



Visualizing The Coming Shift In Global Economic Power (2006-2036)`

Description

As the post-pandemic recovery chugs along, the global economy is set to see major changes in the coming decades. Most significantly, China is forecast to pass the United States to become the largest economy globally.

The world’s economic center has long been drifting from Europe and North America over to Asia. This global shift was kickstarted by lowered trade barriers and greater economic freedom, which attracted foreign direct investment (FDI). Another major driving factor was the improvements in infrastructure and communications, and a general increase in economic complexity in the region.

Visual Capitlaist’s visualization uses data from the 13th edition of [World Economic League Table 2022](#), a forecast published by the Center for Economics and Business Research (CEBR).



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When Will China Become the Largest Economic Power?

China is expected to surpass the U.S. by the year 2030. A faster than expected recovery in the U.S. in 2021, and China's struggles under the "Zero-COVID" policies have delayed the country taking the top spot by about two years.

China has maintained its positive GDP growth due to the stability provided by domestic demand. This has proven crucial in sustaining the country's economic growth. China's fiscal and economic policy had focused on this prior to the pandemic over fears of growing Western trade restrictions.

India is Primed for the #3 Spot

India is expected to become the third largest country in terms of GDP with **\$10.8 trillion** projected in 2031.

Looking back, India had a GDP of just \$949 billion in 2006. Fast forward to today and India's GDP has more than tripled, reaching \$3.1 trillion in 2022. Over the next 15 years, it's expected to triple yet again. What is behind this impressive growth?

For starters, the country's economy had a lot more room to improve than other nations. Demographics are also working in the country's favor. While the median age in many mature economies is shooting up, India has a youthful workforce. In fact, India's median age is a full 20 years lower than Japan, which is currently the third largest economy.

Over the last 60 years, the service industry has boomed to around [55%](#) of India's GDP. Telecommunications, software, and IT generate most of the revenue in this sector. IT alone produces [10% of the country's GDP](#). India's large tech-savvy, English-speaking workforce has proved attractive for international companies like Intel, Google, Meta, Microsoft, IBM, and many others, while the domestic startup scene continues to boom.

The Indian government is also pursuing "production-linked incentives" (i.e. subsidies) for multinational companies looking to diversify their production away from China. If these incentives prove successful, more of the world's solar panels and smartphones will be produced within India's borders.

How Will the Global Economy Look in 2031?

By the year 2031, there will be major changes in the global economic power rankings.

As we said before: China will have become the world's largest economy in terms of GDP and India will be the world's third largest economy. Let's also take a look at the top 10 economies by 2031.

Rank	Country	Region	Projected GDP in 2031 (in Trillions of USD)
1	 China	Asia	\$37.6
2	 United States	North America	\$35.4
3	 India	Asia	\$6.8
4	 Japan	Asia	\$6.4
5	 Germany	Europe	\$6.3
6	 United Kingdom	Europe	\$4.6
7	 France	Europe	\$4.2
8	 Brazil	South America	\$3.1
9	 Canada	North America	\$3.0
10	 Italy	Europe	\$3.0

Out of the top five economies, three are located in Asia: China, India, and Japan?—a clear demonstration of how economic power is shifting towards large population centers in Asia.

Europe will have four countries in the top 10: Germany, the United Kingdom, France, and Italy. From South America, only Brazil appears in the top 10.

Under these projections, Russia sits outside the top 10 in 2031. Of course, it remains to be seen how crushing sanctions and global isolation will affect the economic trajectory of the country.

Now, the big question. Is it inevitable that China takes the top spot in the global economy as predicted by this forecast? The truth is that nothing is guaranteed. Other projections have modeled reasonable alternative scenarios for China's economy. A debt crisis, international isolation, or a shrinking population could keep China's economy in second place for longer than expected.

by Tyler Durden

Category

1. Economy-Business-Fin/Invest
2. Main

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