

Chapter 7

The Economies of West Asia

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ABSTRACT

While East Asia has been the dominant economic region in Asia for several centuries, the gross regional product (GRP) of West Asia (comprising Southern, Central, and Western Asia) is projected to surpass that of East Asia by 2050 and to be 40% larger by 2100. In 2018, West Asia accounted for 17% of gross world product (GWP) compared with 31% by East Asia. It is projected that West Asia's share of GWP will rise to 31% by 2050 and 35% in 2060 before falling back to 25% in 2100. The dominant economy will be India, whose GDP is expected to surpass that of China by 2050 and to be 50% larger by 2100.

WEST ASIA IN THE WORLD ECONOMY

In 1950, shortly after the end of World War II, West Asia accounted for 20 percent of the world's population, compared with 32 percent by East Asia. However, both regions had the same share (7 percent) in gross world product (GWP), indicating that per capita gross regional product (GRP) was significantly higher in West Asia. By 2018, West Asia's share of GWP had risen to 17 percent. It is projected by the United Nation's Population Division that West Asia's population will rise strongly in the coming decades, to 2.9 billion by 2050 and 3 billion in 2070, but will then decline to about 2.8 billion, or 26 percent of the global total, by 2100. The macroeconomic forecasting model developed by Hooke (2019) and the authors of this chapter, which is described in Chapter 1, projects that West Asia's GRP will increase six-fold in the coming three decades, to I\$ 159 trillion in 2050, and will more than double in the following half century. West Asia will account for a third of GWP in the 2050s and a still sizeable 25 percent in 2100 (the decline in share in the last half century reflecting mainly West Asia's declining population as well as strong growth of population, labour force participation rates and labour productivity in Africa) (Table 1).

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Table 1. Major Economic Indicators, 1950-2100

	1950	2000	2010	2018	2050	2100
Population (m)						
West Asia	505	1,501	1,795	1,998	2,879	2,753
East Asia	818	2,004	2,156	2,288	2,375	1,952
America	424	1,115	1,233	1,365	1,161	1,148
Europe	547	720	731	741	704	626
Africa	222	791	1,013	1,243	2,424	4,171
Oceania	14	32	37	41	57	76
World	2,530	6,164	6,966	7,676	9,599	10,727
Total GRP (I\$ tn)						
West Asia	0.8	9.3	15.6	23.2	159	444
East Asia	0.8	13.4	27.6	41.5	153	315
America	3.6	23.2	28.0	33.0	84	185
Europe	5.3	23.6	24.7	29.2	55	101
Africa	0.3	3.6	5.3	6.8	60	673
Oceania	0.1	0.9	1.2	1.6	4	12
World	10.9	74.1	102.4	135.3	515	1,731
Per capita GRP (I\$)						
West Asia	1,530	6,214	8,689	11,591	55,258	161,333
East Asia	984	6,671	12,794	18,150	64,285	161,333
America	8,386	20,832	22,705	24,197	72,675	161,333
Europe	9,721	32,702	33,726	39,390	78,220	161,333
Africa	1,366	4,611	5,232	5,504	24,680	161,333
Oceania	8,450	29,141	32,963	38,380	63,816	161,333
World	4,297	12,016	14,697	17,630	53,612	161,333

Sources. World Bank's World Economic Indicators, UN Population Division, IMF's World Economic Outlook and CIA's World Factbook, authors' projections.

Note. GDP, GRP and GWP are measured in purchasing power parity (PPP) terms at 2018 prices.

THE MAJOR REGIONS OF WEST ASIA

In 2018, West Asia accounted for 25 percent of the world's work force. Labour productivity, at I\$ 27,218, was 69 percent of the global average. The GRP of West Asia was I\$ 23.2 trillion, accounting for 17 percent of GWP. With total population of almost 2 billion, per capita GRP was I\$ 11,591, or two thirds the world average. Within West Asia, Southern Asia accounted for 62 percent of the region's output and 88 percent of its population.

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