



# INSIDE ASIA'S POPULATION SHIFT

*Executive Global Insight, February 2024*

EXECUTIVE SUMMARY

# DEMOGRAPHIC TRENDS ARE CHANGING THE PLAYING FIELD

Over the past 60 years, the world has experienced significant gains in productivity from technological developments, with a shift towards more people working in offices compared to factories.

While the West led the way, the developing world is now catching up by leapfrogging directly to new technologies and adopting more advanced products. Consider for example the developing countries of Africa: the first phones to be introduced are smartphones, not landline phones. The world has seen tremendous improvements in healthcare and, overall, global poverty has decreased significantly.

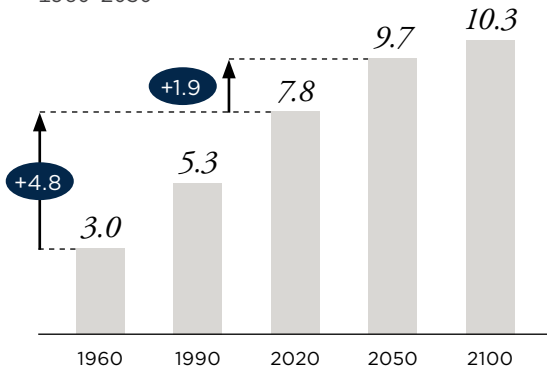
Besides this, we have seen a decades-long shift in the geopolitical arena where Russia experienced the collapse of the Soviet Union, followed by years of turmoil and a short period of closer ties with the West, which then deteriorated into today's fullscale invasion and war in Ukraine. Meanwhile, China has experienced

a significant economic and technological boom but also expanded its military might and regional ambitions, which are somewhat global even.

So, how will the world develop in the coming 25 to 30 years? Making this kind of prediction is very difficult, especially given the challenges of climate change and level of geopolitical uncertainty. Finding "pockets of predictability" is essential, which brings us to the important role of demographics – the statistical study of changes in human populations.

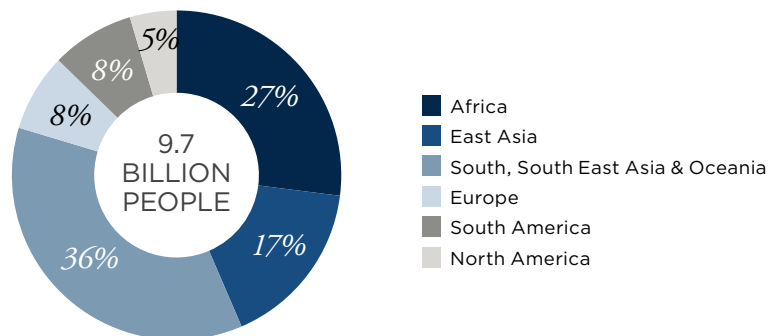
Demographics is regarded by scholars as a relatively stable field of analysis when peering into the future and deciding how to adapt. In this report, Business Sweden has analysed over 5,000 data points on demographic changes and related indicators, supported by company interviews, to provide decision-makers with an overarching outlook toward 2050 regarding critical changes that will impact business, economics, and politics.

WORLD'S TOTAL POPULATION (BILLION), 1960–2050



Source: UN Total Population 1950–2100

WHERE WILL PEOPLE LIVE IN 2050?



## SPOTLIGHT ON THREE GLOBAL TRENDS

In addition to a technological revolution, the world has experienced unprecedented population growth over the past six decades. In 1960, about 3 billion people called Earth home – by 2020 that number had catapulted to 8 billion. Fast forward to 2050 and some 9.7 billion people are expected to inhabit the planet.

In this study, we zoom in on three major global trends related to demographics that can inspire and support business leaders, public servants, and policymakers to discuss and decide on long-term strategies and directions.

### 1 THE WORKING AGE SHIFT

A significant shift in the number of working-aged people is expected in the coming decades. Our data suggests that both South Asia and Africa are expecting more working-aged people in relation to children and older people in the coming decades; in other words, more people are working compared to not working. This change is regarded as a key driver of economic growth, and countries that have decent education systems, political stability and peaceful conditions have historically been able to capture what is known as the “demographic dividend”. This is the phenomenon whereby a country’s shift in age structure lays a new foundation for economic growth.

Between 2020 and 2050, South Asia is expecting an increase of working aged people in the 20–64 age span of around 350 million. Conversely, East Asia is expecting a decrease of some 200 million people in their working age population.

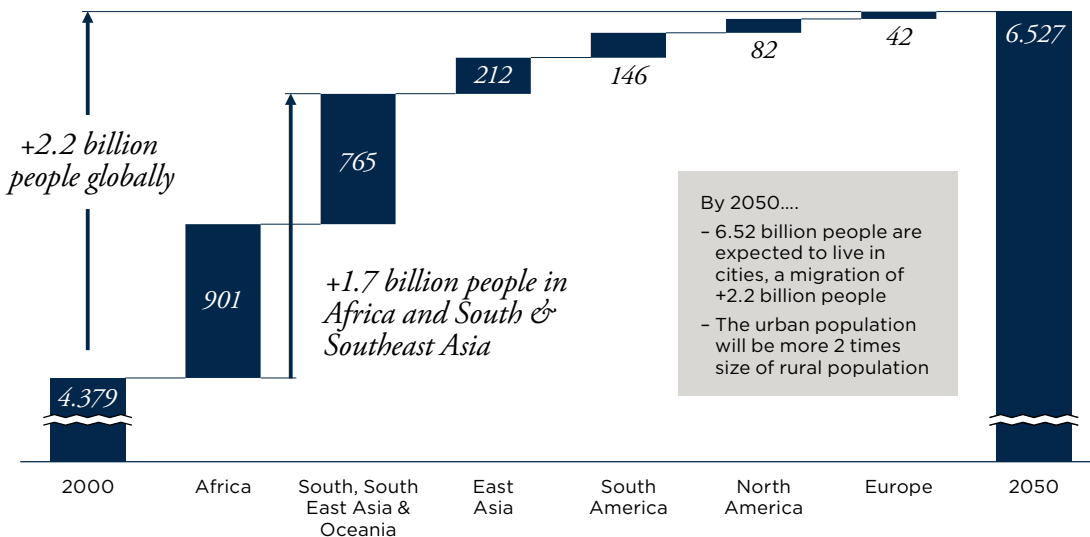
### 2 THE ELDERLY BOOM

The number of people who are 65 and older will skyrocket in the coming decades. In 2022, 11% of the world’s population was above 65 years of age. In 2050, that figure will be 18%. Looking at South Asia, an additional 216 million people will be in the 65+ age group in 2050 compared to 2020 and in East Asia the figure will be 236 million people. This will have economic implications as pension and healthcare costs will soar and potentially limit access to capital as older people tend to be more financially risk averse. At the same time, elderly people have more accumulated human wealth, and if older people stay healthy, vital, and work longer, this will benefit society.

### 3 THE URBANISATION WAVE

Around 2.2 billion people are expected to move to cities before 2050. Most of the urbanisation will take place in Asia and Africa, where 977 and 900 million people respectively are expected to relocate to cities. At the country level across Asia, India, Pakistan, Bangladesh, Philippines and Vietnam all stand out with an over 80% increase of people living in urban areas by 2050 compared to 2020. Urbanisation is a double-edged sword. While it can lead to considerable economic growth, it can increase pressures on scarce public resources and land. This shift will compel policymakers to build resilient cities with quality infrastructure, energy supply, waste handling, education, and healthcare.

TOTAL URBAN POPULATION DEVELOPMENT PER REGION, 2020 AND 2050  
Million people, per cent of total population



Source: UN- Urban Population at Mid-Year by Region, Subregion, Country and Area, 1950–2050  
UN- Annual Rural Population at Mid-Year (thousands), 1950–2050

Why should you pay attention to these three trends? A good starting point to answer that question is to study the characteristics of Sweden's biggest export markets. An analysis of export data in relation to GDP, GDP per capita, and physical distance from Sweden, reveals that Sweden exports primarily to countries with similar economic conditions and within our geographical proximity. 54% of Swedish exports go to countries within a 1,000-kilometre radius of the geographical centre of Sweden.

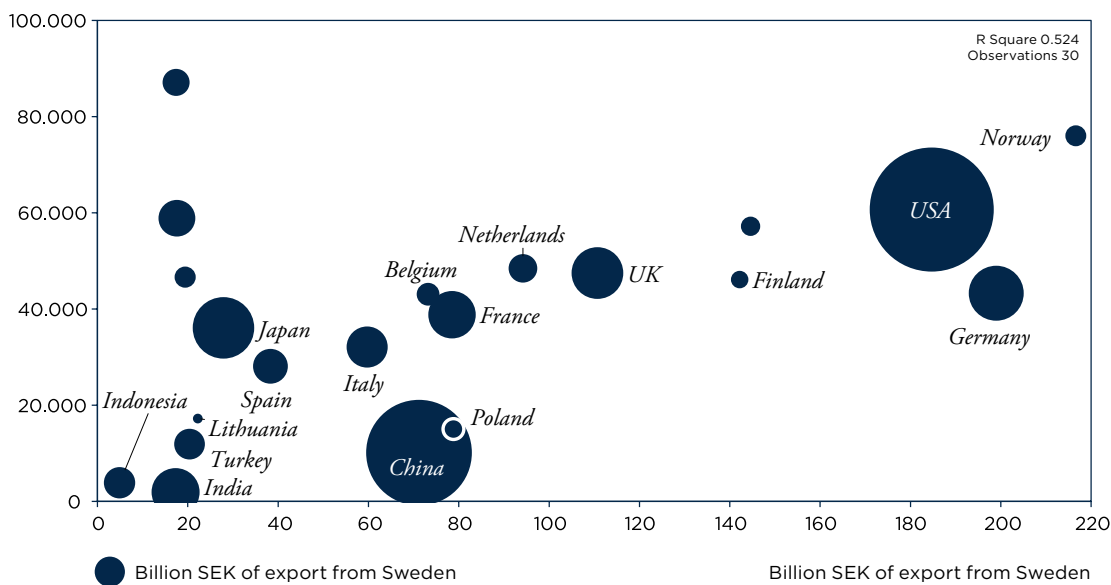
The top six export markets for Sweden are in numerical order: Norway, Germany, USA, Denmark, Finland, and the UK. These countries account for half of Sweden's total export value. Further, Swedish exports primarily focus on countries with a high GDP per capita. This trend is consistent among the top six export markets, which all have high or very high GDP per capita. However, there is no clear correlation between Swedish exports and total GDP. Take Norway for example, Sweden's largest export market – its

GDP is relatively small compared to larger markets like India and Japan, where only a small share of Swedish exports are destined.

It's worth mentioning that Swedish companies manufacture and sell goods without crossing the Swedish border. For example, it is estimated that the volume of products produced by Swedish companies in China and sold to other markets is five times as high as direct exports from Sweden to China. Nonetheless, exports from Sweden play a critical role for the Swedish economy and have a direct impact on job creation and welfare.

To ensure that Sweden stays competitive on the global stage over time, we need to continue to explore opportunities to increase our exports. This means continuing to both expand current stronghold markets such as the US, China and our neighboring countries, as well as expand in markets where Sweden currently has a low level of exports, but which are a good fit and have sufficient buying power to purchase Swedish solutions.

SWEDEN'S LARGEST EXPORT MARKETS (2020) IN RELATION TO GDP PER CAPITA (2019)  
GDP per capita (Constant 2015 USD)



Note: Year 2019 for GDP per capita as to have pre COVID-19 data  
Source: World Bank & Kommerskollegium



# ADAPTING TO GLOBAL SHIFTS IN POPULATION

Vast global demographic shifts are around the corner – with major implications for business and trade. Here’s a look at the key trends.

Declining fertility and improving mortality have set the stage for a silent revolution with significant shifts in the number of people in different stages of life. At the same time, rapid urbanisation is changing the playing field. Altogether, the demand, production and consumer base are entering a period of flux.

Today, some countries are already tackling the dilemma of a decreasing workforce. But in South Asia, countries such as India – now the world’s most populous nation – are heading towards a dramatic rise in the number of working age people. In this chapter we outline the key components at play by diving into three demographic trends that are redrawing the future prospects for Swedish exports and business growth abroad.

The trends presented below are underpinned by data, primarily from the UN and the World Bank, and each is accompanied by business-related insights.

## 1. THE WORKING AGE SHIFT

The number of people worldwide participating in the labour force will change dramatically in the coming decades. Global studies show that people generate most income and add value to the economy between the ages of 20 and 64. This is an indicator of the productivity of any given population, and so this age group can be labelled

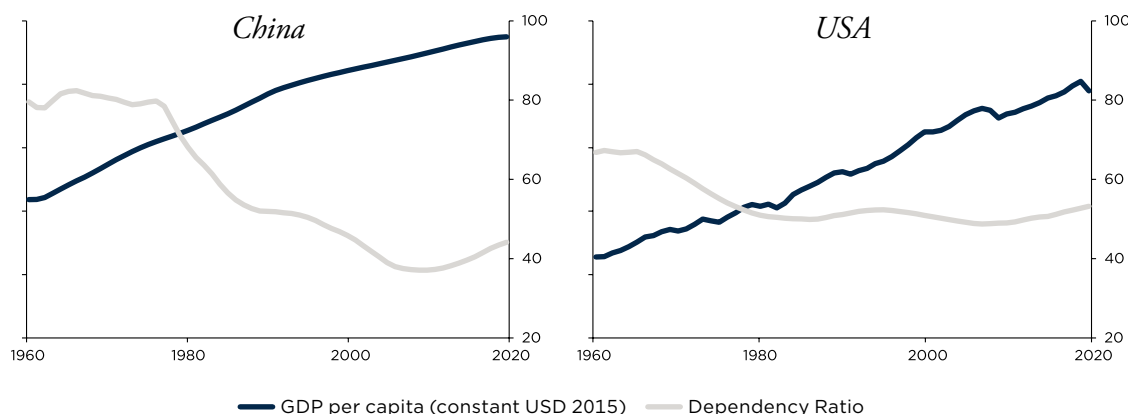
$$\text{Dependency ratio} = \frac{\text{TOTAL NUMBER OF Young and retired people}}{\text{TOTAL NUMBER OF Working aged people}}$$

the “effective working aged population”.

Looking at when people consume both private and publicly provided goods and services, this is more evenly spread throughout people’s lifetime. Young people consume more childcare and education while elderly people consume more healthcare. An absolute majority of the elderly people also rely on pensions to pay for their private consumption. It’s fair to say that working aged people, especially in the age group 20–64, are paying for the young and elderly people.

The ratio between working and non-working aged people is known as the dependency ratio and scholars in economics and demographics suggest that, under certain conditions, a decrease in dependency ratio is a crucial driver for economic

CLEAR CORRELATION BETWEEN DEPENDENCY RATIO AND INCREASING GDP PER CAPITA  
Two examples of the demographic dividend, 1960–2020



Source: UN Total Population 1950–2100 World Bank- GDP per capita (constant 2015 USD), 1960–2021



growth. For example, data from the US and China shows that an economic upswing can occur when the dependency ratio decreases. To lower the dependency ratio, a country needs to move from high fertility and mortality to low fertility and low mortality. This is the phenomenon known as the demographic dividend.

In this study, we have also looked at three other prerequisites for economic growth. We have analysed the impact of peace, political stability, and education. As expected, the analysis showed that all three factors strongly correlate with, and are prerequisites for, higher GDP per capita.

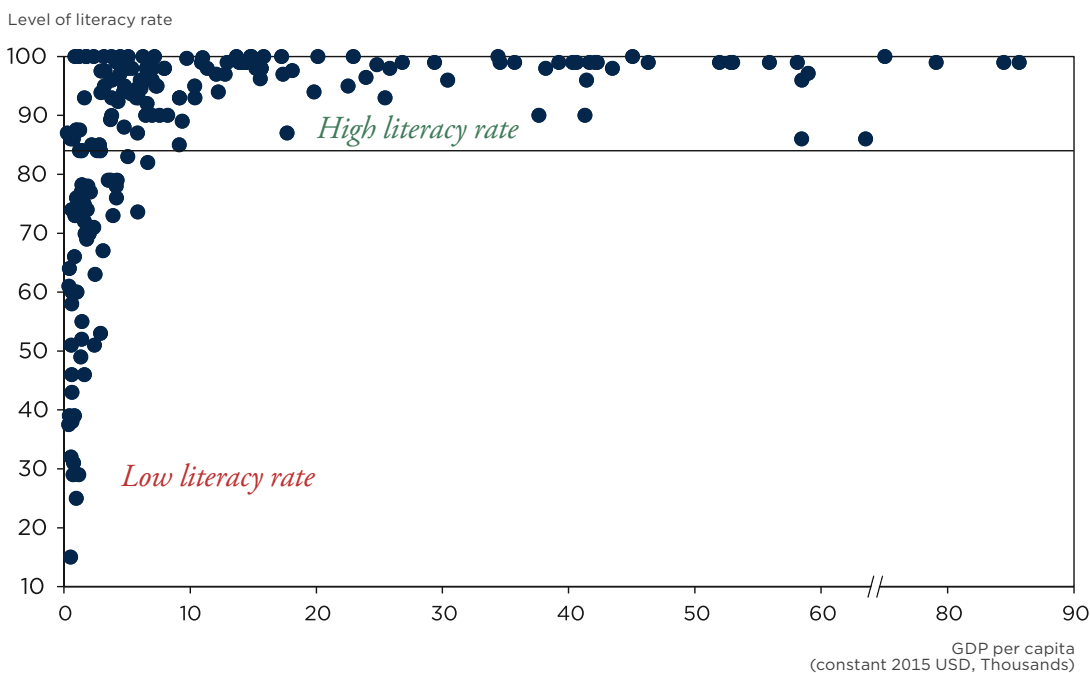
Why are these factors important? Political stability and peace are critical for economic growth as they create a favourable investment climate and business environment. In politically stable and peaceful countries where the rules of the game are clear, investors

are more likely to invest in long-term projects, businesses can operate with certainty and predictability, and people are generally more willing to take risks.

Conversely, in politically unstable and conflict-prone countries, investors are hesitant to invest, businesses face uncertainty and instability, and people are more likely to flee or disengage from the economy. Further, conflict, war, and unstable political environments deter foreign investment significantly.

Education plays a critical role in a nation's economic development and is a prerequisite for building human capital and enabling the build-up of skills, innovation, and productivity. In this study, we used literacy rate as a baseline for education, and we found a robust correlation between literacy rates and GDP per capita. We also note that there is a chicken and egg dilemma whereby economic wealth enables education, and the latter, in turn, affects the former.

LITERACY RATE OF PEOPLE AGED 15 AND ABOVE VS GDP PER CAPITA  
Literacy rate in 190 countries, per cent, 2020



The literacy rate is defined by the percentage of the population that can read and write. It is typically measured according to the ability to comprehend a short simple statement on everyday life.

Source: World Bank- Literacy rate, adult total (% of people ages 15 and above, 1960-2021)  
World Atlas, List of countries by Literacy, 2020  
World Bank, GDP per capita (constant 2015 US\$), 1960-2021

The diagram below illustrates the expected change in the absolute number of people between 20 and 64 in South and Southeast Asia, the US, Germany and Sweden from 2023 to 2050. India and China are at the extremes, with an expected 20% increase in India and a 20% decrease in China in their respective working age populations. In absolute numbers, this results in an increase in India of 166 million people and a decrease in China of 183 million in the 20–65 age group between 2023 and 2050. Significant decreases in working age populations are also expected in Japan and Korea, with -26% and -34% respectively. Germany, Sweden’s second largest export market, is expecting to see a decrease of 16%. Sweden’s largest export market – the US – is expecting an increase of 5%.

What business implications can these shifts have? Two recurring themes have been revealed from our interviews with companies and experts for this study. The first takeaway is that more people in the working age group means more consumers. A larger consumer base coupled with an increase in GDP will, in turn, increase the overall buying power of markets.

More workers also means more production capacity for both tangible goods such as machinery and intangible products and services such as software code.

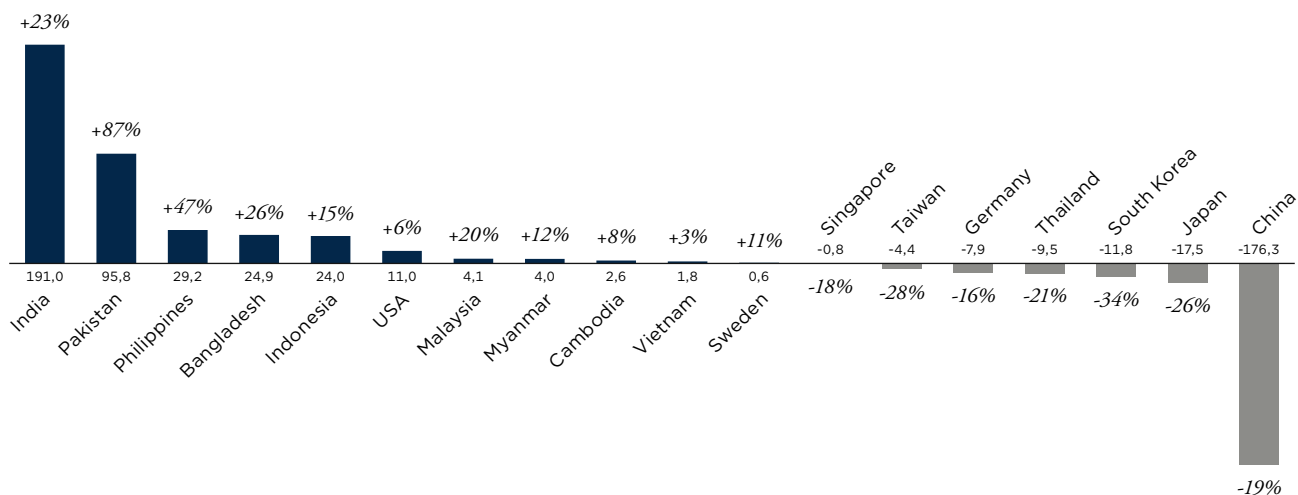
Secondly, more working age people means a larger tax base to pay for public goods and services like infrastructure, mass transportation, energy production and environmental solutions, such as wastewater treatment.

These findings confirm some of today’s business strategies set by Swedish companies. Companies offering solutions for mass transportation such as buses are a case in point, as they pay more and more attention to markets such as India and Indonesia, both with double-digit growth in the working age population until 2050. Interest for these markets is growing rapidly from both a production and sales perspective. Yet, both India and Indonesia have challenges to overcome in terms of improving local business conditions.

Markets such as Japan and South Korea are expecting dramatic decreases in the size of their working age populations and demand for automation of production is expected to soar.

#### CHANGE IN EFFECTIVE WORKING AGED POPULATION

Effective working population development in SSEA, USA, Germany and Sweden, 20–64 years, million people and percentage change, 2023 – 2050



SINGAPORE

## 2. THE ELDERLY BOOM

The world's elderly population above the age of 65 will skyrocket in the next few decades. In 2022, 11% of the world's population was 65 years or older. By 2035, that figure will have increased to 14% and jumped to 18% by 2050. This represents a near doubling of the number of people in the 65+ age group in less than 30 years.

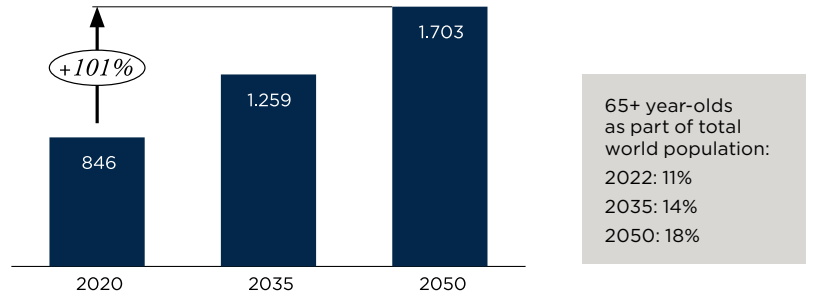
Asia stands out in absolute numbers as the 65+ age group is set to catapult from roughly 400 million people in 2020 to some 940 million people in 2050 – representing a 150% increase. Europe will experience the lowest but still substantial increase of +46% between 2020 and 2050, while Africa will see the highest expansion of its elderly population at +202%, but from a low starting point.

Why is the 65+ age group accelerating so quickly? The first simple explanation is that the world's total population has soared over the past 60 years, from 3 billion people in 1960 to approximately 7.8 billion in 2020. By 2050, around 10 billion people will inhabit the planet. Between 2050 and 2100, it is expected that population growth will stagnate.

The second explanation is more important to understand from a business perspective, which is that people are living longer than ever before. Our data and forecast model, which stretches from 1960 to 2050, reveals that life expectancy has gone up significantly over the past decades and will continue to do so in the coming decades. By 2050, most people on Earth will celebrate their 70th birthday, and many will celebrate their 100th birthday. What lies behind this trend?

One core reason is advancements in productivity, in other words how much output can be created by every manhour worked. Broadly speaking, the world has moved, and keeps moving, from manual and labour-intensive work to more technically supported work. Consider for example the evolution from typewriters to word processing computer to AI software and automated text. The same analogy

EXPECTED GROWTH IN 65+ AGE GROUP  
2022, 2035, and 2050, million people



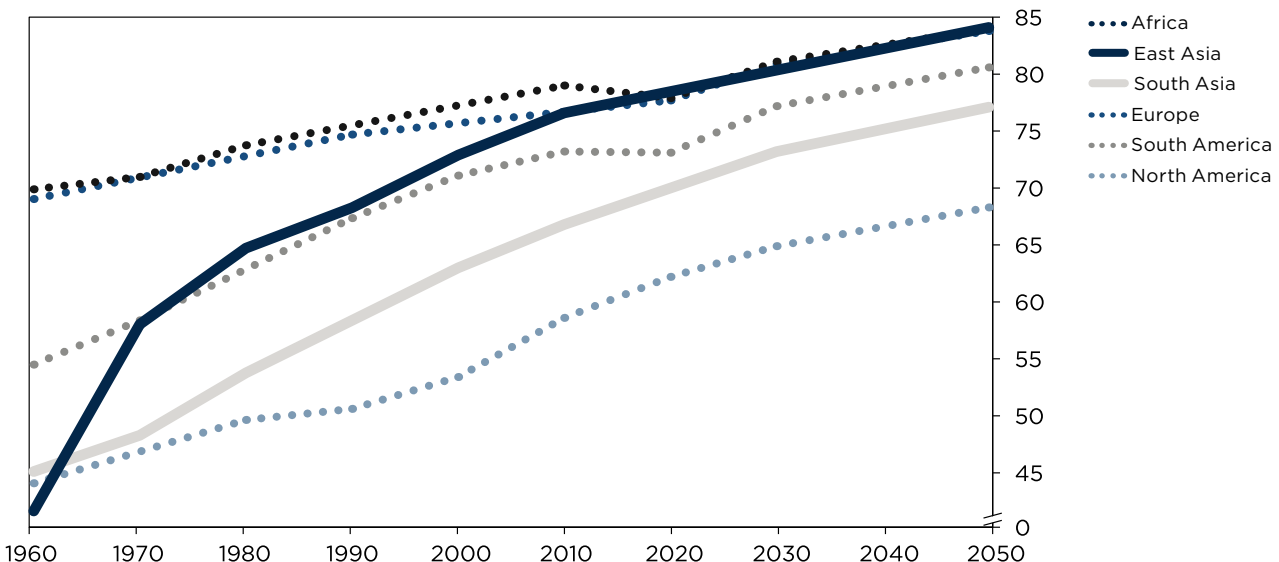
can be made in farming, manufacturing, healthcare and many other disciplines.

These advancements in productivity have led to more effective utilisation of resources to produce goods and services. The ability to effectively produce and distribute food and make healthcare and vaccines widely available were major milestones. With less people dying of famine and infections, life expectancy has increased. So far, so clear. But what are the business implications of this development? The numbers are telling.

At the country level, China stands out with an expected 86% growth, or +182 million people, in the 65+ age group from 2020 to 2050. Similarly, China is also expecting an 81% increase of 65-year olds between 2025 and 2030, with fluctuating development in the coming decades. As older people need different types of healthcare in different age stages, China is facing the challenge of maintaining a cost-effective overall elderly care scheme. India is expecting an even more aggressive development than China, with a 125% increase of people in the 65+ age group until 2050. In absolute numbers, this represents an increase of 140 million people. The expansion of the 65+ age group is expected to be more stable than in China, but India's curve still shows a steep increase.

As previously mentioned, the working-age

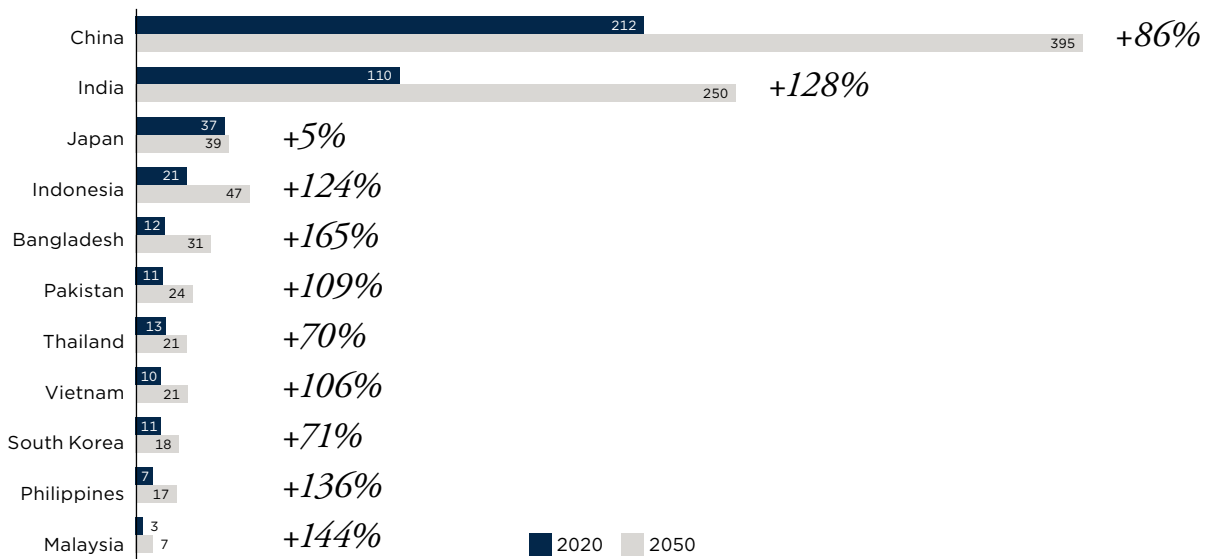
LIFE EXPECTANCY MEN AND WOMEN COMBINED  
Life expectancy (years), 1960-2050



Source: United Nations - Demographic indicators, 1950-2100



ALL ASIAN COUNTRIES ARE SEEING A SIGNIFICANT SHIFT IN 65+ AGE GROUP  
 Expected growth in 65-100 age group, 2020 vs 2050, million people



population is increasing in India and South Asia while decreasing in China and East Asia. This means that the dependency ratio is falling in South Asia, which is correlated with economics growth, but increases in East Asia. So, what are the key points to pay attention to in terms of how this population shift will affect business?

As older people require more medical care, drugs, and medical devices, the overall demand for healthcare will no doubt increase. Diseases of the nervous system, kidney, and heart, as well as joint replacements, are clearly correlated with aging.

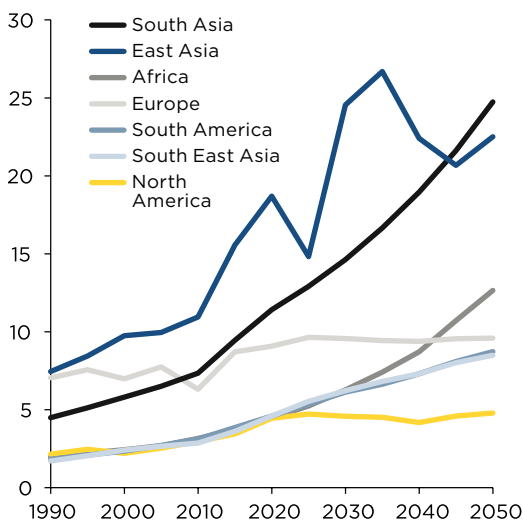
Besides benefits such as improved life quality and better healthcare spending, keeping people healthy is also critical from a productivity perspective as more people are able to stay in the workforce for more years. Utilising the aggregated knowledge and skills

of 65+ year-olds will be crucial for countries and companies alike to stay competitive over time, especially in countries where the working age population is decreasing such as China, South Korea and Japan.

The interviews conducted for this study point toward two areas of healthcare that are set to attract major investments in the coming years, which will open up new business opportunities.

**Preventive care.** More efforts are foreseen in “nudging” people to a healthier lifestyle – from promoting life-embedded exercise such as walking to healthier eating, drinking and other habits. Screening of diseases for early diagnosis and risk factors is also expected to become more widely adopted and for more conditions, all of which will be supported by the surge in big data analytics for healthcare.

EXPECTED RISE IN RETIRED POPULATION  
 Million people age 65, 1990-2050



NEW 65 YEAR OLDS AND CHANGE IN PAST FIVE YEARS, PER CENT  
 Million people in absolute numbers, 2025-2050

COUNTRY	2025	2030	2035	2040	2045	2050
China	11.8 (-26%)	21.3 (81%)	23.2 (-9%)	19.0 (-18%)	17.6 (-8%)	19.7 (12%)
India	9.6 (-12%)	10.9 (14%)	12.3 (13%)	14.0 (14%)	15.7 (12%)	17.8 (13%)
Indonesia	2.1 (-23%)	2.5 (19%)	2.8 (13%)	3.0 (-9%)	3.3 (-9%)	3.4 (-3%)
Bangladesh	1.1 (-16%)	1.2 (14%)	1.5 (24%)	1.7 (-15%)	2.0 (-15%)	2.2 (-12%)
Pakistan	1.1 (-20%)	1.2 (11%)	1.3 (-7%)	1.5 (-14%)	1.8 (-17%)	2.2 (-23%)
Iran	0.7 (-19%)	0.8 (10%)	0.9 (22%)	1.0 (-13%)	1.4 (-32%)	1.7 (-22%)
Japan	1.4 (-5%)	1.6 (11%)	1.7 (8%)	1.8 (-5%)	1.5 (-18%)	1.3 (-10%)
Vietnam	0.92 (20%)	0.93 (2%)	0.98 (5%)	1.2 (-19%)	1.26 (-8%)	1.33 (-5%)
Philippines	0.7 (-18%)	0.8 (17%)	0.9 (16%)	1.1 (-10%)	1.2 (-14%)	1.3 (-8%)
Thailand	0.95 (20%)	0.99 (5%)	0.98 (-1%)	0.89 (-9%)	0.92 (3%)	0.91 (-1%)
Korea	0.84 (30%)	0.78 (-7%)	0.86 (11%)	0.77 (-10%)	0.79 (-2%)	0.65 (-17%)

Source: UN Total Population 1950-2100

Demand for preventive drugs for chronic diseases as well as supplements is also expected to accelerate. As revealed through our interviews with experts on ways of successfully implementing preventive care, a key question for governments will be how to capture and motivate people from disenfranchised socio-economic groups. Data from many Western countries indicate that people with less economic means, lower education, and lower social status are more prone to obesity and, in general, poorer health. Gaining trust will be key to empower more people to embrace preventative care which, in turn, will ensure populations stay healthy and productive in the workforce.

**Effective care.** Many countries will face the tough combination of seeing a dwindling working age population while, at the same time, having to care for more and more elderly people. On top of this, governments will need to control and reduce healthcare costs. Solving this equation will be critical in the coming decades. Experts interviewed for this study are leaning towards more advanced digital and remote care as an enabler to better utilise healthcare professionals' time. The solutions in this field encompass everything from sensors and monitors for home use to virtual doctor appointments and AI pharmacists.

With this comes the question of how to better match patients' conditions and needs with the most suitable treatments and healthcare interventions. The solutions can't be a "one size fits all" and an important issue here is how to be effective while maintaining the human aspects and interaction.

## THE URBANISATION WAVE

The third global trend focuses on the exploding urbanisation as people migrate from rural to urban

areas. By 2050, it is projected that 68%, or 6.5 billion people, of the world's population will live in urban areas. This represents an urban migration of +2.2 billion people in the coming decades, with more than two-thirds of all humans living in cities by mid-century. With an additional 977 million people expected to move into cities, Asia will account for the most significant urban migration from 2020 to 2050.

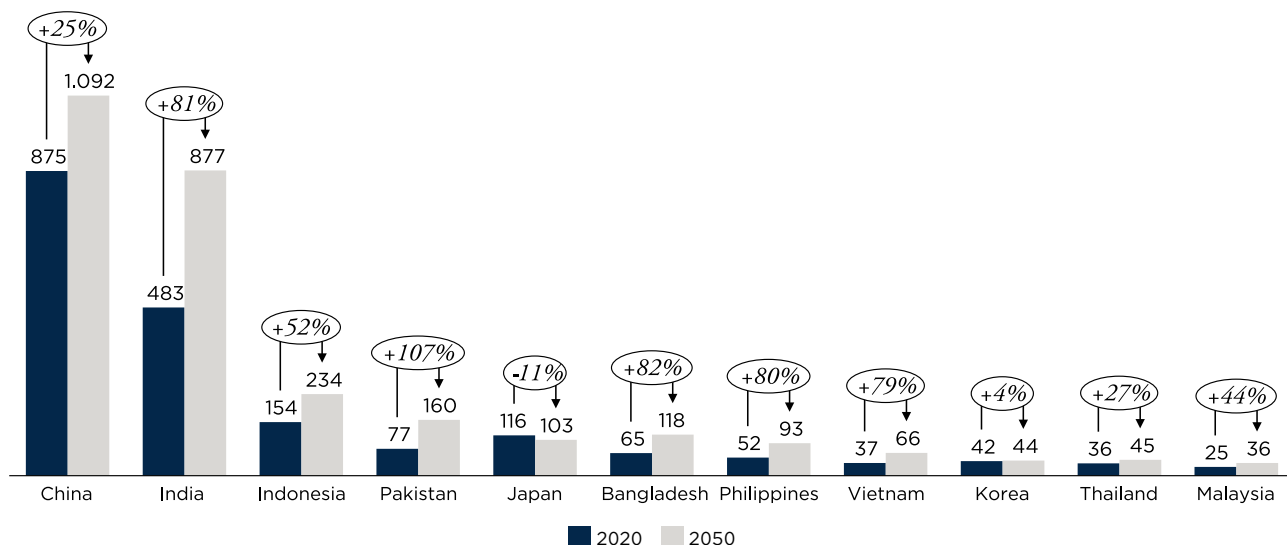
India and China are the two Asian countries expected to see the biggest population shift as people move to urban areas. India is expecting to see 394 million more people moving to cities between 2020 and 2050. For China, the expected urban migration is 217 million people. Looking at the percentage increase, the magnitude is less pronounced in China, where a projected increase of 25% contrasts with India's expected surge of 81%.

At the city level, Lahore in Pakistan is expected to reach the highest urbanisation level between 2020 and 2035, with an anticipated growth of 51% and a population of 19 million in 2035. Dhaka, in Bangladesh, will also see significant growth in its urban population, with a 49% increase until 2035, reaching a population of 31 million. Other cities such as Karachi, Delhi, Mumbai, and Manila are also expected to experience considerable urbanisation growth.

With these significant inflows of people to cities, a challenging task will face decision makers at the national, regional, and municipality levels to secure liveable conditions for inhabitants so they can be as productive as possible. The Economist Intelligence Unit outlines five key areas that cities need to excel in to have a high level of liveability:

**Healthcare.** The population needs to have access to lifelong healthcare. With the amount of people moving into cities, this will put significant financial

URBAN POPULATION DEVELOPMENT, SOUTH AND SOUTHEAST ASIA  
Million people, 2020 and 2050



Source: UN- Urban Population at Mid-Year by Region, Subregion, Country and Area, 1950-2050

burden on cities. Intelligent ways of working within healthcare systems, including how citizens access their healthcare providers, must be developed to ease this burden. Also, cities must work on prevention measures such as promoting exercise to reduce obesity and improve cardiovascular health.

**Environment.** Providing mass solutions for waste- and wastewater handling will be critical. Another major challenge is keeping air as clean as possible. Providing easy access to recreational areas is also essential from an environmental and health perspective.

**Education.** Providing both basic and advanced education is crucial as this drives overall economic growth, especially in terms of job creation in urban areas.

**Energy & Transportation.** Cities need to provide reliable access to energy and transportation. With the accelerating population growth in cities, meaning more people per square kilometre, road congestion and road-related pollution and noise need to be managed. Mass transportation systems need to be effectively designed from both cost and operational perspectives.

Our interviews with Swedish business leaders in mass transportation highlighted the importance of a mindset shift, moving from use of cars to buses or trains will be key to implementing effective systems. For this to happen, policymakers in countries such as India need to consider and mitigate

the negative impacts on workers' productivity and spare time derived from ineffective transportation to and from their workplaces.













**Safety.** Cities need to be kept safe by addressing street crime and violence. This is a prerequisite for building liveable cities where inhabitants can meet and interact.

What are the additional effects of rapid urbanisation? Experts interviewed for this study point toward two key trends:

Demand for day-to-day services is expected to increase, ranging from household work to infrastructure, maintenance of public spaces, waste collection and security. Finding skilled workers in these fields is already a challenge today in many of the developed countries, and is likely to remain so for the foreseeable future. Countries such as Singapore are looking at leveraging technological advances with autonomous robots, or "co-bots" operated by humans, as viable solutions for service jobs.

Large-scale farming (plants and livestock) is likely to remain in rural areas, but the need for more robust supply chains and globalised production will be more important. It is also expected that farming and food production will need to take place closer to the centre of consumption. New methods to produce proteins and to grow crops, such as vertical farming, are constantly developing within the Agri-Food Tech industry. Rapid urbanisation will drive more demand and countries like Singapore are at the forefront of this field today.

EXPECTED MIGRATION IN ASIA'S 15 MOST POPULATED CITIES, 2020-2035

COUNTRY	CITY	EST %-INCREASE 2020-2035	EST POPULATION 2035 (MN)
 Pakistan	Lahore	51%	19
 Bangladesh	Dhaka	49%	31
 Pakistan	Karachi	44%	23
 India	Delhi	43%	43
 India	Mumbai	34%	27
 Philippines	Manila	34%	19
 India	Kolkata	32%	20
 China	Chongqing	29%	21
 China	Shanghai	27%	34
 China	Beijing	24%	25
 Japan	Tokyo	-4%	36
 Japan	Osaka	-4%	18

Source: UN- Urban Population at Mid-Year by Region, Subregion, Country and Area, 1950-2050  
UN- The 30 Largest Urban Agglomerations Ranked by Population Size at Each Point in Time, 1950-2035

## CONCLUSION

# IMPACTS IN ASIA: THREE FUTURE SCENARIOS

Will shifts in demographics lead to economic growth and, as such, create more favorable conditions for Swedish companies to export and invest in South and Southeast Asia? With the right policies and conditions, the answer is yes. In this final chapter three potential scenarios for the coming 30 years are presented – outlining the impacts of demographics and related trends on business and trade.

### THREE SCENARIOS IN ASIA UNTIL 2050

How well-positioned are Asian countries to capture the demographic dividend? In which markets are conditions set to become more favourable for Swedish exports and business growth as buying power increases?

To answer these questions, it is worth considering three scenarios in the region's development – the first representing a positive development, the second a more moderate outlook and the third a worst case trajectory. The table below provides a starting point for discussion as it lists the dependency ratio from 2020–2050 in relation to 2022 levels of the literacy ratio, peace index, and political stability.



# 1















## MOST FAVOURABLE DEVELOPMENT

Taking a retrospective view from 2050, we look back on 25 years regarded as the “Decades of Asia.” In this scenario, peace remained between China and Taiwan, and China managed to make a soft landing on its challenges with the housing market, while at the same time building and maintaining a strong domestic market to drive local consumption. China also managed, with great help from AI, robotics, and medical advancements, to increase its overall productivity and keep its population in the workforce longer and, as such, avoid the negative economic effects of the decrease in working-aged people. Further on, in 2050, China is world-leading in the green transition, and its many megacities are centres for innovation and global drivers of economic growth.

Meanwhile, India has fully captured the demographic dividend by significantly improving its performance on ease of doing business and by educating many poor people in rural areas. The country's economy grew considerably between 2024 and 2050 and became the second-largest economy in the world after China in the early 2040s.

As a direct effect of the economic growth, India has leapfrogged in the green transition. New Delhi and Mumbai are seen as role-model cities in South Asia and have massively improved their liveability, both cities being dynamic and bustling commercial centres and communities for both Indian and international professionals. Some 2,000 Swedish students and businesspeople are estimated to be living in Mumbai alone.

**Business implications:** Globally, in 2050, China is the largest export market for Sweden, followed by the US, with India in a solid third place. Sweden has been a great contributor to India's green transition and modernisation of the country's healthcare system. Most of the most prominent Swedish companies have both Chinese and Indian nationals in their top management teams and have managed to adapt well to the local innovation environment, setting up joint R&D centres. Also worth mentioning, there are daily direct flights from Stockholm to Shanghai, New Delhi, and Mumbai.

COUNTRY	GDP USD BN (REAL) 2022	GDP PER CAPITA, USD 2022	CHANGE IN DEPENDENCY RATIO, 2020-2050	LITERACY RATE BELOW 85 = NOT GOOD	PEACE INDEX ABOVE 2.0 = NOT GOOD	POLITICAL STABILITY INDEX BELOW 0 = NOT GOOD
 Pakistan	341	1,505	-35%	55	2.8	-1.8
 Philippines	379	3,461	-13%	95	2.4	-0.8
 Bangladesh	285	2,458	-9%	75	2.1	-0.9
 India	2,726	2,257	-8%	69	2.6	-0.8
 Myanmar	71	1,210	-3%	93	2.4	-1.5
 Indonesia	1,066	4,333	1%	96	1.8	-0.4
 Malaysia	355	11,109	2%	93	1.5	0.1
 Vietnam	332	3,756	9%	94	2.0	-0.1
 China	15,802	12,556	23%	95	2.0	-0.3
 Japan	4,435	39,313	24%	99	1.4	1.0
 Thailand	438	7,066	31%	96	2.2	-0.6
 Singapore	361	72,794	43%	97	1.3	1.5
 Taiwan	790	32,000	45%	98	1.7	No data
 South Korea	1,694	34,998	51%	98	1.8	0.6

## 2

### MODERATE DEVELOPMENT

In 2050, we look back on 25 years of solid but less promising development in Asia. China never invaded Taiwan, but the strong and war-prone rhetoric from the Chinese leadership slowly undermined the Western world's overall trust in China. At the same time, the world became more divided and overall protectionist. Demographic shifts in China, with considerably fewer people in their peak production- and buying power age, negatively contributed to the stagnated economy with about 1% growth over the past decades – much like Japan in the 2010s and 2020s. China remained a strong regional player and deepened its ties with countries in Africa and in the Middle East.

In India, things have moved in the right direction. However, the transition has been slower than many hoped in the mid-2020s. The country partly captured the demographic dividend, and the middle class grew. India also benefited from being a viable alternative to China both for production and, over the years, more and more companies have prioritised India as a growth market. Nonetheless, in 2050, the country is still struggling with relatively low livability from a Western perspective, and cities are congested and polluted, but not as bad as they were in the mid-2020s.

**Business implications:** In 2050, most Swedish companies regard China as a semi-important market that is not strategically critical in a global context. However, many Swedish companies regard China as a stable “income” market and continue manufacturing to meet domestic and partly regional demand. Sweden has grown its exports and collaboration in some industries, such as healthcare and battery technology.

GDP per capita in India has increased, and the need for green solutions is very outspoken, with some cities having made significant strides over the past decades. As a result, Swedish exports to India have increased markedly, but few Swedish companies regard India as a strategically important market in a global context from a sales and R&D perspective. On the other hand, manufacturing in India has increased significantly, and even though few Swedish companies rely on India as a stable global production center, the market is essential to meet regional demand.

## 3

### WORST CASE DEVELOPMENT

Economic decline in Asia has dominated the 25 years to 2050. Politicians and policymakers failed on multiple fronts of the development agenda. China heavily overestimated its global importance and its military might. A failed attempt in the late 2020s to invade Taiwan resulted in, besides many lost lives, an exodus of nearly all Western companies.

Over a few very turbulent years, supply chains were rebuilt in other parts of the world, and very few companies considered re-entering China. China's economy plummeted, and the change in demographics compounded the decline. With millions and millions of people in the 65+ age group, the healthcare system became overwhelmed. Western countries have offered China humanitarian aid several times, all of which have been rejected by the ruling Communist party. To travel to China, you must go through a lengthy visa process and fly via Seoul, Tokyo, or Bangkok.

When analysts refer to India in 2050, the overarching message is stark along the lines of “the greatest missed opportunity in 1,000 years”. India got sucked into a very heavy bureaucratic trap, and when the economy grew, corruption only worsened. A small elite of people enriched themselves from the low production costs. However, these people are all in India.

Most cities in India are regarded as “non-livable” with failed governance, lack of pure water and air, and limited access to advanced healthcare. The average Indian has seen stagnant or falling buying power over the past 25 years. The number of homeless people has skyrocketed, especially among the elderly, and India is one of the world's largest recipients of humanitarian aid.

**Business implications:** Some Swedish companies have increased their presence in India, mainly for low-end production. Only a handful of Swedish companies have Swedish personnel working in India, and very few regard India as strategically important. Swedish exports to China in 2050 are close to zero.

## KEY TAKEAWAYS

In this report, we have zoomed in on three major global trends and their expected impact in Asia in the next 25–30 years. How will the working age shift, the elderly boom and the urbanisation wave impact economic growth and the business landscape? Only time will tell. What is certain is that Swedish companies will feel the effects to varying degrees, depending on the sector, types of goods or services and current supply chains. That's why it is imperative to consider these trends in strategic planning.

These above three scenarios are all plausible and will have considerable outcomes in Asian markets. China is by far the largest export market today for Swedish companies in Asia, and its impact on regional and global economies is significant. Regardless of China's path, it will remain at the top of the agenda for Swedish companies for the foreseeable future. India deserves special mention here as the OECD projects tripled growth in this fast-expanding economy between 2020 and 2050.

Today, it is no surprise that more and more companies are showing interest in India when it comes to both exports and local production. As of 2024, Swedish exports to India are relatively low, but with the increase of the country's total buying power, we strongly believe that this market is underpenetrated and holds vast promise for Swedish companies.

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- Senior leaders at large Swedish transportation, communication, clean tech and life science companies
- Business Sweden industry experts







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