NEWS RELEASE

World Economic League Table 2019

Sponsored by The Chartered Institute of Building, AON, Autodesk, CRH, Ghella, and RLB

Highlights

- **China to overtake the US to become the world's largest economy by 2032 – two years later than we predicted last year**

- **Thus USA to retain the top spot for two years longer than we expected last year, despite ballooning public debt burden**

- **Brexit disruption to depress UK growth in 2019, helping France to overtake the UK to claim 6th place in the rankings**

- **As the dust settles after Brexit, stronger fundamentals mean that the UK will reclaim 6th spot from France in 2020 and even if Brexit leads to Scotland and Northern Ireland leaving the UK, the Rest of the UK is still forecast to be a larger economy than France by 2026**

- **India to power past UK and France probably in 2019 but if not then in 2020. A weaker rupee means that this is now expected to take place about one year later than was predicted in WELT 2018**

- **Many emerging economies suffered currency collapses in 2018, causing falls in the 2019 rankings for Argentina (falling 4 places to 30th), Pakistan (falling 3 places to 44th) and Iran (falling 10 places to 40th)**

- **China's ambitious Belt and Road Initiative promises vast infrastructure upgrades across the developing world – but the current economic slowdown highlights the risks associated with an overdependence on China**

- **Korea set to become one of the top 10 largest economies by 2026. Moreover, with unification now on the cards, a united Korea with South Korean living standards would be a larger economy than France by 2033**

- **Italy is forecast to drop out of the ten largest economies by 2026 and fall to 13th in 2033**

- **Mexico is forecast to overtake Spain to become the largest Spanish-speaking economy in 2031**

- **Bangladesh to enter the top 25 largest economies, rising from 41st in 2019 to 24th in 2032**

- **Pakistan to enter the top 30 largest economies, rising from 44ᵗʰ in 2019 to 27ᵗʰ in 2033**

- **Weakening oil prices through the 2020s will push Saudi Arabia out of the world's 20 largest economies by 2028, eventually sinking to 23ʳᵈ in the rankings by 2033**

- **As the world economy weakens in 2019 we expect fiscal stimuli in many countries, especially in the US and China. A significant proportion will be spent on infrastructure.**

- **Rising infrastructural spend and mega projects around the world will raise construction spending from $11.5 billion or 13.5% of GDP to $27.4 billion or 15.5% of world GDP by 2033.**

The latest edition of the World Economic League Table WELT 2019 is produced by international economic forecasters, the London-based Centre for Economics and Business Research (Cebr) at a time of significant change in the world order and increasing global economic uncertainty. It is Cebr's 10ᵗʰ annual world economic outlook report.

This edition of the World Economic League Table (WELT) shows some interesting moves as the world's richest powers jockey for position.

The WELT tracks the size of different economies across the globe and projects changes over the next 15 years, up to 2033.

This year, the 'feel-good factor' in the global economy has largely dispersed and is replaced by renewed volatility and uncertainty. Trade tensions have come to the fore with the US and China imposing substantial tariffs on each other's export sectors.

So far, the US economy seems undeterred and 2018 has been another year of strong growth. This is in part due to the tax reform package passed in 2017, which has brought forward growth. However, it leaves a serious budget deficit problem that is likely to balloon over time. This means that in case of an economic downturn, the US will have less fiscal headroom to use in order to avoid a recession.

China, on the other hand, has had more problems as the trade conflict weighs on an economy already under strain. In 2018, China finally seemed to be making progress in weening its economy off the large volumes of debt that had been used to prop up growth after the financial crisis.

But President Trump has announced that the US will impose tariffs on ever large volumes of Chinese goods. At the time of writing, the US had subjected US$200 billion worth of Chinese imports to a 10% tariff. China retaliated by levying tariffs on US$60 billion worth of US imports, representing almost all of America's exports to China.

The trade war has impacted the Chinese manufacturing sector and the economy has slowed sharply. This is best seen in the data for exports to China from its trading partners – Australia's exports to China, which grew by 21.8% in 2017, plateaued around the same level from April to August 2018. Stimulus measures have been announced to avoid an economic slump but the consequence has been a much weaker exchange rate against the US dollar. As a result, we now predict China will overtake US as the world's largest economy by 2032, two years later than we had expected.

The outcome of the Brexit negotiations still remains uncertain and all three possibilities (leaving without a deal, a soft Brexit or not leaving at all) seem possible. While a no-deal Brexit would do the most economic

damage in the short term, we expect the UK economy to suffer some disruption in 2019 in any case due to lower inward and business investment.

This will give France (as well as India) the chance to overtake the UK in the ranking for 2019. But France has not really come to terms with reducing its bloated public sector and resulting high taxes. Unless these change we expect France to grow more slowly than even post Brexit Britain and so we predict that the UK will be able to reclaim 6th place in the ranking from France in 2021. As an interesting aside, we looked at what would happen to the UK's place in the rankings if Scotland and Northern Ireland were to pull out because of Brexit. In fact surprisingly little happens – even without these two countries the UK would be a larger economy than France from 2026 onwards.

A year ago we predicted that 2018 would be the year of 'il sorpasso' where the Indian economy overtook two prominent Western economies – the UK and France. But the sharp fall in the rupee has meant that this event is now likely to take place in 2019 or possibly in 2020.

The rise in global uncertainty and tighter monetary policy in the US have led the dollar to appreciate against most currencies in the world. Emerging economies across the globe have felt the consequences as refinancing dollar denominated debt has become more expensive.

Argentina, Pakistan and Iran all saw currency slides throughout 2018, partly due to the strong dollar. As a result we observe falls in the 2019 rankings for Argentina (down 4 places to 30th), Pakistan (falling 3 places to 44th) and Iran (falling 10 places to 40th).

Nevertheless, in the long run, many Asian economies will rise through the ranks of the WELT as these countries cash in on their demographic dividends. The two most prominent examples are Bangladesh, which will enter the top 25 largest economies in 24th place in 2032, and Pakistan, which will rise to 27th in 2033.

Chris Blythe OBE, Chief Executive of the Chartered Institute of Building, Global Sponsors of the 2019 WELT said: "The forecasts make it clear that construction is likely to be the most important driving force for world growth in the coming years as counter cyclical spending on infrastructure is set to increase in many economies."

"The potential for global mega projects to make a significant contribution to world GDP by the 2030s will create major challenges for the construction industry globally. The skills needed to carry out this scale of opportunity are already scarce, particularly in emerging and fast growing economies. Construction will need to raise productivity by adopting the benefits of the digital revolution."

Cebr Deputy Chairman Douglas McWilliams said: "The World Economic League Table shows that despite global uncertainty and the tightening in US monetary policy which has pushed down some of the emerging market currencies, the twenty first century is still likely to be the Asian century. In 2003, the world's five largest economies were the US, Japan and three European countries. Thirty years later 3 out of the top five economies will be Asian and only one will be European. This is one reason why, even though Brexit will be disruptive in the short term, long term it is unlikely to do much damage to the UK economy and might, on some assumptions, boost it"

"The latest update of our WELT report shows that a number of our predictions from last year will be pushed back slightly due to rising global uncertainty and a slowing world economy," said Kay Daniel Neufeld, Managing Economist at Cebr. He added: "The Asian economies, led by China, are still poised to catch up with - and in many cases indeed overtake - Western countries. But due to weaker currencies and the slowdown in China, which looks set to worsen in 2019, the rise of the Asian economies will be delayed.

Ranking out of 193	2003	2008	2013	2018	2019	2023	2028	2033
Afghanistan	132	127	110	114	115	115	113	108
Albania	120	117	128	123	123	123	122	120
Algeria	52	49	50	54	55	56	55	55
Angola	80	64	60	61	62	64	71	80
Antigua and Barbuda	168	170	176	174	175	177	177	176
Argentina	36	28	21	26	30	26	31	35
Armenia	143	121	134	134	134	134	135	137
Aruba	150	157	163	165	165	168	170	172
Australia	15	14	12	14	13	13	12	11
Austria	22	25	28	27	26	29	38	41
Azerbaijan	115	76	69	88	90	93	97	101
Bahrain	98	96	97	97	97	99	104	111
Bangladesh	53	60	59	43	41	36	27	24
Barbados	140	150	154	155	155	157	157	161
Belarus	79	70	67	79	80	84	88	88
Belgium	19	21	25	24	24	25	28	37
Belize	163	169	170	170	170	171	174	175
Benin	135	137	141	141	141	137	129	125
Bhutan	174	172	168	166	166	164	162	158
Bolivia	111	112	100	95	93	91	87	77
Bosnia and Herzegovina	107	106	114	115	116	116	117	118
Botswana	113	123	123	117	118	117	116	115
Brazil	14	9	7	9	9	8	8	8
Brunei Darussalam	114	113	115	124	126	131	136	133
Bulgaria	76	73	76	75	75	74	77	78
Burkina Faso	133	136	133	126	125	122	123	121
Burundi	169	167	164	162	162	161	165	167
Cabo Verde	164	163	167	169	169	169	169	169
Cambodia	131	126	120	109	107	104	102	99
Cameroon	85	95	98	98	98	96	90	87
Canada	9	11	11	10	10	9	9	9
Central African Republic	161	161	171	167	167	166	163	162
Chad	141	125	127	140	140	135	131	131
Chile	51	47	39	42	42	43	44	43
China	6	3	2	2	2	2	2	1
Colombia	43	39	32	39	38	39	42	42
Comoros	181	183	184	184	184	184	184	183
Costa Rica	81	85	82	77	76	77	76	73
Côte d'Ivoire	84	100	99	87	89	85	73	71
Croatia	60	66	73	78	78	81	84	85
Cyprus	86	91	106	110	110	112	115	119
Czech Republic	41	41	51	46	49	50	52	52
Democratic Republic of the Congo	103	105	96	92	92	95	98	102

Denmark	25	30	34	36	37	41	45	47
Djibouti	172	174	173	168	168	167	164	164
Dominica	179	184	185	185	185	186	186	186
Dominican Republic	73	77	70	70	69	68	66	68
Ecuador	62	68	65	62	63	66	69	74
Egypt	46	51	38	45	43	40	34	29
El Salvador	89	107	107	106	106	109	111	116
Equatorial Guinea	136	104	108	131	135	142	143	143
Eritrea	167	168	159	150	147	143	141	138
Estonia	101	99	105	101	102	106	107	107
Eswatini	148	156	155	157	157	158	159	160
Ethiopia	106	94	85	68	68	65	62	62
Fiji	146	154	158	153	153	153	154	154
Finland	30	36	42	44	45	47	50	51
France	5	6	5	6	6	7	7	7
FYR Macedonia	126	130	136	136	136	136	138	135
Gabon	117	114	116	120	121	121	125	127
Georgia	134	118	117	121	120	120	118	114
Germany	3	4	4	4	4	4	5	5
Ghana	90	89	84	85	83	79	81	81
Greece	28	29	43	52	52	55	56	59
Grenada	173	177	179	179	179	179	179	179
Guatemala	69	81	78	71	71	70	68	69
Guinea	129	139	144	137	138	133	137	139
Guinea-Bissau	176	176	178	177	177	173	171	168
Guyana	159	162	162	161	160	152	151	149
Haiti	142	140	143	142	143	144	146	153
Honduras	110	115	113	111	111	114	119	124
Hong Kong	33	42	40	35	33	33	32	31
Hungary	45	52	61	57	57	57	57	57
Iceland	97	109	118	105	105	105	105	104
India	12	12	10	7	5	5	4	3
Indonesia	23	18	17	16	16	16	14	12
Iraq	83	56	46	50	47	48	49	49
Ireland	32	37	44	33	34	38	43	45
Islamic Republic of Iran	34	27	30	30	40	42	33	34
Israel	37	43	37	34	32	34	35	36
Italy	7	7	9	8	8	10	11	13
Jamaica	102	116	124	122	122	127	130	134
Japan	2	2	3	3	3	3	3	4
Jordan	99	101	95	93	95	94	94	94
Kazakhstan	63	55	45	56	56	52	48	46
Kenya	82	82	77	67	65	61	59	56
Kiribati	189	190	191	191	191	191	191	190
Korea	11	15	14	11	11	11	10	10

Kosovo	138	143	148	146	146	145	144	142
Kuwait	58	53	57	58	58	58	61	64
Kyrgyzstan	151	147	147	145	145	147	149	151
Lao P.D.R.	147	141	132	118	117	113	108	105
Latvia	94	83	101	99	100	101	103	103
Lebanon	77	88	87	80	81	83	86	82
Lesotho	160	164	165	164	164	165	166	166
Liberia	170	165	161	163	163	163	160	159
Libya	67	65	80	90	87	80	82	86
Lithuania	78	78	88	84	85	90	92	95
Luxembourg	65	71	71	73	74	76	78	79
Macao	109	103	81	83	82	82	85	83
Madagascar	123	132	138	135	133	130	127	128
Malawi	139	146	151	149	150	150	147	147
Malaysia	39	40	35	37	35	32	26	25
Maldives	162	160	160	156	156	155	153	152
Mali	130	131	126	119	119	119	114	112
Malta	124	133	139	127	128	129	134	141
Marshall Islands	187	189	190	190	190	190	190	191
Mauritania	156	152	150	154	154	156	156	156
Mauritius	119	129	131	129	127	126	128	132
Mexico	10	13	15	15	15	15	16	14
Micronesia	184	186	187	188	188	189	189	189
Moldova	145	138	140	139	137	139	140	140
Mongolia	152	144	130	133	130	124	121	117
Montenegro	154	151	156	151	152	154	155	155
Morocco	56	63	62	60	60	60	60	60
Mozambique	122	122	119	125	124	125	124	123
Myanmar	92	84	72	72	72	67	64	61
Namibia	127	135	129	128	129	128	126	126
Nauru	n/a	191	192	192	192	192	192	192
Nepal	118	119	111	102	101	102	99	97
Netherlands	13	16	18	17	17	17	17	18
New Zealand	49	54	55	53	53	51	51	50
Nicaragua	125	134	135	130	132	132	133	136
Niger	144	145	145	144	144	141	139	130
Nigeria	40	31	26	31	29	31	30	33
Norway	24	24	24	28	28	30	36	39
Oman	71	69	66	69	70	73	72	76
Pakistan	44	50	48	41	44	44	37	27
Palau	186	187	189	189	189	188	188	188
Panama	88	97	86	74	73	71	67	66
Papua New Guinea	121	120	109	113	114	118	120	122
Paraguay	112	98	94	94	94	92	93	98
Peru	55	57	52	51	50	49	47	48

Philippines	47	48	41	40	39	28	25	22
Poland	26	20	23	23	22	20	19	20
Portugal	31	38	49	49	51	53	54	54
Puerto Rico	50	62	63	64	64	69	75	89
Qatar	68	58	53	55	54	54	53	53
Republic of Congo	137	128	125	138	139	146	145	146
Romania	54	44	54	48	48	46	46	44
Russia	16	8	8	12	12	12	13	16
Rwanda	153	149	146	143	142	140	132	129
Samoa	180	180	180	182	182	182	182	184
San Marino	n/a	158	169	172	173	175	178	177
São Tomé and Príncipe	188	188	188	187	186	185	185	182
Saudi Arabia	27	22	19	18	18	19	21	23
Senegal	105	111	112	108	109	103	100	93
Serbia	75	75	90	86	88	88	89	84
Seychelles	171	175	175	176	176	176	175	174
Sierra Leone	158	159	153	160	161	162	167	170
Singapore	42	45	36	38	36	37	41	40
Slovak Republic	61	61	64	63	61	62	65	65
Slovenia	64	72	83	82	84	89	91	96
Solomon Islands	183	182	177	178	178	178	173	171
Somalia	n/a	n/a	149	147	148	149	150	148
South Africa	29	35	33	32	31	35	39	38
South Sudan	n/a	n/a	122	158	158	159	158	157
Spain	8	10	13	13	14	14	15	15
Sri Lanka	72	79	68	66	66	63	63	63
St. Kitts and Nevis	178	178	182	180	180	181	181	181
St. Lucia	165	173	172	171	171	174	176	178
St. Vincent and the Grenadines	175	179	183	183	183	183	183	185
Sudan	74	67	79	100	104	108	110	110
Suriname	155	153	152	159	159	160	161	163
Sweden	18	23	22	22	23	23	24	26
Switzerland	17	19	20	20	19	22	23	28
Syria	70	74	n/a	n/a	n/a	n/a	n/a	n/a
Taiwan	20	26	27	21	20	21	20	19
Tajikistan	157	148	142	148	149	148	152	150
Tanzania	87	92	91	81	79	75	70	67
Thailand	35	33	29	25	25	24	22	21
The Bahamas	104	124	137	132	131	138	142	145
The Gambia	166	166	174	175	174	172	172	173
Timor-Leste	177	171	166	173	172	170	168	165
Togo	149	155	157	152	151	151	148	144
Tonga	185	185	186	186	187	187	187	187
Trinidad and Tobago	95	90	103	112	112	111	112	113

Tunisia	66	80	89	96	96	97	95	91
Turkey	21	17	16	19	21	18	18	17
Turkmenistan	96	102	93	91	91	86	74	70
Tuvalu	190	192	193	193	193	193	193	193
Uganda	116	110	104	104	103	100	96	90
Ukraine	57	46	56	59	59	59	58	58
United Arab Emirates	38	32	31	29	27	27	29	32
United Kingdom	4	5	6	5	7	6	6	6
United States	1	1	1	1	1	1	1	2
Uruguay	91	86	75	76	77	78	79	75
Uzbekistan	100	87	74	89	86	87	80	72
Vanuatu	182	181	181	181	181	180	180	180
Venezuela	48	34	47	65	67	72	83	92
Vietnam	59	59	58	47	46	45	40	30
Yemen	93	93	92	103	99	98	101	106
Zambia	128	108	102	107	108	107	109	109
Zimbabwe	108	142	121	116	113	110	106	100

Global Sponsor

The Chartered Institute of Building is at the heart of a management career in construction. We are the world's largest and most influential professional body for construction management and leadership.

We have a Royal Charter to promote the science and practice of building and construction for the benefit of society, and we've been doing that since 1834. Our members work worldwide in the development, conservation and improvement of the built environment.

We accredit university degrees, educational courses and training. Our professional and vocational qualifications are a mark of the highest levels of competence and professionalism, providing assurance to clients and other professionals procuring built assets.

www.ciob.org

Sponsors

Aon plc is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

Aon's Global Construction & Infrastructure Group (GC&IG) provides leading, best-in-class advice and solutions on the topics of risk and people to the largest, global contractors and infrastructure investors on their most complex projects worldwide. By employing sophisticated and innovative risk management and risk finance solutions, Aon helps its clients create value from the risk in their projects and assets through improved productivity and greater profitability.

www.aon.com

We make software for people who make things. If you've ever driven a high-performance car, admired a towering skyscraper, used a smartphone, or watched a great film, chances are you've experienced what millions of Autodesk customers are doing with our software. With Autodesk, you have the power to make anything.

Autodesk technology is transforming the way that buildings and infrastructure are designed, engineered, built and managed — and it's helping to deliver increased productivity, performance and greater ROI for organizations of all sizes.

www.autodesk.com

CRH is a leading global diversified building materials group, employing c.85,000 people at c.3,600 operating locations in 32 countries worldwide.

CRH is the second largest building materials company worldwide and the largest in North America. The Group has leadership positions in Europe, where it is the largest heavyside materials business, as well as established strategic positions in the emerging economic regions of Asia and South America.

CRH is committed to improving the built environment through the delivery of superior materials and products for the construction and maintenance of infrastructure, housing and commercial projects.

www.crh.com

Founded in 1894, Ghella is a leading Company in the construction of major infrastructure projects worldwide.

With its unique skills and experience in underground works, Ghella is involved in the construction of many infrastructure projects such as metros, railways, highways and hydraulic works.

Whilst still having its corporate office in Rome, Ghella has most of its workload in international markets, mostly in Oceania, Far East, Latin America and Europe. The Company has a presence on a global scale with a workforce of over 2,500 people, undergoing continuous training programs. With the use of modern technologies, the development of innovative productive methods combined with the highest attention to safety and environmental requirements, Ghella has completed complex engineering works that have contributed to its dynamic and steady growth and have made the Company a World Leader in mechanized excavation and tunneling projects.

Along with its presence in major infrastructure works, Ghella is involved in the renewable energies sector, with more than 482MW already built.

www.ghella.com

Rider Levett Bucknall (RLB) is an independent construction, property and management consultancy, providing advice focused on the cost, quality and sustainability of the built environment. It has over 4,500 staff operating from more than 120 global offices.

RLB combines global best practice with local know-how, utilising the latest data and innovations to deliver solutions for customers across all sectors of the built environment. Services provided include Cost Management, Project Management, Building Surveying and Health & Safety, and Advisory.

www.RLB.com