News Release

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CHINA WILL CONTINUE TO LEAD GLOBAL TRADE BY 2050, SAYS HSBC
Asia Set to Drive Global Trade Surge to USD68.5 Trillion

Asia is poised to ignite a decade of global trade growth that will quadruple worldwide exports to an estimated USD68.5 trillion by 2050 while China will continue to be the number one trading economy, according to new forecasts in HSBC's landmark Trade Winds report.

According to the report commissioned by HSBC Commercial Banking and compiled by Oxford Economics, China emerged as the globe's leading exporter in 2007, having led global industrial production by becoming the manufacturing centre of the world. The amount of China's trade rose from USD1.43 trillion in 2007 to USD1.94 trillion in 2015 and is expected to reach USD11.75 trillion by 2050.

In 2015, global trade has reached USD17.9 trillion and it is expected to soar to USD27.8 trillion and USD68.5 trillion in 2025 and 2050 respectively. Asia-Pacific's share of global exports is forecast to rise from around a third in 2015 to 46% in 2050. Western Europe's share is expected to decline from 34% to 22%, and North America's to fall from 12% to 10%.

Albert Chan, Head of Commercial Banking, Hong Kong, HSBC, said, "HSBC first opened its doors here in Hong Kong to serve the needs of businesses trading internationally 150 years ago. Since then, we have seen a shift in the centre of gravity for global trade from the west to the east. With the growing importance of China in the world's trading landscape, Hong Kong should continue to solidify its position as the gateway to China by leveraging on its strengths as an international financial centre that enjoys increasingly strong connectivity with the mainland economy."

China should extend its leading position in global trade through initiatives such as "One Belt, One Road" and the Asian Infrastructure Development Bank (AIIB), which aim to support trade growth in China and globally by funding better infrastructure.

The Trade Winds report identifies three distinct waves of trade development, the first from 1865 to 1913, the second from 1950 to 2007 and the third set to run from 2015 to 2050.

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The map of world trade created by the third wave of globalisation may look very different from today's, as shifting demographics and economic catch up - with almost 3 billion people joining the middle class by 2050, most of whom will be in emerging markets – result in significant shifts in trade patterns.

Developing countries including China and India will seek to maintain their growth, moving towards the production of higher-value products and away from an over-reliance on exports. This will require significant investment, however, particularly to get more people and business online. For example, 50% of the Chinese population had an internet connection in 2014. By 2025, a huge increase in internet users is expected in the developing world. These economies can benefit from investing in the latest infrastructure and innovative technologies, "leapfrogging" outdated infrastructure and ways of working that can hold mature economies back.

The four "trade winds" that will drive opportunity for the business leaders of today and tomorrow: the march of industrialisation and a shift to mass customisation; plummeting transport and logistics costs; further liberalisation of trade policy; and the evolution of more nimble business operating models.

Albert Chan added, "These four trade winds will continue to drive innovation and new thinking to help companies thrive and compete in a highly volatile and fast-paced global market over the next 35 years. In celebrating our 150th anniversary, we have looked to the past to understand the factors behind the first two waves of globalisation and to help us discover what the third could look like."

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Notes to editors:

About the HSBC Trade Winds report compiled by Oxford Economics
The report outlines how in 1865, when HSBC was founded, USD67 billion of goods were being exported around the world – primarily by Britain and subsequently other European nations, and the US. From there globalisation was interrupted by the two great wars and global depression. The second wave of globalisation resulted from a surge in post war trade liberalisation, when consumer demand accelerated growth from the US and then broadening recovery in Europe. This extended through the industrialisation of Asia and the rise of new global supply chains before the financial crisis of 2007. Today it investigates the impact of the third wave of globalisation.

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