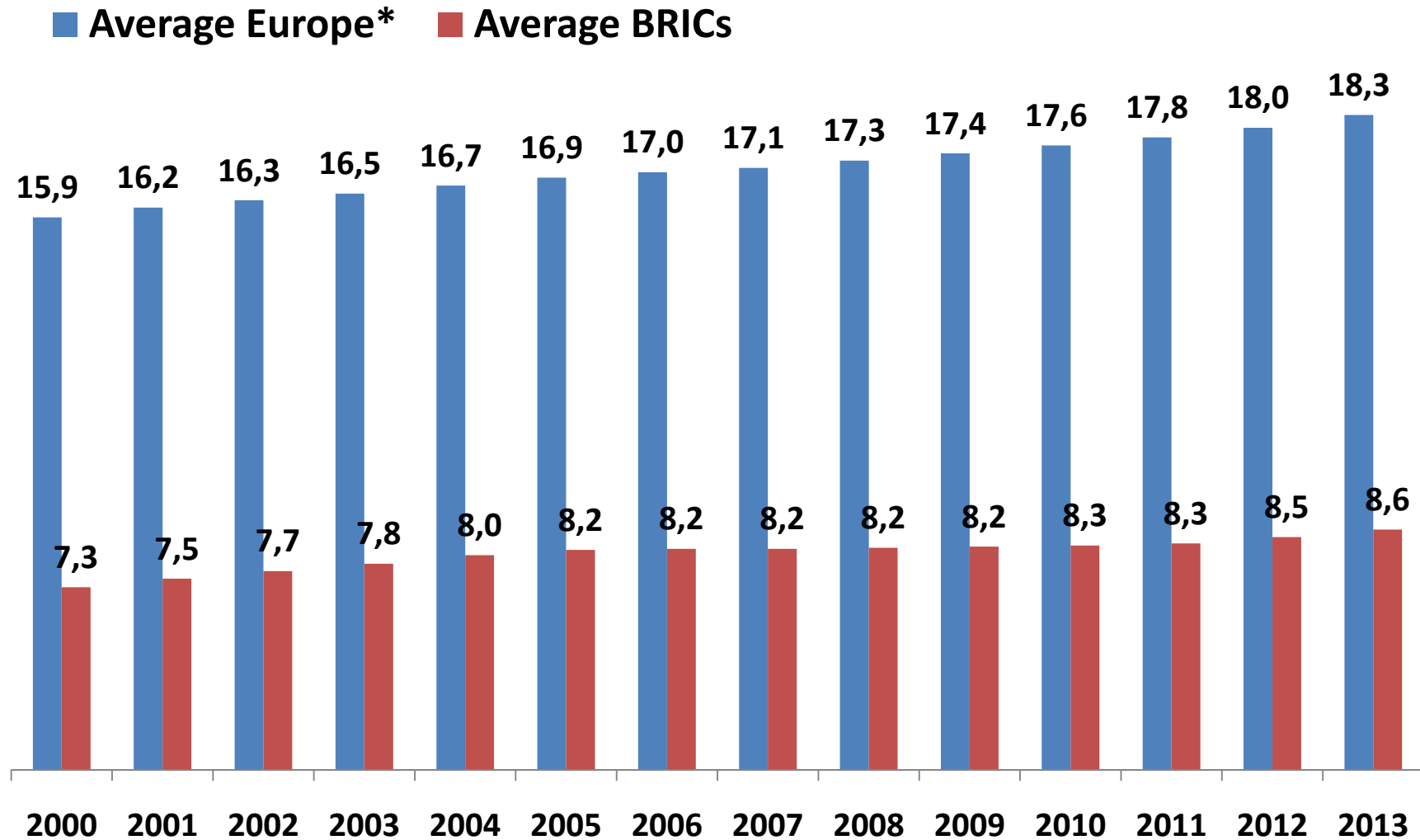


Source: IMF

(p)

Ratio of total
population

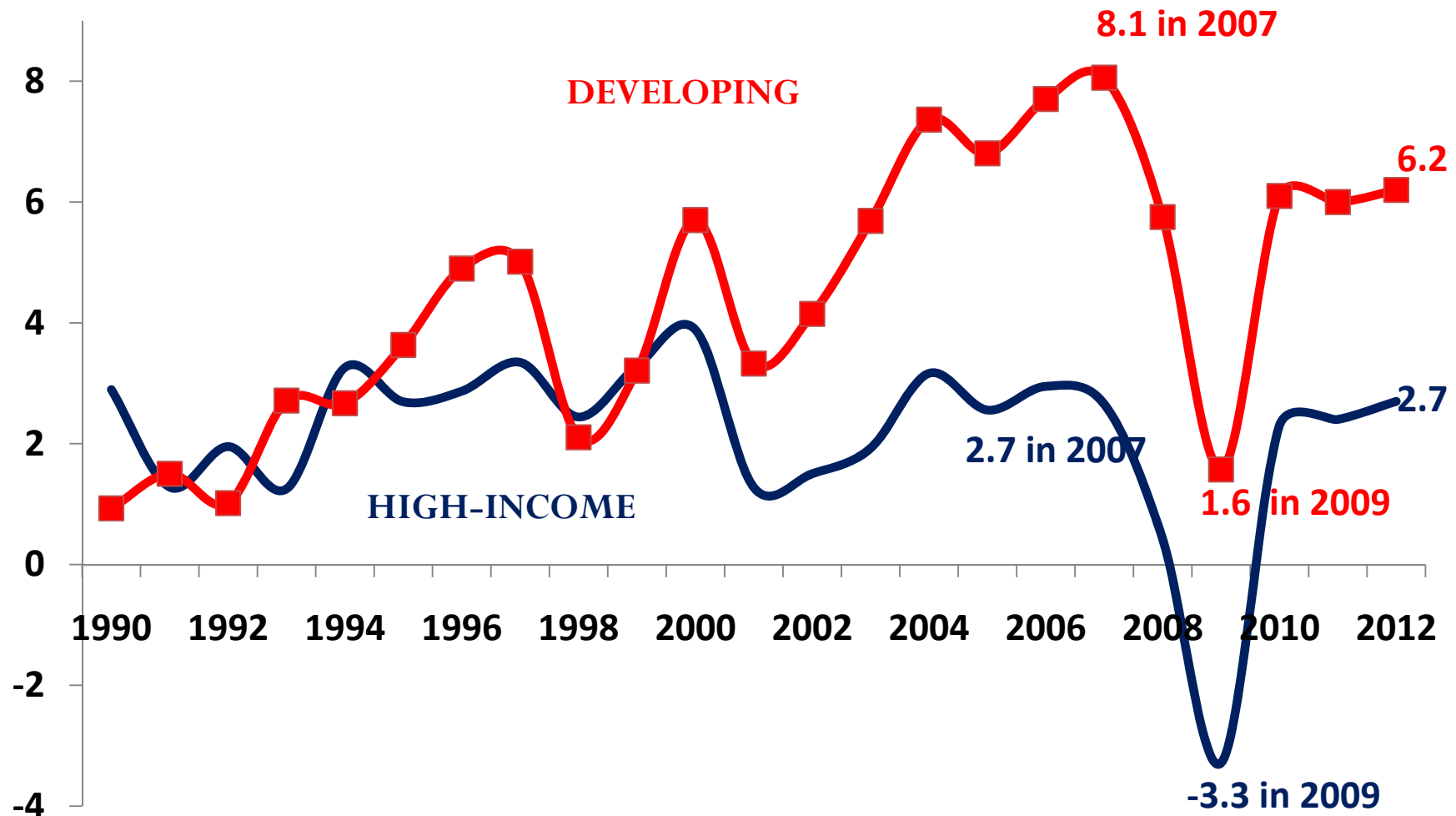
POPULATION AGE 65+ IN EUROPE VS. DEVELOPING COUNTRIES



•France, Germany, Italy, Portugal, Spain, Greece ** Brazil, Russia, India, China

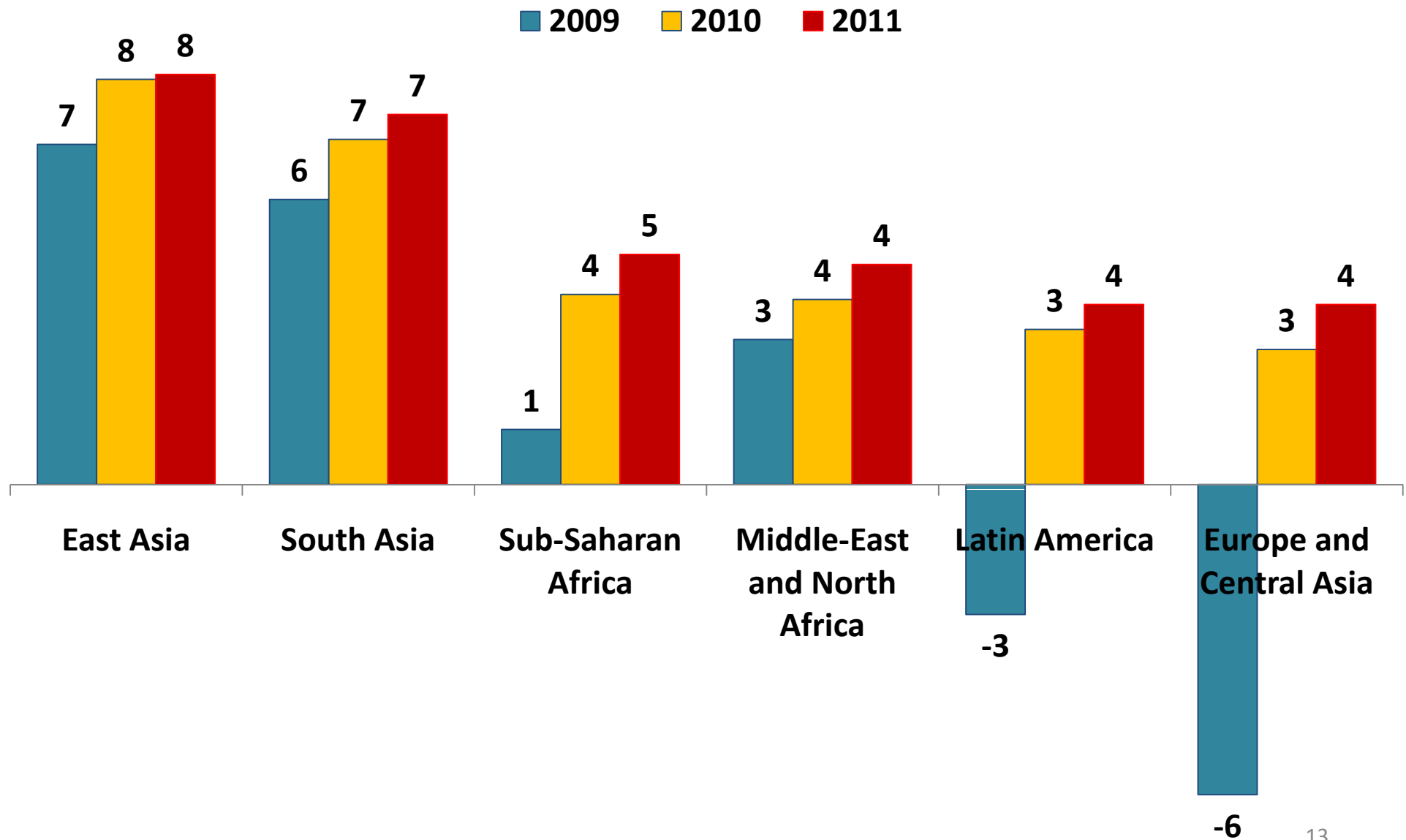
Source: OECD

GDP GROWTH WITH PROJECTION TO 2012



EAST AND SOUTH ASIA REGIONS LEAD GROWTH

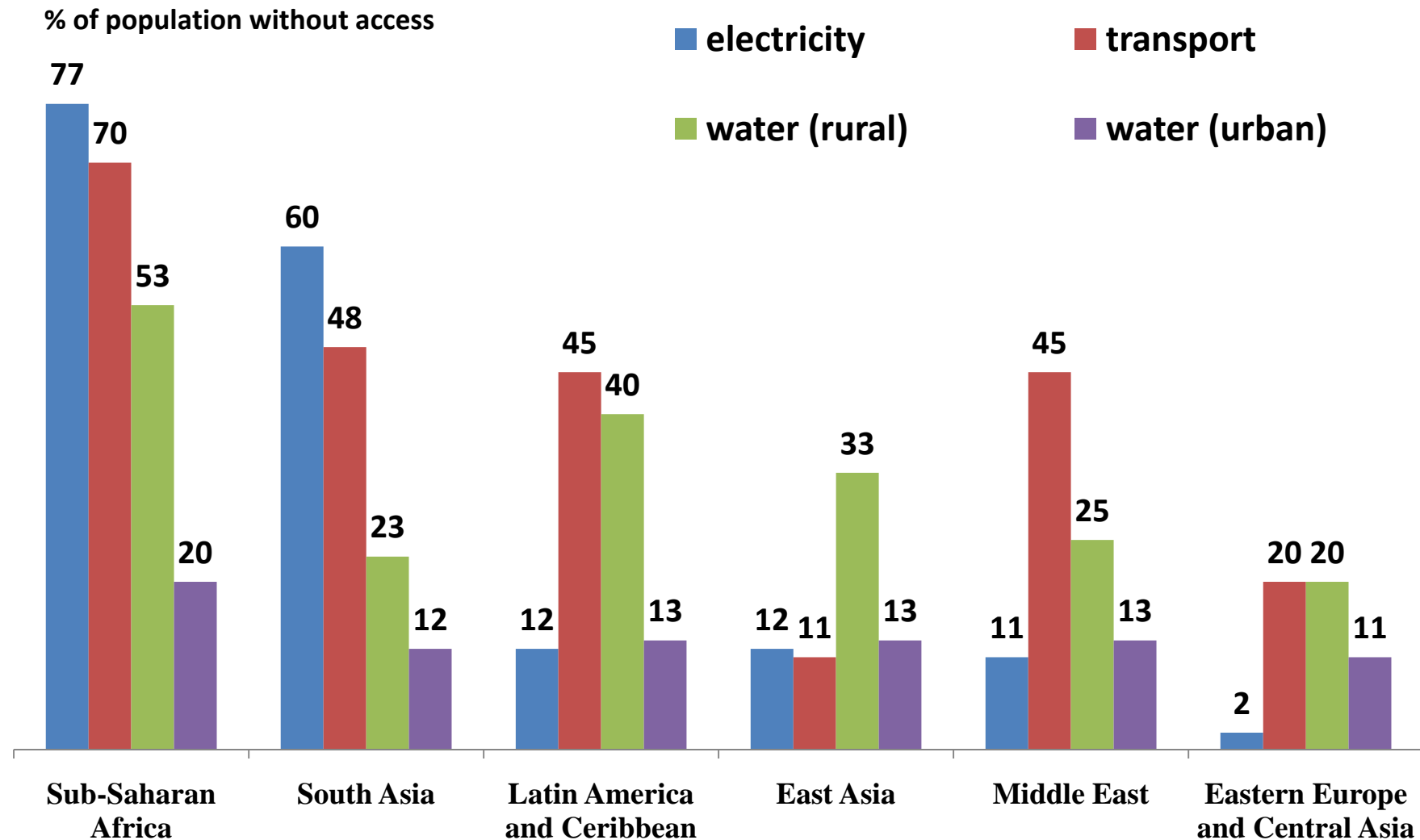
%



Source: World Bank

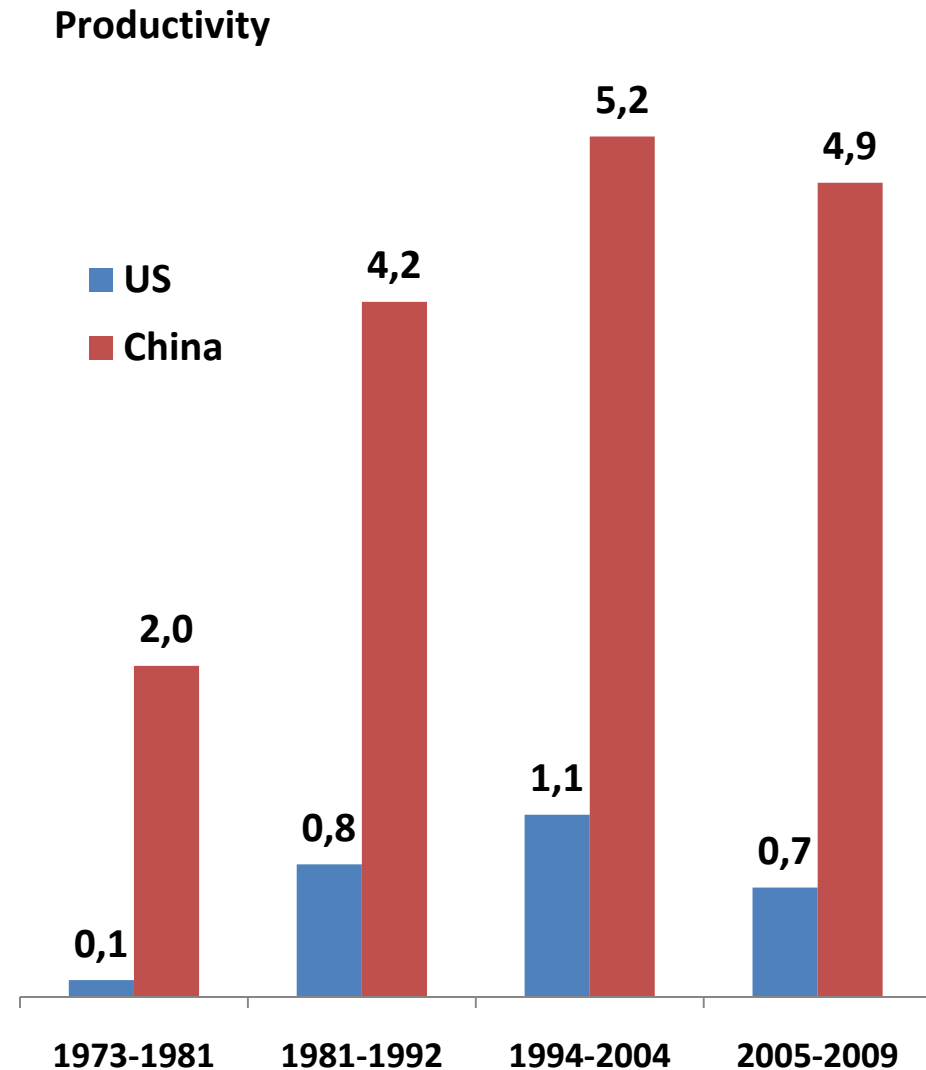
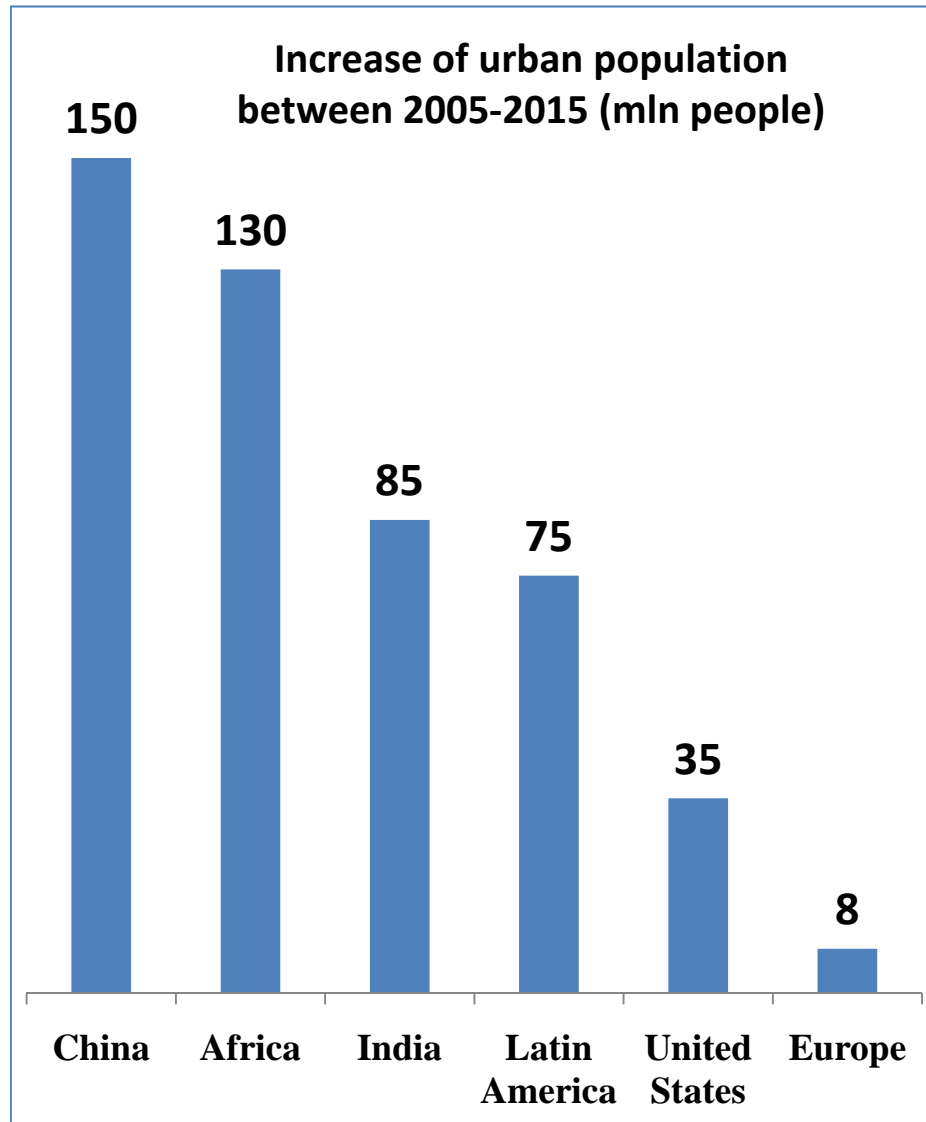
INFRASTRUCTURE NEEDS IN DEVELOPING COUNTRIES

FINANCING GAP AT \$900 BILLION A YEAR



Source: World Bank

URBANIZATION AND PRODUCTIVITY IN DEVELOPING COUNTRIES



Source: Deutsche Bank

CONCLUSIONS

DEVELOPING COUNTRIES :

- ▶ **NEW DRIVING FORCE OF THE GLOBAL ECONOMY, CONTRIBUTING 50% OF THE WORLD'S GDP GROWTH TODAY.**
- ▶ **IMPROVED THEIR RESILIENCE BEFORE THE CRISIS (MACRO, REFORMS, RESERVES).**
- ▶ **WITHSTOOD THE CRISIS BETTER THAN HIGH-INCOME COUNTRIES.**
- ▶ **KEY PILLAR OF THE GLOBAL ECONOMIC RECOVERY.**
- ▶ **HAVE LITTLE FISCAL BURDEN AND MUCH BETTER GROWTH PROSPECTS.**
- ▶ **WILL CONTINUE ATTRACTING INVESTORS AND CAPITAL FLOWS DUE TO LONG-TERM FINANCING DEMAND FACTORS, LIKE INFRASTRUCTURE NEEDS.**

Disclaimer

These are my personal opinions, and do not represent an official view or forecast of the World Bank.