

Context for Global Growth and Development

Extracts from McKinsey Global Institute research for UN
Session on “Financing for global sustainable development”

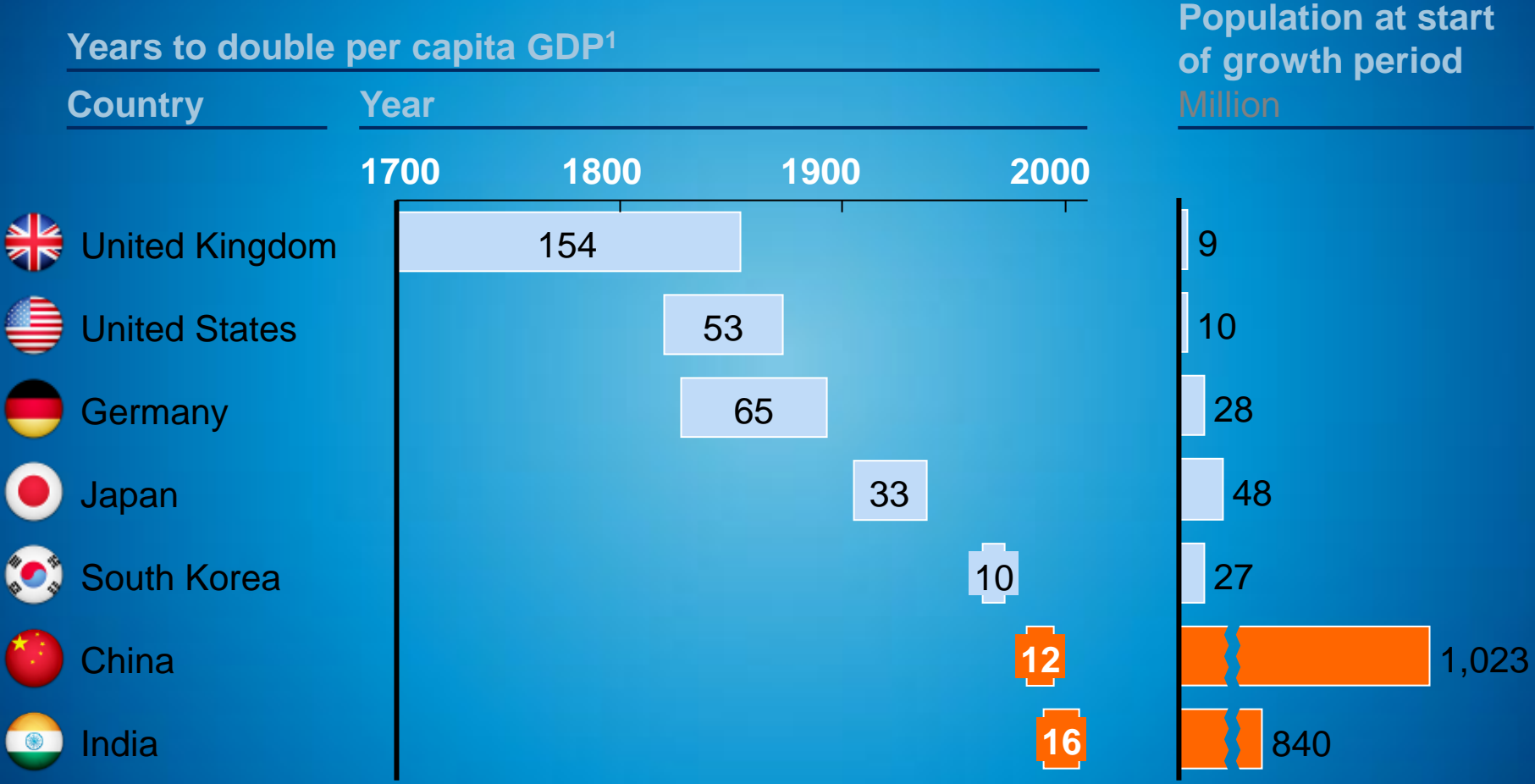
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November 2014

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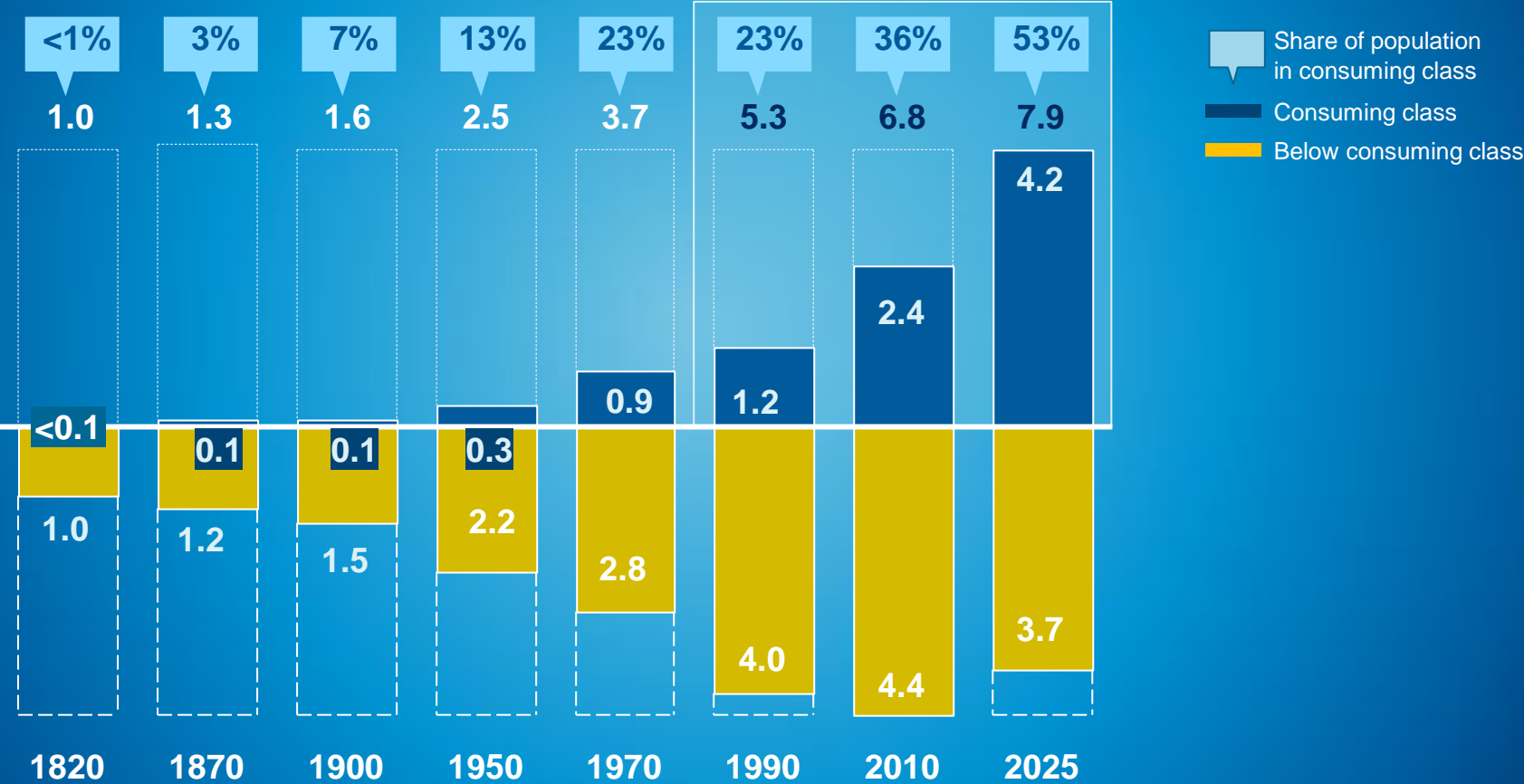
GDP per capita is rising faster and at greater scale than ever before



¹ Time to increase per capita GDP in purchasing power parity (PPP) terms from \$1,300 to \$2,600.

Nearly 2 billion people will join the consuming class by 2025

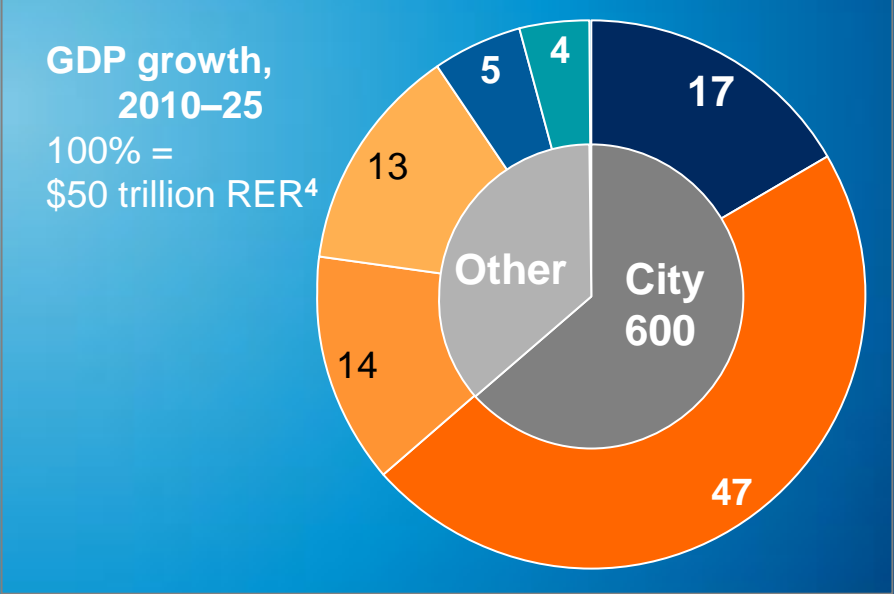
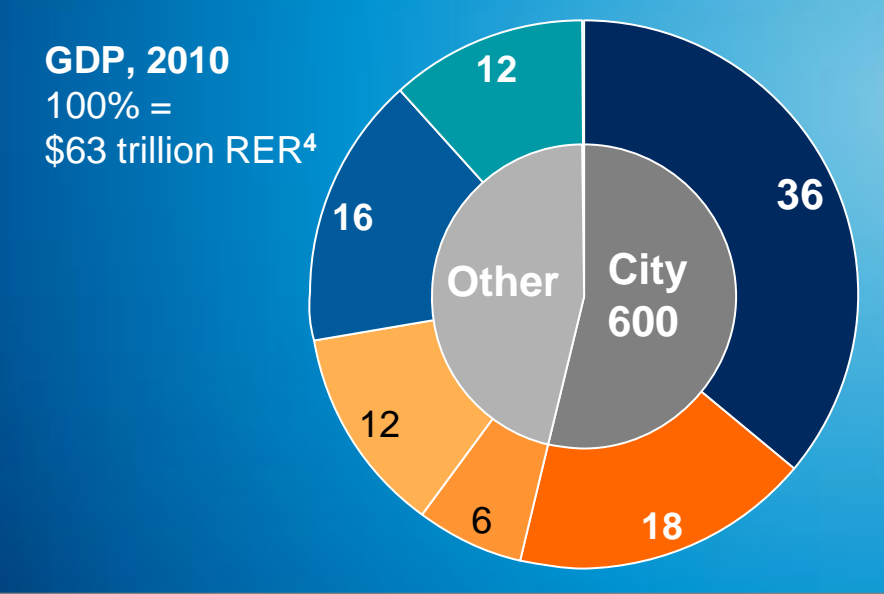
World population, Billion



By 2025, 600 cities will deliver 2/3rds of global GDP... 440 of them in emerging countries delivering nearly half of global GDP growth

Contribution to global GDP and GDP growth¹ %

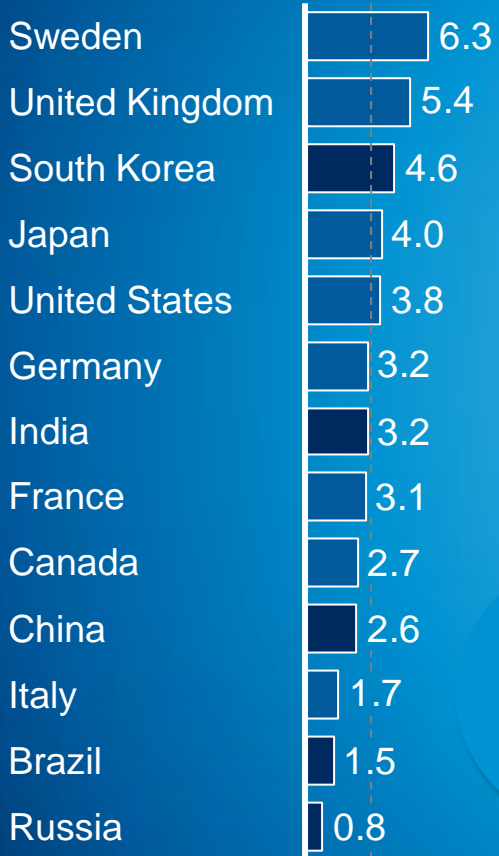
- Emerging 440²
- Other emerging large cities
- Emerging small cities and rural areas
- Developed 160³
- Developed small cities and rural areas
- Other developed large cities



The Internet's contribution to GDP is already significant and likely to grow

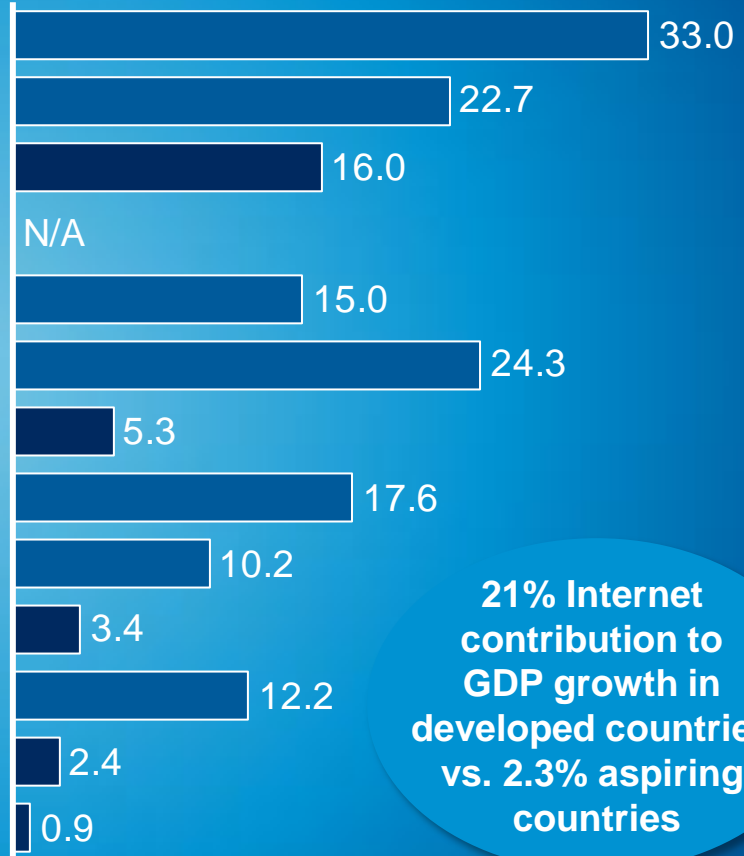
Aspiring countries
Developed countries

Internet GDP contribution
% of total GDP, 2010



Larger than many sectors including, agriculture, utilities etc.

Internet contribution to GDP growth
%, 2004-2009



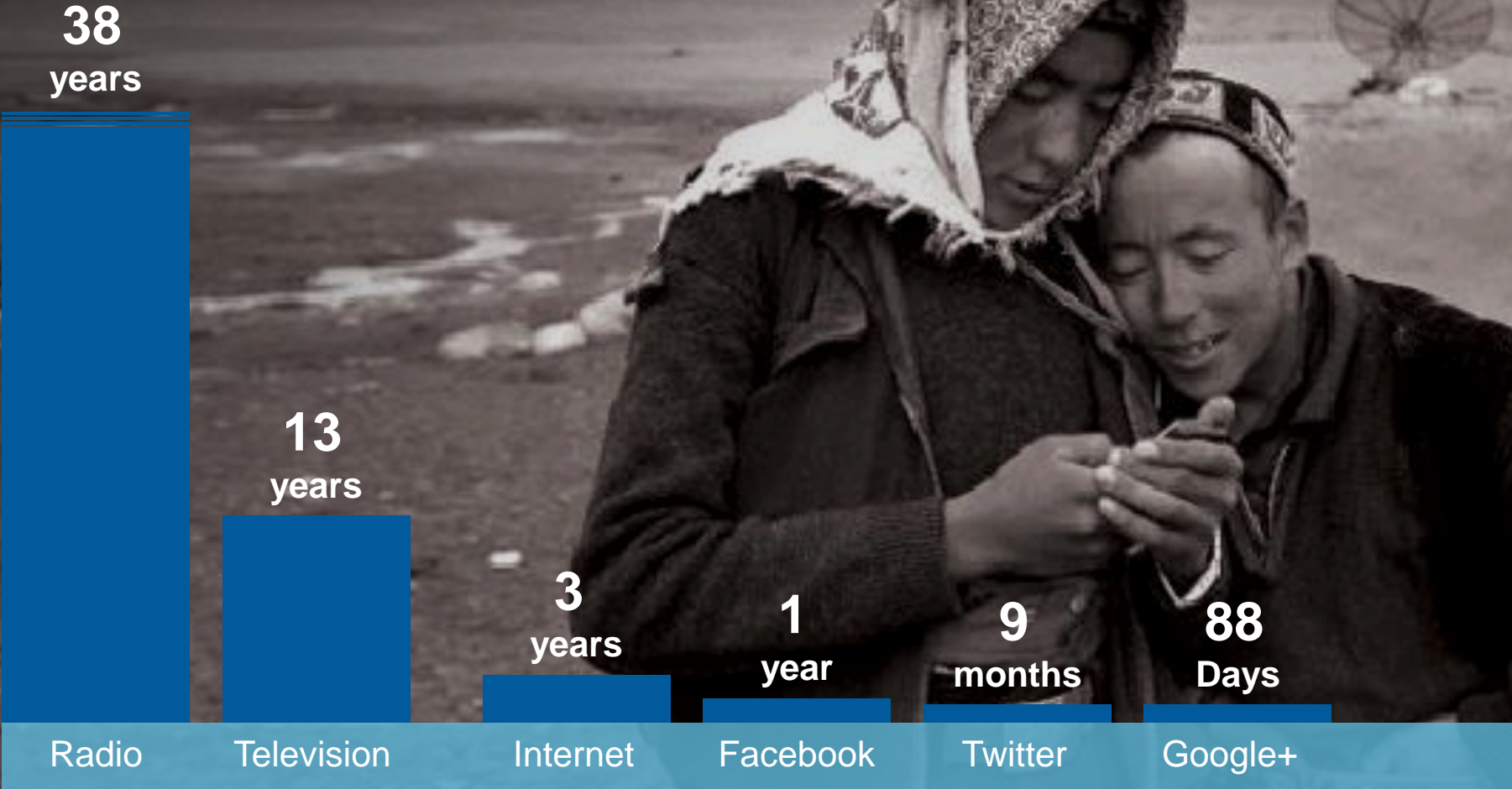
21% Internet contribution to GDP growth in developed countries vs. 2.3% aspiring countries

Mature country average = 3.4

SOURCE: OCDE national accounts, Gartner; Global Insight; OECD; ITU; International Data Corporation; World Health Organization; ICD; iConsumer US 2010; Euromonitor; H2 Gambling Capital; PhoCusWright; Pyramid Research; UNESCO; McKinsey Global Institute analysis

Adoption of technology is happening faster than ever

Time to reach 50 million users



More Transformational Technologies on the way

Internet, Digitization, Big Data and Analytics, Social Technologies etc



IT and how we use it



Mobile Internet



Cloud technology



Internet of Things



Automation of knowledge work

Changing the building blocks of everything



Next-generation genomics



Advanced materials

Machines working for us



Advanced robotics



Autonomous and near-autonomous vehicles



3D printing

Rethinking energy comes of age



Energy storage



Advanced oil and gas exploration and recovery

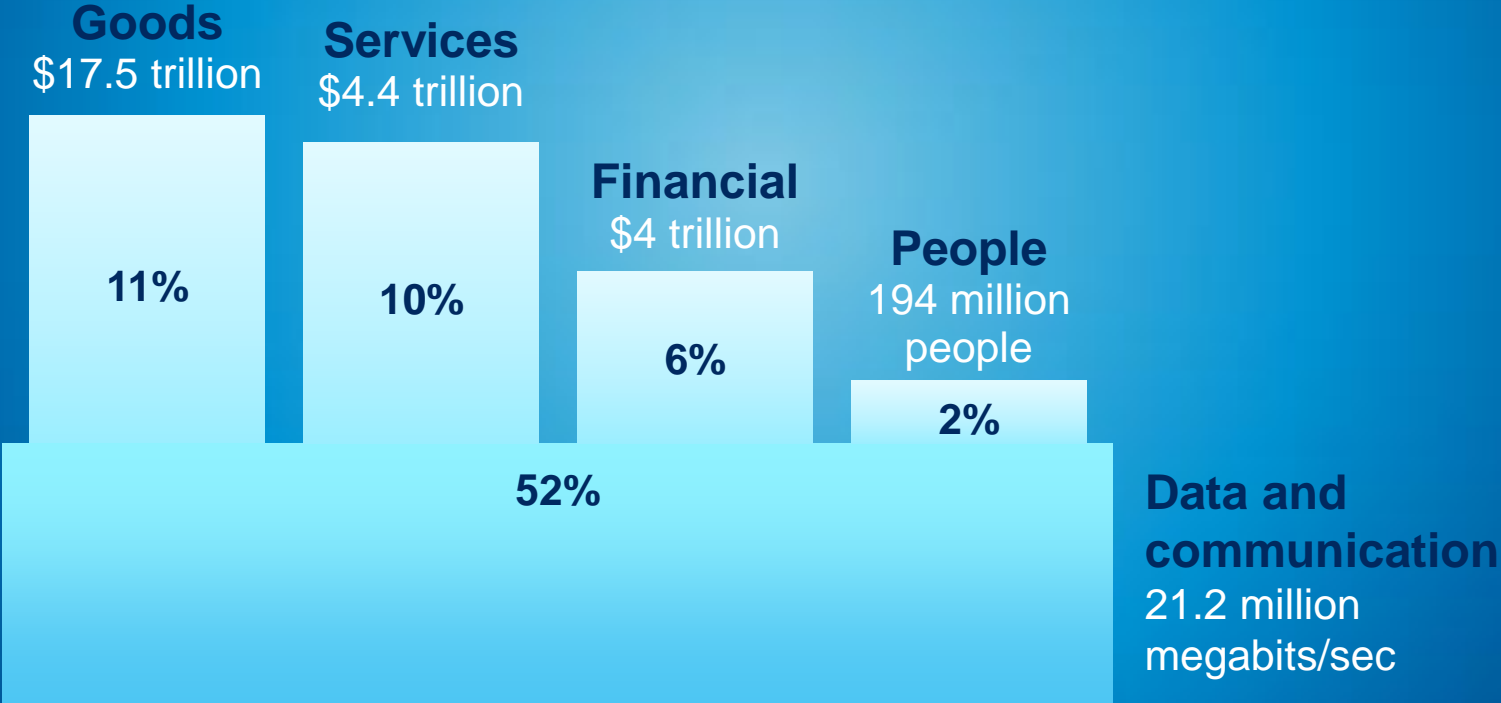


Renewable energy

Global flow of Goods, Services, Finance, People and Data are growing rapidly, most faster than GDP

Value and growth (%) of cross-border flow

2012 value (CAGR 2000-2012)



Global flows of goods, services, and finance reached \$25.9 trillion in 2012 – and could triple by 2025

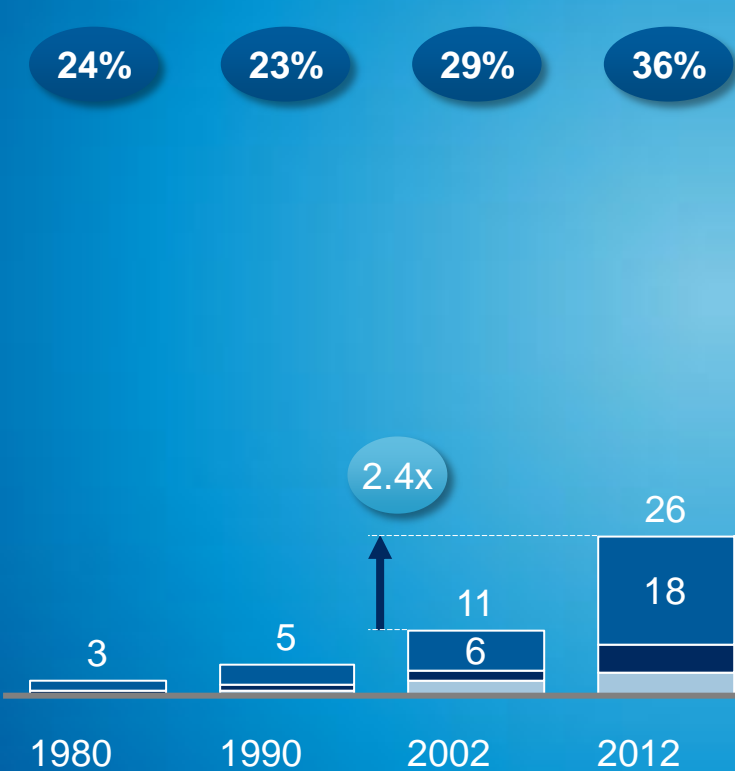
- Goods
- Services
- Financial

Global flows in goods, services and finance over time \$ trillion

Historical development of global flows

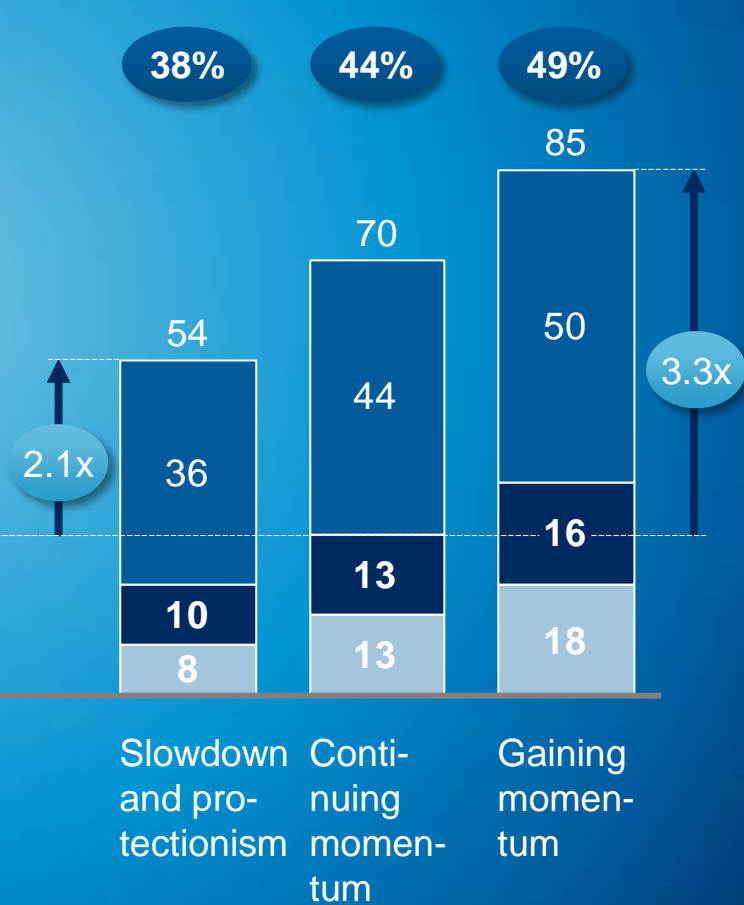
Ratio over GDP

- 24%
- 23%
- 29%
- 36%



Scenarios for global flows in 2025

- 38%
- 44%
- 49%

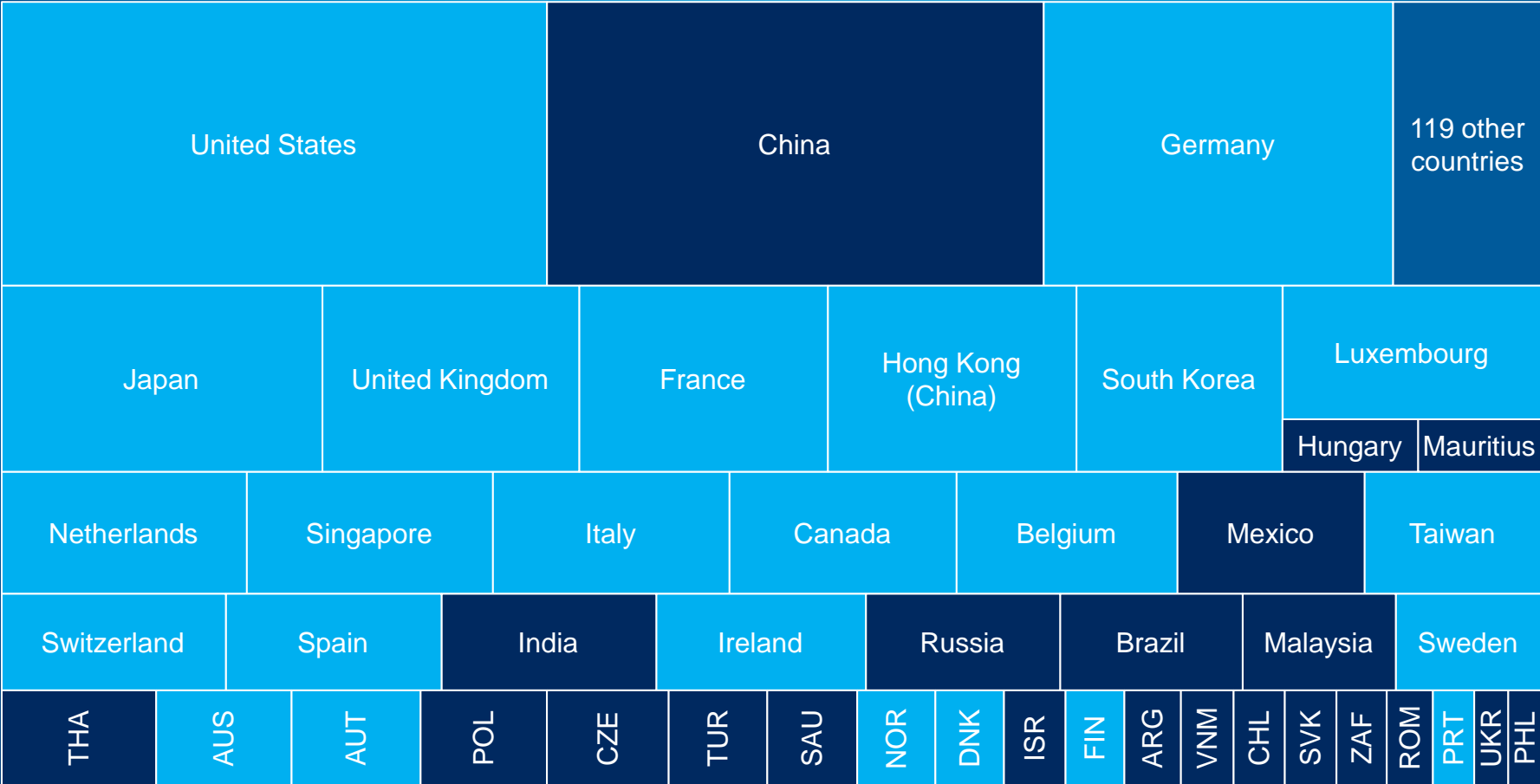


SOURCE: IHS Global Insight; McKinsey Global Institute analysis

Developed economies and China dominate in knowledge intensive flows

■ Developed
■ Emerging

Total knowledge-intensive inflows and outflows, 2012¹
Relative area corresponds to the portion of global inflows/outflows



¹ A knowledge-intensive flow is a flow with embedded information, ideas, or expertise that is transferred when exchanged. Foreign direct investment is classed as a knowledge-intensive flow because it often entails the transfer of embedded ideas, management expertise, and technology.

- **Pressure on resources**
- **After effects of Debt and Deleveraging**
- **Inclusive Growth and Job Creation**
- **Growth Challenge and Productivity Imperative**