Asia - driver of global growth and commodity prices - Implications for resource rich economies

The Norwegian Embassy, Beijing 22 May 2014

Hilde C. Bjørnland
Periods of globalisation, percent

Sources: Perspektivmeldingen, OECD and Hilde C. Bjørnland
Two speed world...
Global GDP - Weighted to reflect each country's share of global output measured in a common currency

Sources: IMF and Norges Bank
Two speed world...
Global imbalances

Current account balance, in per cent of world GDP

Source: OECD
Emerging Asia drives oil prices (through demand for oil)

Source: Norges Bank (2013)
The big ‘emergence’ and real oil price

Source: Aastveit, Bjørnland and Thorsrud (2014)
Two speed in resource rich economies
Two speed sectoral employment

Source: Bjørnland and Thorsrud (2013)
Exposed to trade: Share of tradable sector in Gross Value Added (percent)

Sources: Eurostat, National Statistical Offices, and IMF staff calculations.
Norway's trading partners
- covering 90 pct of trade

Sources: IMF Direction of Trade Statistics, IMF World Economic Outlook, and IMF staff calculations.
Demand for commodities in Asia and commodity exchange rates (RER ULC based)

(index 1995=100)

Sources: Price and Cost Competitiveness database and IMF staff calculations.
Change in REER-ULC based, 1995-2012
ULC sub components, Norway

Sources: AMECO and IMF staff calculations.
Resource gift and domestic impulses

Source: Bjørnland and Thorsrud (2013)
Commodity price and domestic impulses

Source: Bjørnland and Thorsrud (2013)
Budget deficit (ex oil) in Norway versus selected countries

Strukturelle budsjettunderskudd i pst av BNP i 2013

Kilde: Perspektivmeldingen 2013 og Hilde C. Bjørnland
Change in employment during the financial crisis; Norway and Sweden

Kilde: SSB, SCB og egne beregninger
Borrow while you can, or...?
Household debt ratio and interest burden (percent of disposable income)

Kilde: Norges Bank
Real house prices

Sources: OECD and staff calculations
Where does Norway go from here?

Source: OED calculations
Regional development - Can we maintain our generous welfare system?
Total Cost of Ageing, 2007-60

Source: European Commission
Conclusion

• Two speed global world two speed commodity exporters

• Commodity exporters done well. Part of success is due to productivity spillovers (Bjørnland and Thorsrud 2013)

• The last few years, stimulus have come through increased commodity prices. Increase cost and reduce competitiveness. Vulnerable to abrupt changes in the oil price.

• The future of the welfare state.
Referanser

  
  http://www.bi.edu/InstitutterFiles/Samfunns%C2%Bokonomi/CAMP/Working_CAMP_6-2013.pdf

  
  http://www.bi.edu/cmeFiles/pdf/wp%2013%207.pdf

  
  http://www.bi.edu/InstitutterFiles/Samfunns%C2%Bokonomi/CAMP/Working_CAMP_2-2012.pdf
Thank you!