

# The EU & the BRICs in the wake of the Eurozone crisis

Aston Centre for Europe  
Aston University  
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Future Demand Structure & Export Potential  
Paul Forrest  
Forrest Research

## Background assumptions

Globalisation in current form will change

Relative labour & capital costs will become less divergent over the medium-term

Transport/freight costs will tighten due to energy demand and environmental considerations, causing re-assessment of viability of current trade patterns

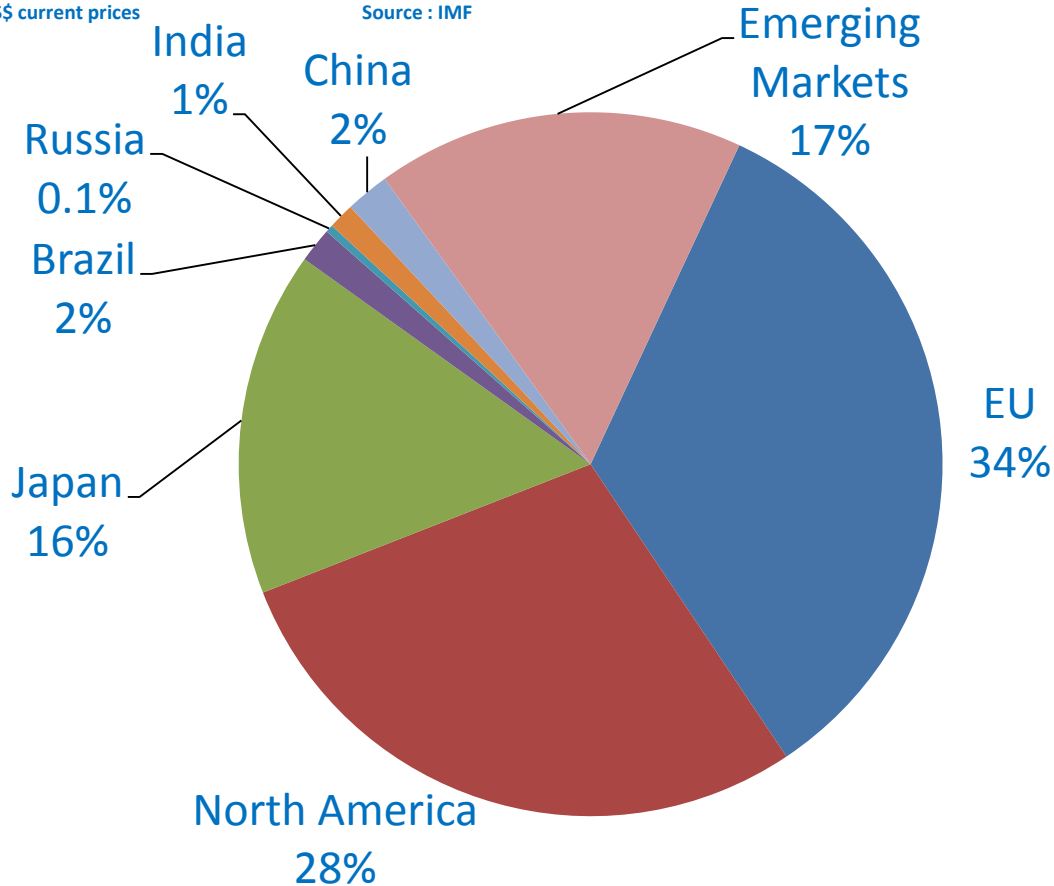
Re-balancing of domestic economy will reflect global re-balancing as **comparative advantage** rather than **competitive advantage** become key determinants in manufacturing & business location

# BRICs....an acronym too far.....?

## Structure of Global GDP (1992)

US\$ current prices

Source : IMF

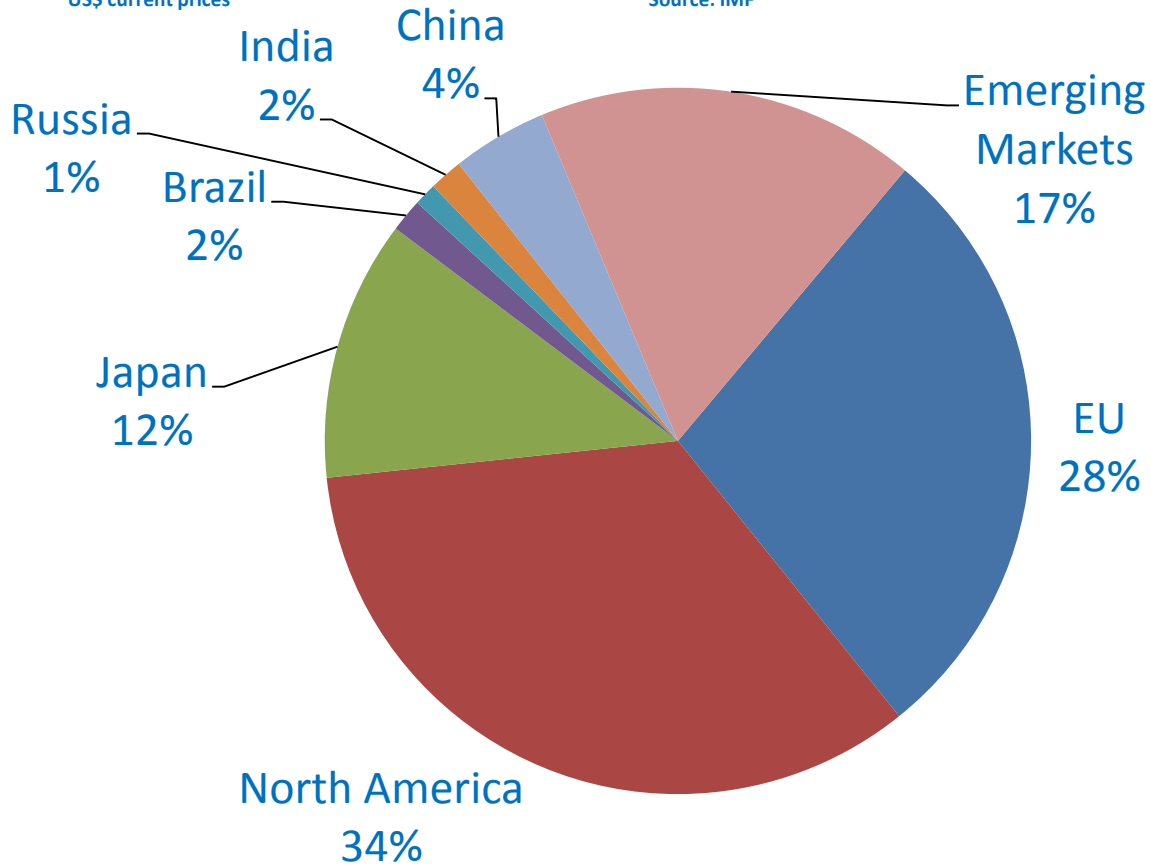


# Shift toward China

## Structure of Global GDP (2002)

US\$ current prices

Source: IMF

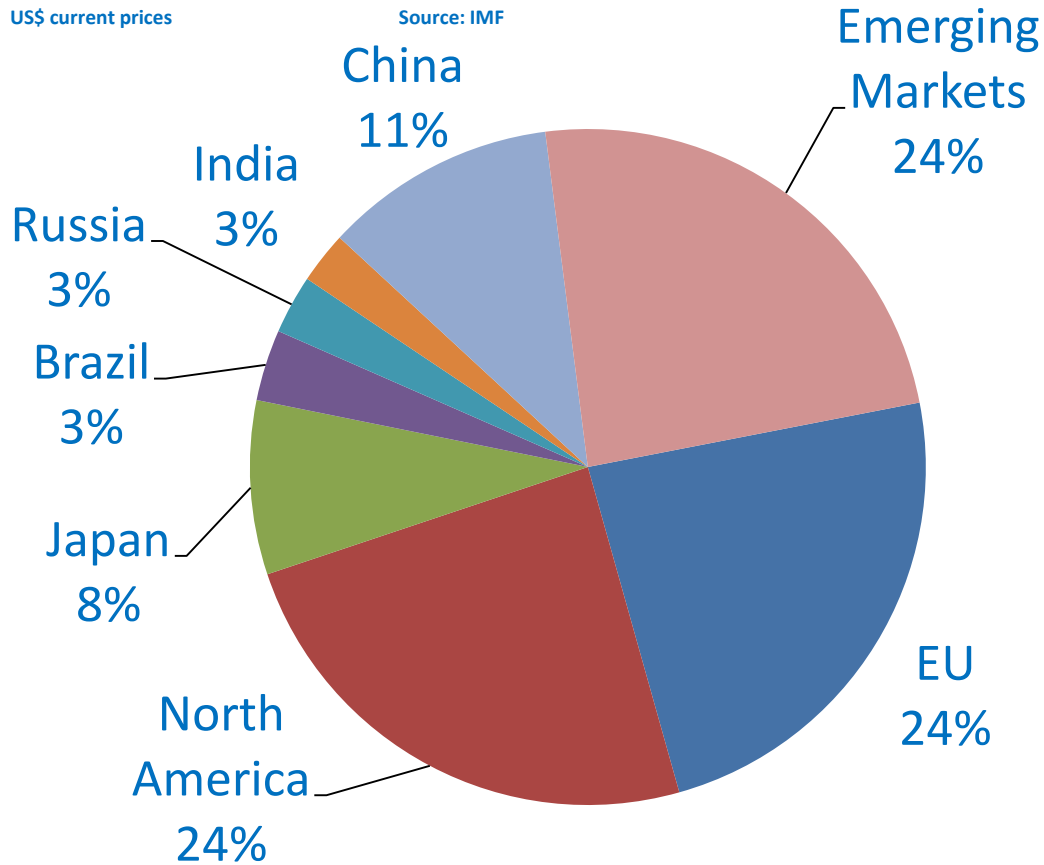


# Robust growth in China and other Emerging Markets

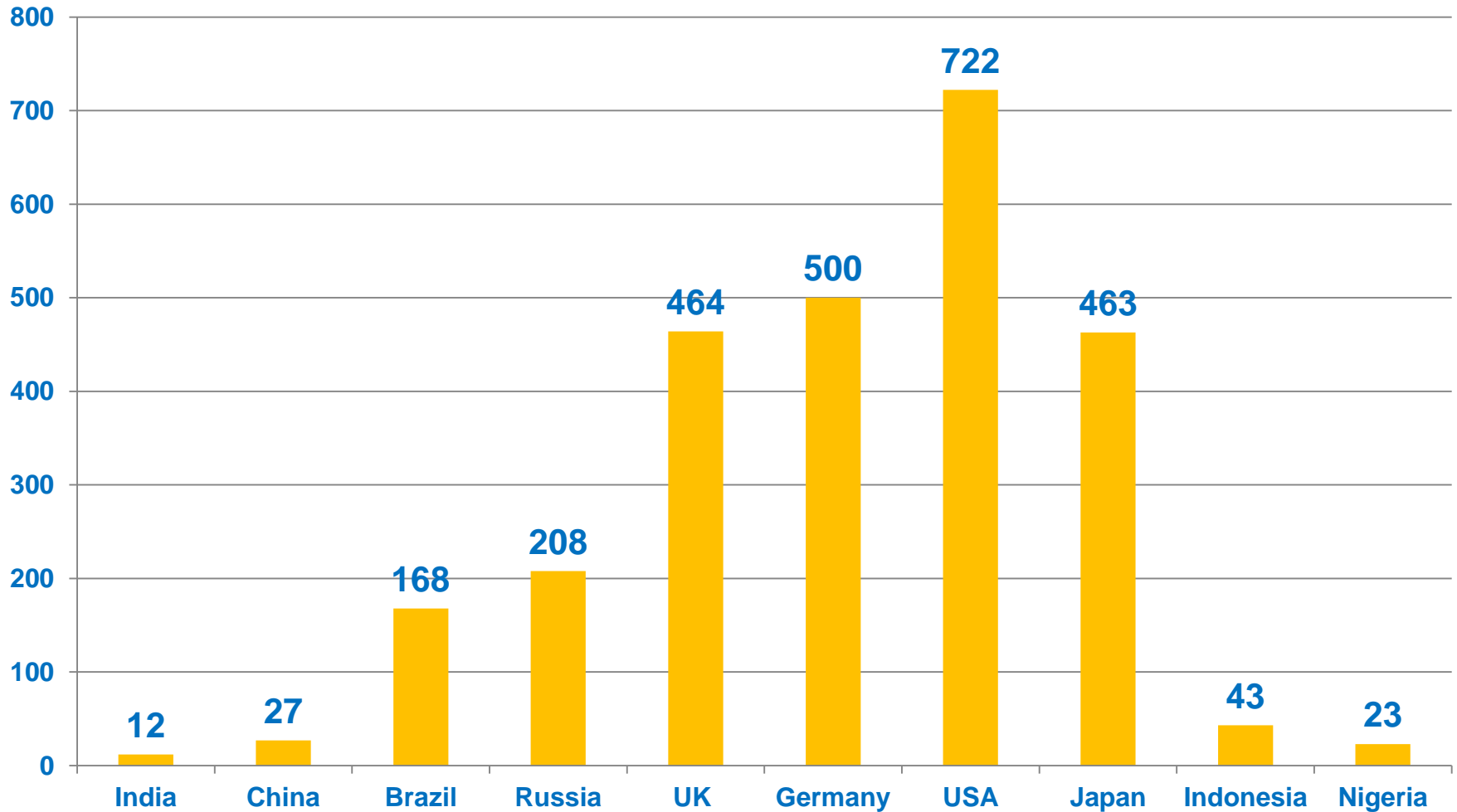
## Global GDP Structure (2012)

US\$ current prices

Source: IMF

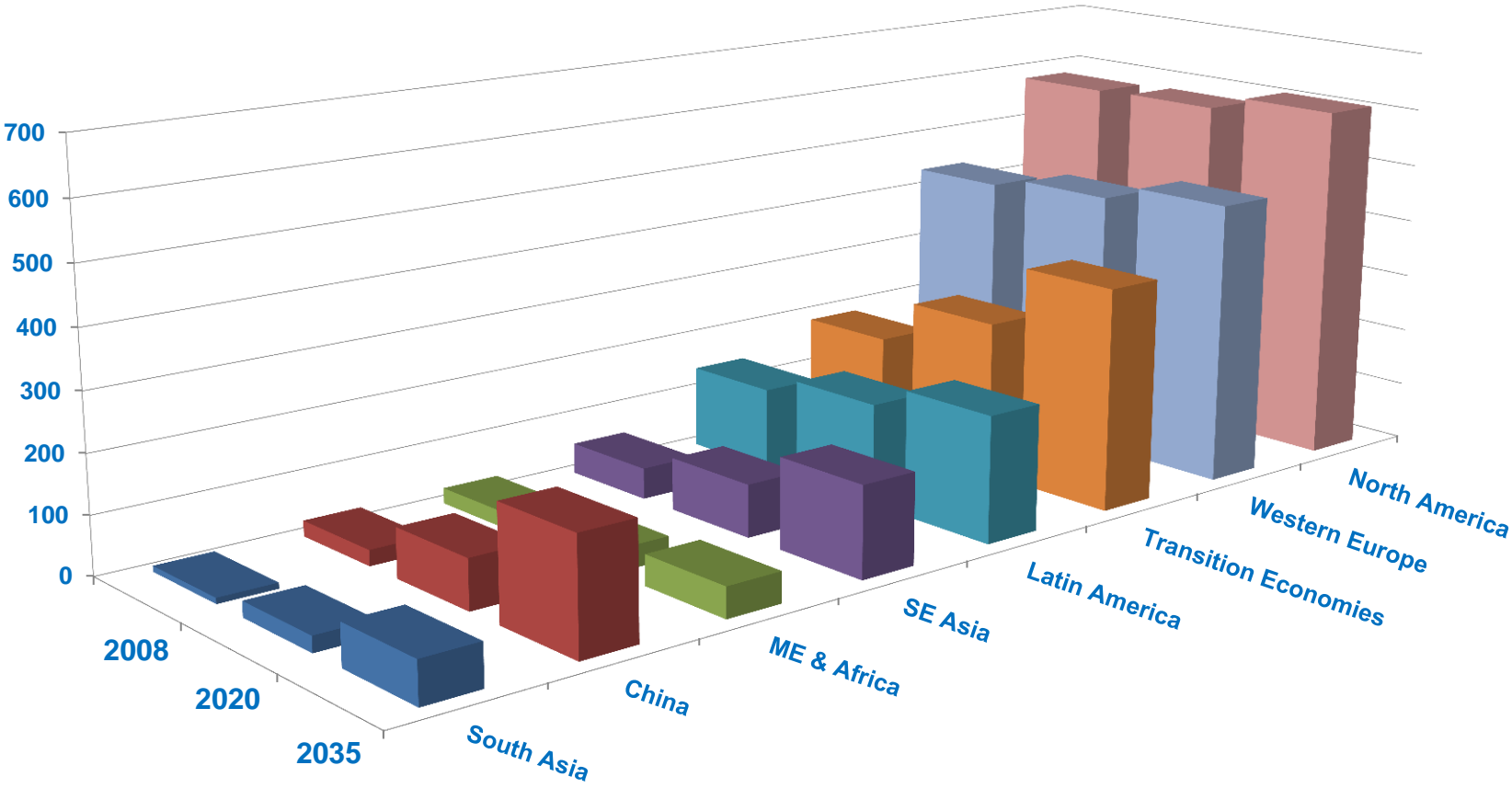


# Car Ownership (per '000, 2008)



Source: OPEC

# Car Ownership Projections (per '000)



Source: OPEC & Forrest Research

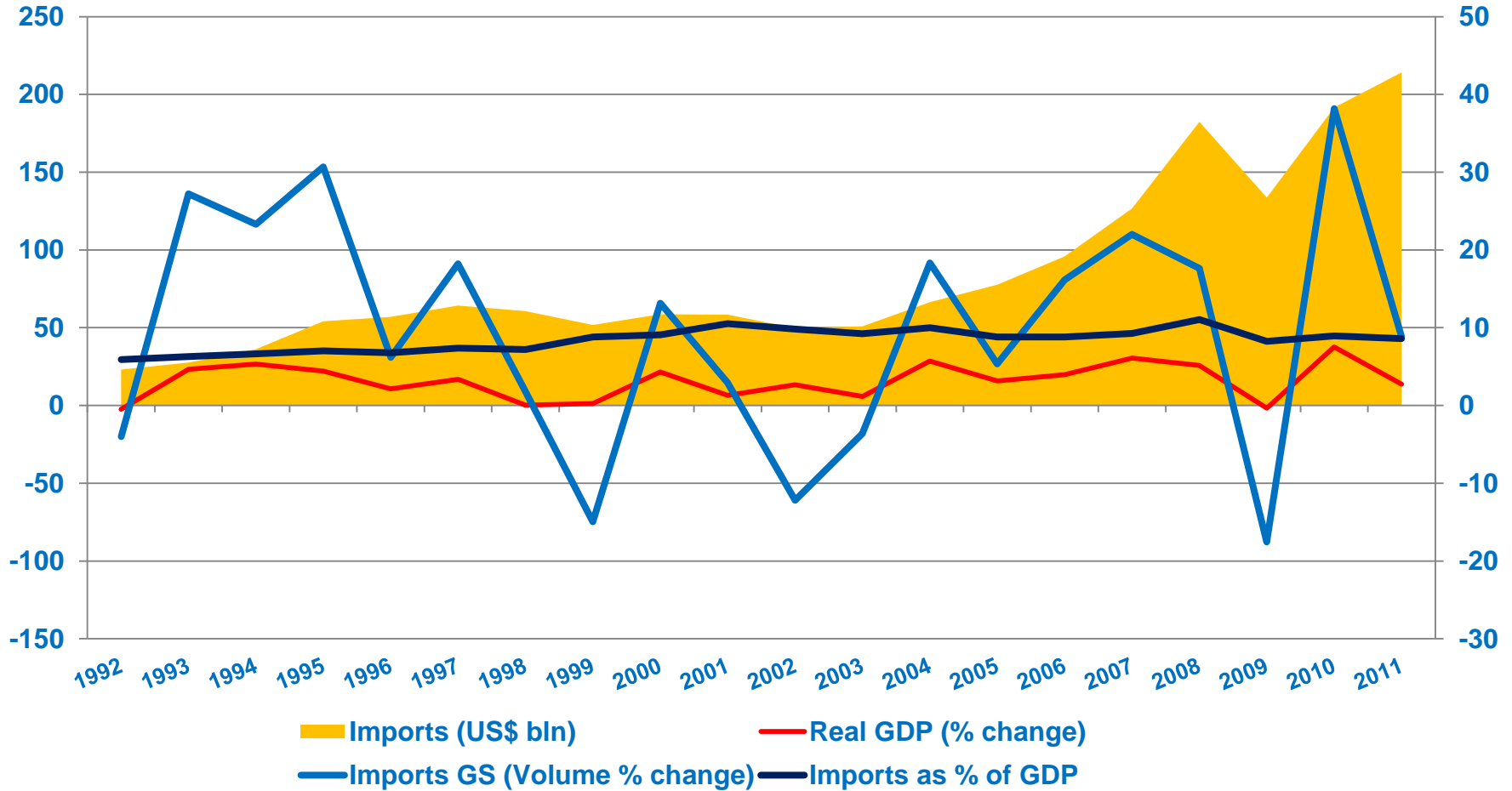
# Regional Economic Motors?



*Tectonic Plates of the Global Economy?*

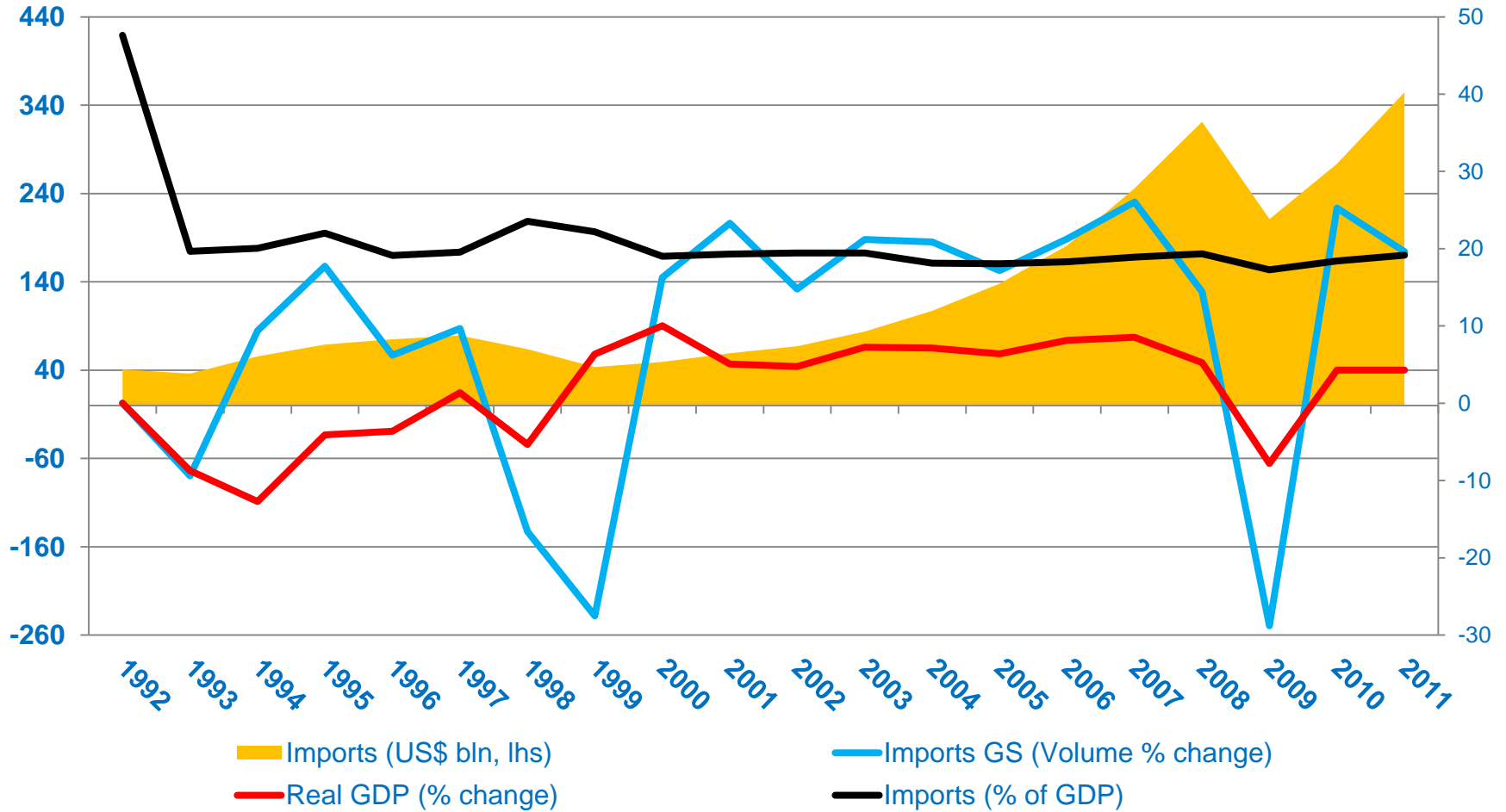


# Brazil - Import Performance



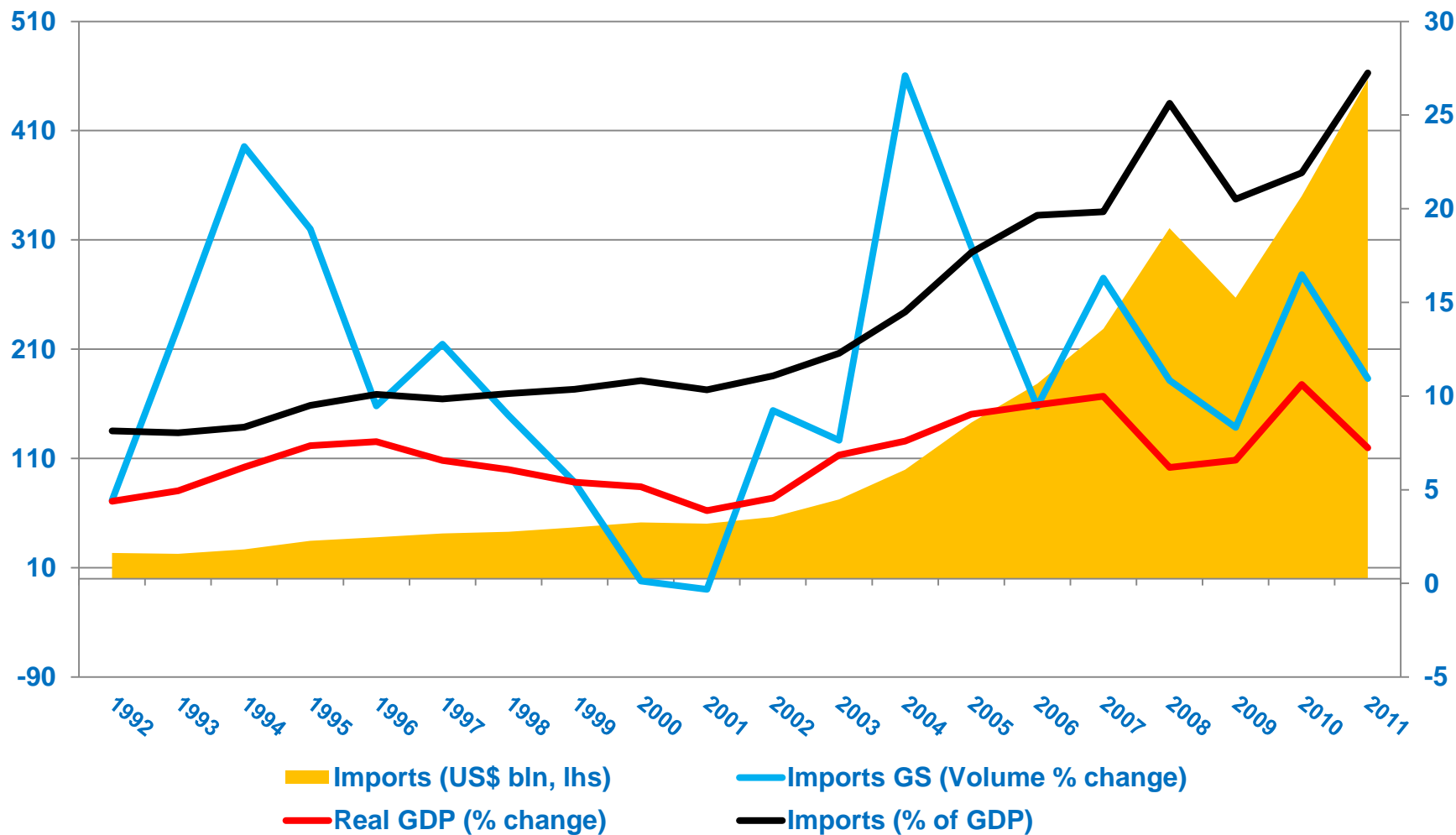
Source: IMF & Forrest Research

# Russia - Import Performance



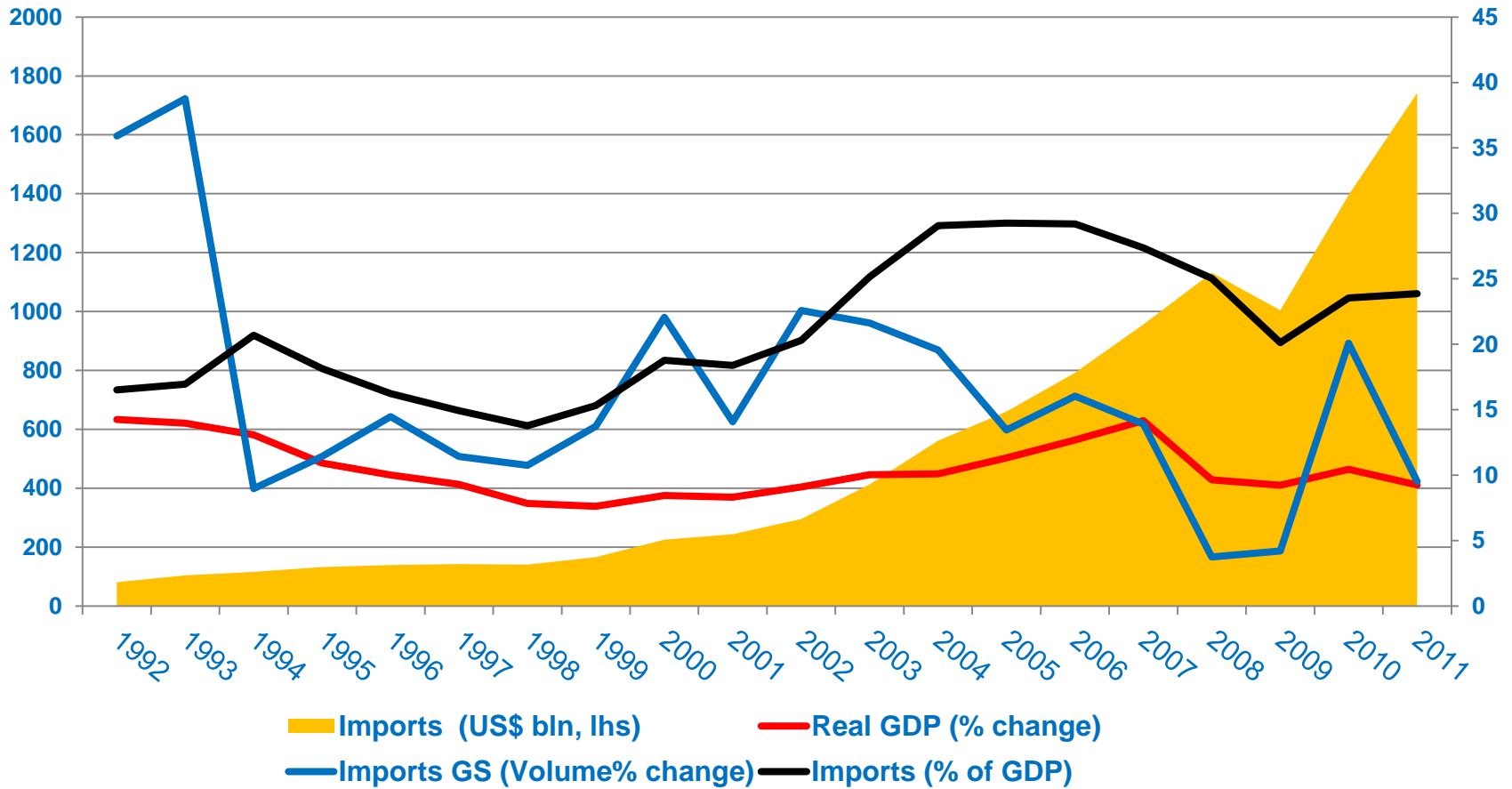
Source: IMF & Forrest Research

# India - Import Performance



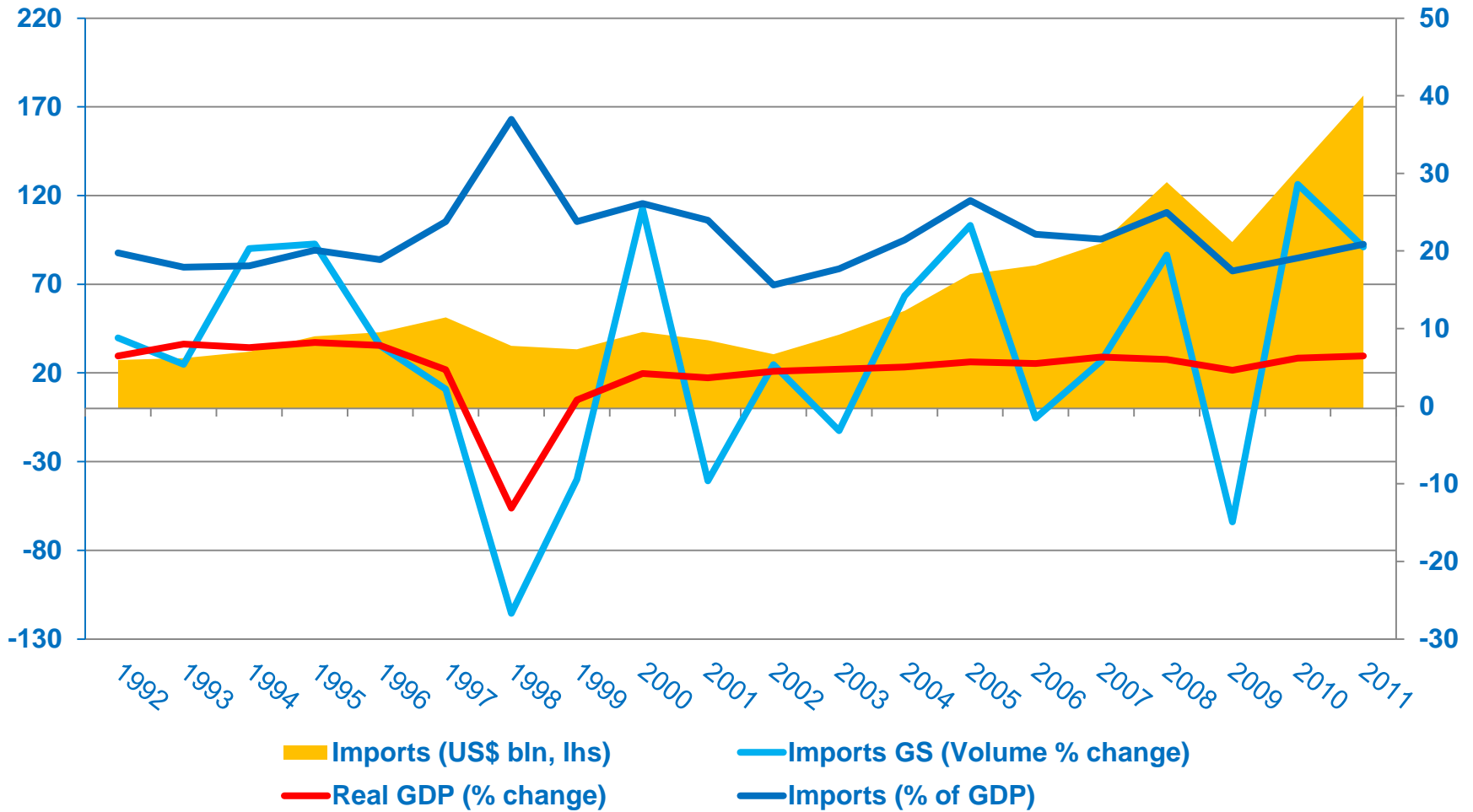
Source: IMF & Forrest Research

# China - Import Performance



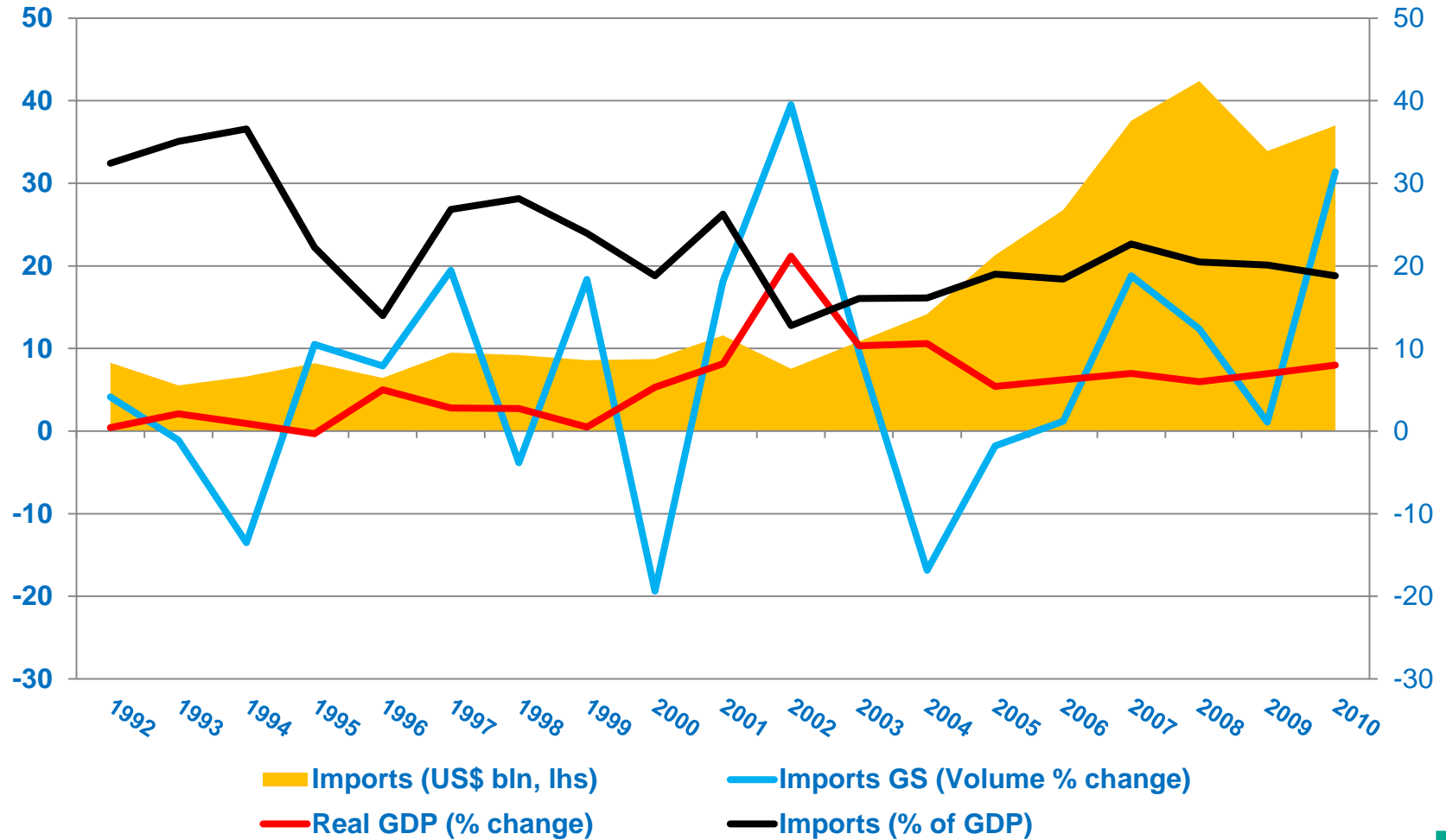
Source: IMF & Forrest Research

# Indonesia - Import Performance



Source: IMF & Forrest Research

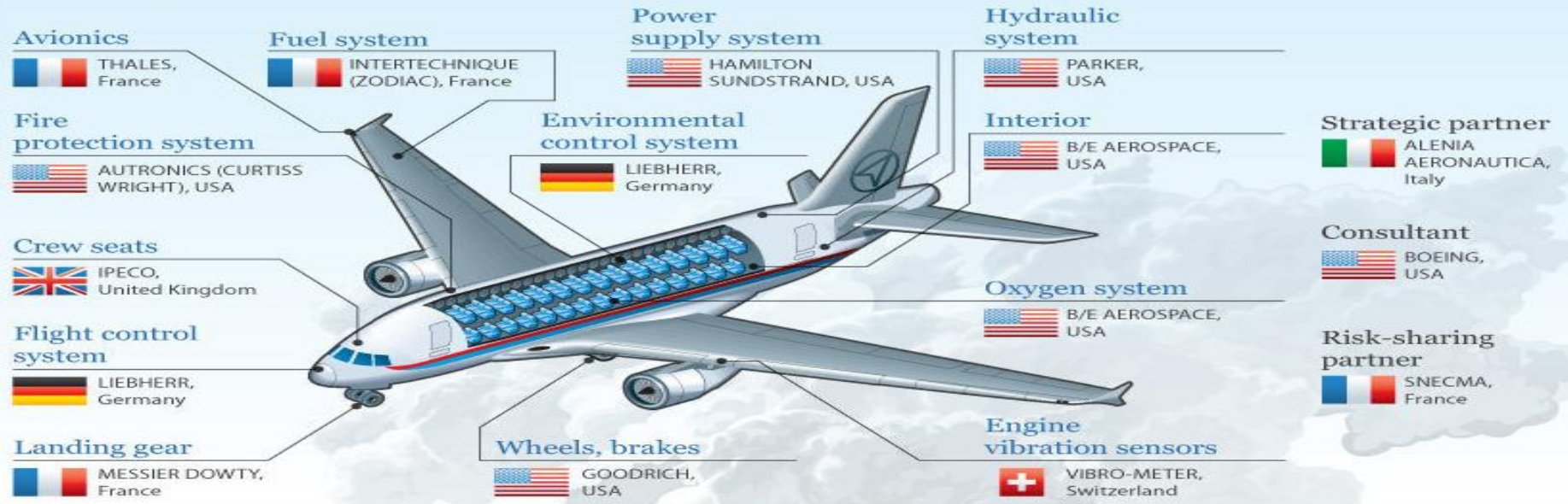
# Nigeria - Import Performance



Source: IMF & Forrest Research

# Sukhoi SuperJet 100: New hope for Russia's commercial aviation industry

Russian short range airliner, designed by Sukhoi Civil Aircraft in cooperation with various foreign companies



## Technical specifications

	Superjet 100/75	Superjet 100/95
Length	26.4 m	29.9 m
Height	10.3 m	10.3 m
Wingspan	27.8 m	27.8 m
Crew	2	2
Seating capacity	78	98
Maximum take-off weight	38,820 kg	42,520 kg
Cruising speed	828 km/h	828 km/h
Range	2,900 km	2,950 km

## Geography of customers



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## Understanding Net Exports and Global Supply Chain

## Conclusion & Questions

*Are the BRIC states politically unsustainable*

*China may devolve into 5 autonomous economies*

*India may devolve into 3 autonomous economies*

*Is the German model sustainable?*

*Development of  
an Euro core,  
an EU periphery  
&  
an EEA trade bloc*



## Conclusion & Questions

*Indonesia & Nigeria may emerge as new motors*

*Potential of other Emerging Markets*

*South Asia*

*SE Asia*

*CIS*

*Latin America*

*Africa*

*MENA*

*Output constraints in principal UK export sectors*