

IORA Selected Economic Indicators

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Prepared by
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and



**EUROMONITOR
INTERNATIONAL**



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Introduction

The Indian Ocean Rim is the home for over 3 billion people who are aspirational about improvements to their lives and nations according to their needs and capacity. The region is also privileged to host five G20 member nations as direct IORA members (with Saudi Arabia and the dialogue partners also being G20 members); some of the fastest growing nations on Earth; some of the largest natural resource deposits; major global shipping lanes; along as well as some nations that are least developed countries; areas suffering hostilities.

The IORA website is instructive in informing visitors about the priorities of IORA including:¹

Promoting trade and investment is at the heart of IORA. The Indian Ocean Rim region has been linked by commerce for centuries, and is still at the centre of global trade and investment flows.

Today half of the world's container ships and two thirds of the world's oil shipments pass through the Indian Ocean, including key transit points such as Bab el-Mandeb and the Straits of Hormuz and Malacca. Emerging economies such as India, Indonesia, Kenya and South Africa will ensure that the importance of the Indian Ocean Rim to the global trading environment will only increase in years to come.

IORA Member States have committed to pursue trade liberalisation and lower barriers to promote freer flows of goods, services, investment and technology. Trade and Investment Facilitation is one of IORA's six priority areas. The [IORA Action Plan 2017-2021](#) sets seven ambitious targets for IORA, summarized as:

- **Short term:**
 - Conduct capacity building on reducing barriers to trade; Cooperate to promote SMEs;
 - Establish an online IORA Trade Repository to assist businesses find trade information; and
 - Establish an Investment Guide to promote investment;
- **Medium Term:**
 - Revitalise IORA's private sector arm, the Indian Ocean Rim Business Forum (IORBF); and
 - Cooperate to promote financial services;
- **Long Term:**
 - Make business travel easier

The IORA Charter is also very instructive about what the organisation is trying to achieve:

Objectives²

- (a) To promote the sustained growth and balanced development of the region and of the Member States, and to create common ground for regional economic co-operation;
- (b) To focus on those areas of economic co-operation that provide maximum opportunities to develop shared interests and reap mutual benefits. Towards this end, to formulate and **implement projects for economic co-operation relating to trade facilitation and liberalization, promotion of foreign investment**, scientific and technological exchanges, tourism, **movement of natural persons and service providers** on a non-discriminatory basis; and the development of infrastructure and human resources inter-alia poverty alleviation, promotion of maritime transport and related matters, cooperation in the fields of fisheries

¹ <https://www.iora.int/en>

² <https://www.iora.int/en/priorities-focus-areas/trade-and-investment-facilitation>

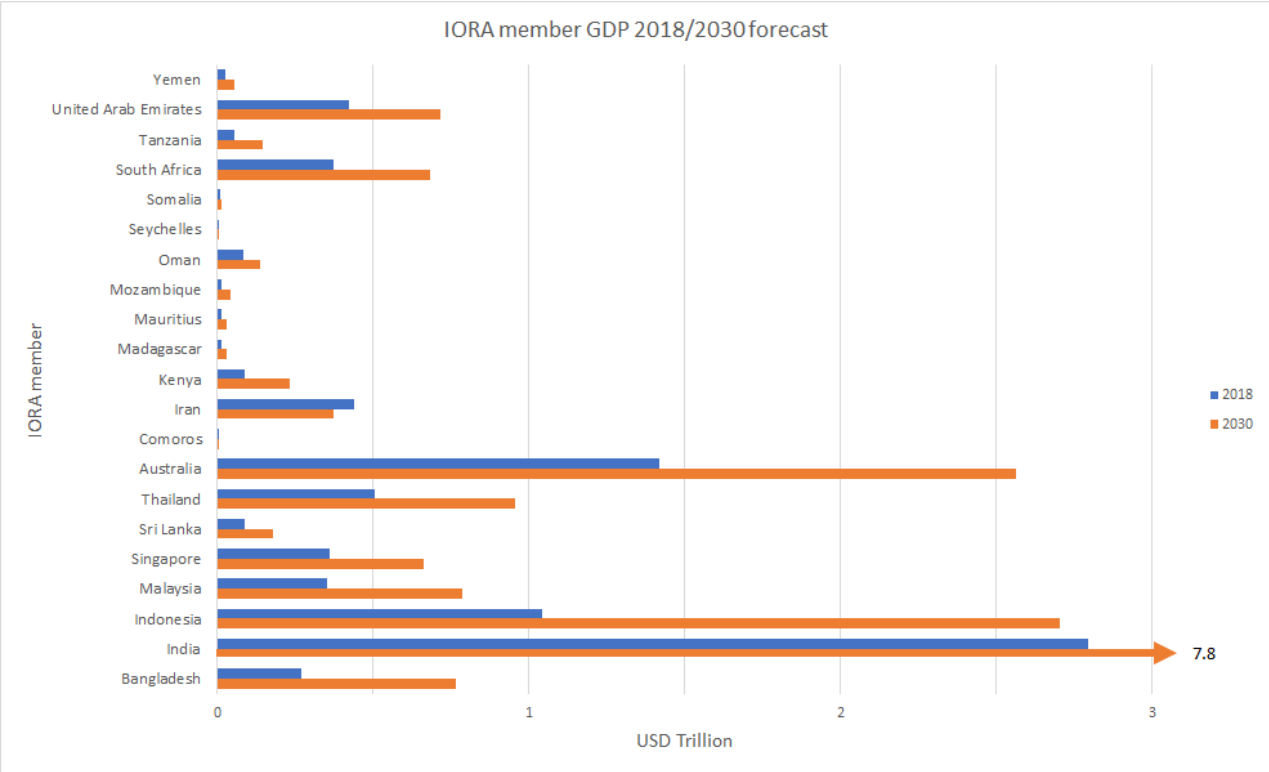
trade, research and management, aquaculture, education and training, energy, IT, health, protection of the environment, agriculture, disaster management.

- (c) To explore all **possibilities and avenues for trade liberalisation, to remove impediments to, and lower barriers towards, freer and enhanced flow of goods, services, investment, and technology within the region;**
- (d) To encourage close interaction of trade and industry, academic institutions, scholars and the peoples of the Member States without any discrimination among Member States and without prejudice to obligations under other regional economic and trade co-operation arrangements;
- (e) To strengthen co-operation and dialogue among Member States in international fora on global economic issues, and where desirable to develop shared strategies and take common positions in the international fora on issues of mutual interest;
- (f) To promote co-operation in development of human resources, particularly through closer linkages among training institutions, universities and other specialised institutions of the Member States; and
- (g) To seek to reinvigorate the Association by progressing the prioritised agenda decided upon at the Council of Ministers' meeting in Bengaluru in November 2011. That meeting gave a focused direction towards formulation of a dynamic road map of cooperation, in line with the growing global emphasis on the unique geo-strategic primacy of the Indian Ocean Rim. A list of priority areas of cooperation and cross-cutting issues are listed in Annex I.

The following report presents information which *Euromonitor International* has made available to the Australian Chamber of Commerce, in order to provide a snapshot of a number of selected economic indicators which might assist IORA members and dialogue partners to be informed and consider the potential opportunities and priority areas for further consideration to achieve the Charter objectives.

We thank *Euromonitor International* for their generosity in making available information contained within their [Passport](#) system.

IORA member GDP 2018/2030 forecast

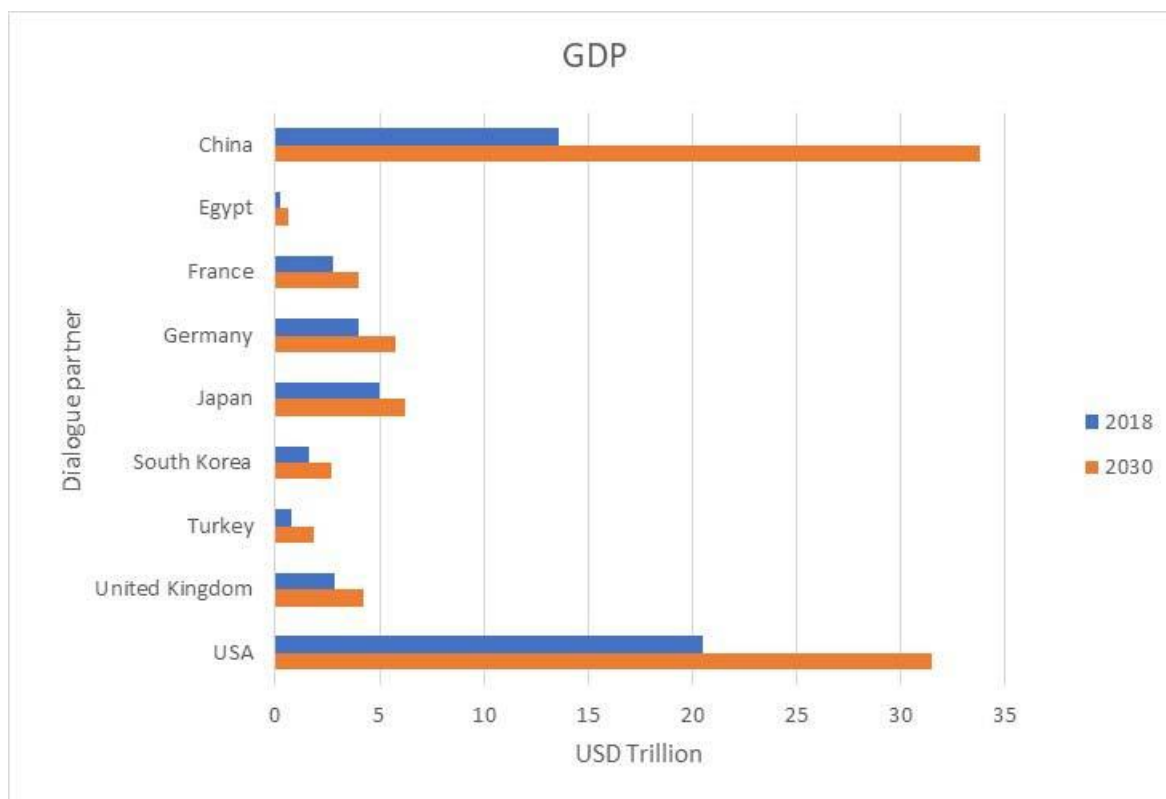


Almost all IORA member States are expected to grow between now and 2030, however there will be a high level of disparity between economies of the Rim. India, Indonesia and Australia are expected to grow strongly, whereas a number of the poorest nations will continue to struggle with economic development.

This suggests that an emphasis needs to be placed on prioritising efforts to overcome economic inequity within the region.

This immediately highlights why trade and investment flows within IORA member States is and will remain low.

Dialogue Partner GDP 2018/2030 forecast



Turning to the IORA Dialogue partners, each economy is expected to grow during the period to 2030 but again, this is a mixed picture. China and the USA remain the dominant economies but they dramatically overshadow all other nations combined.

As with the IORA members, there will be an increasing divergence in the relative size of economies, which will continue to ensure that China, the USA and Europe remain the dominant partner markets for IORA members.

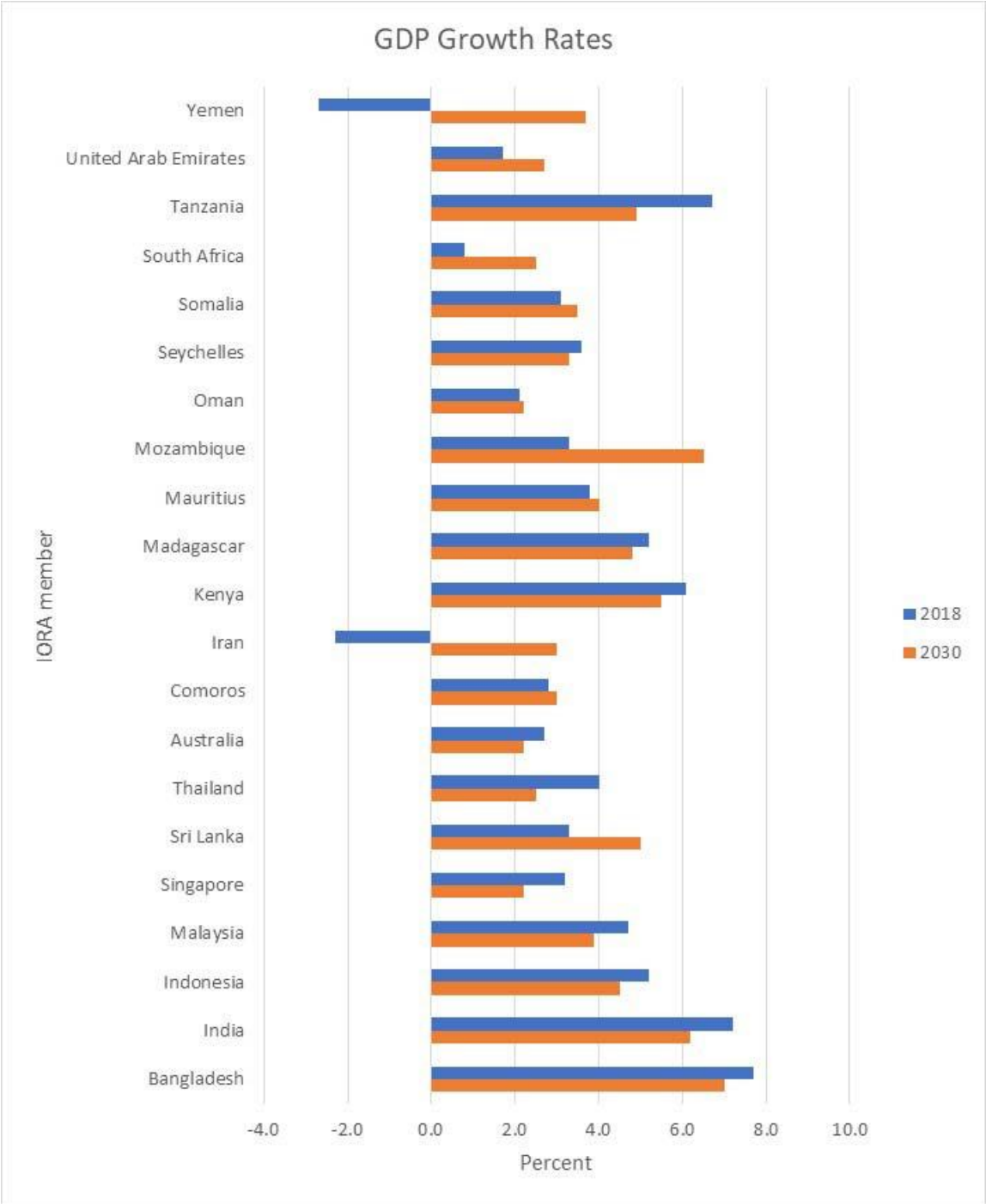
The remaining dialogue partners will continue to be important but it is likely to be on a more specialised basis.

Comparing IORA to the APEC region, the success of development in many counties within Asia has been a willingness to attract and support inbound foreign investment and embedding each nation as a significant supply chain partner to major global economies. Indian Ocean Rim nations have the same opportunities, and as Asian nations move up the income scale, mobile global capital will continue to seek new opportunities in other advantageous markets.

India will clearly become an even more important regional market which will dominate the region in a similar way to China's importance to Asia.

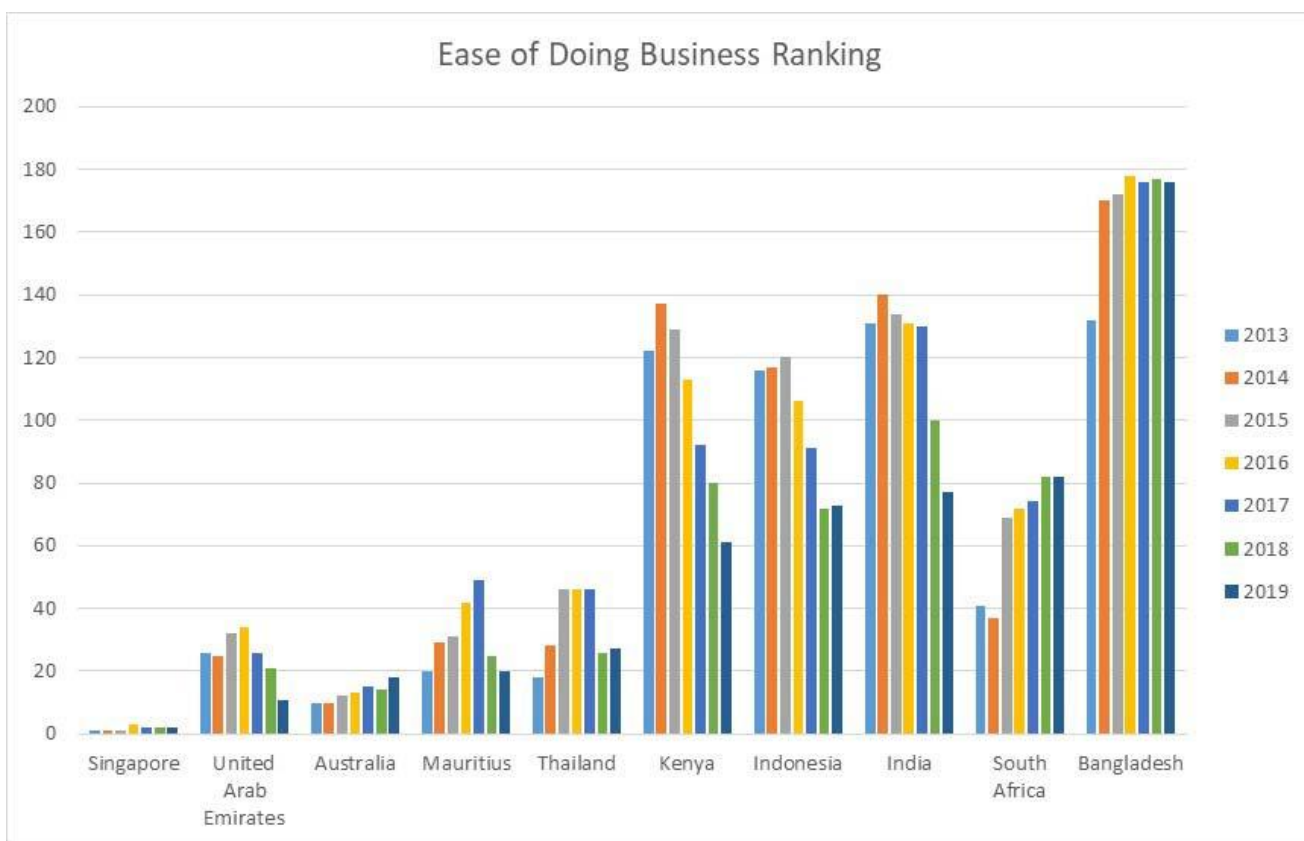
Increasingly liberal attitudes to trade and investment will be necessary if the potential of each nation within IORA is to be realised.

GDP Growth rates in IORA member States



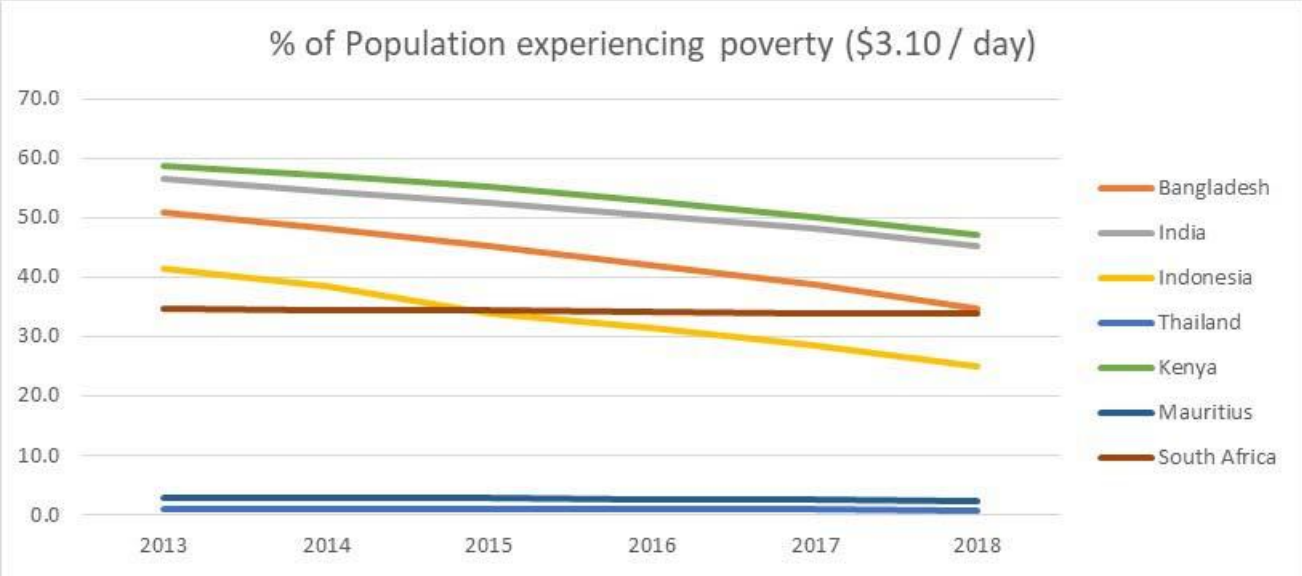
This chart and the next demonstrate that IORA members will be positively growing over the next decade or so, importantly with Yemen and Iran recovering from the current negative rate of overall growth. This is a good story even though by 2030 the rates of growth are expected to have slowed in a number of the member States.

Ease of Doing Business Ranking (overall)



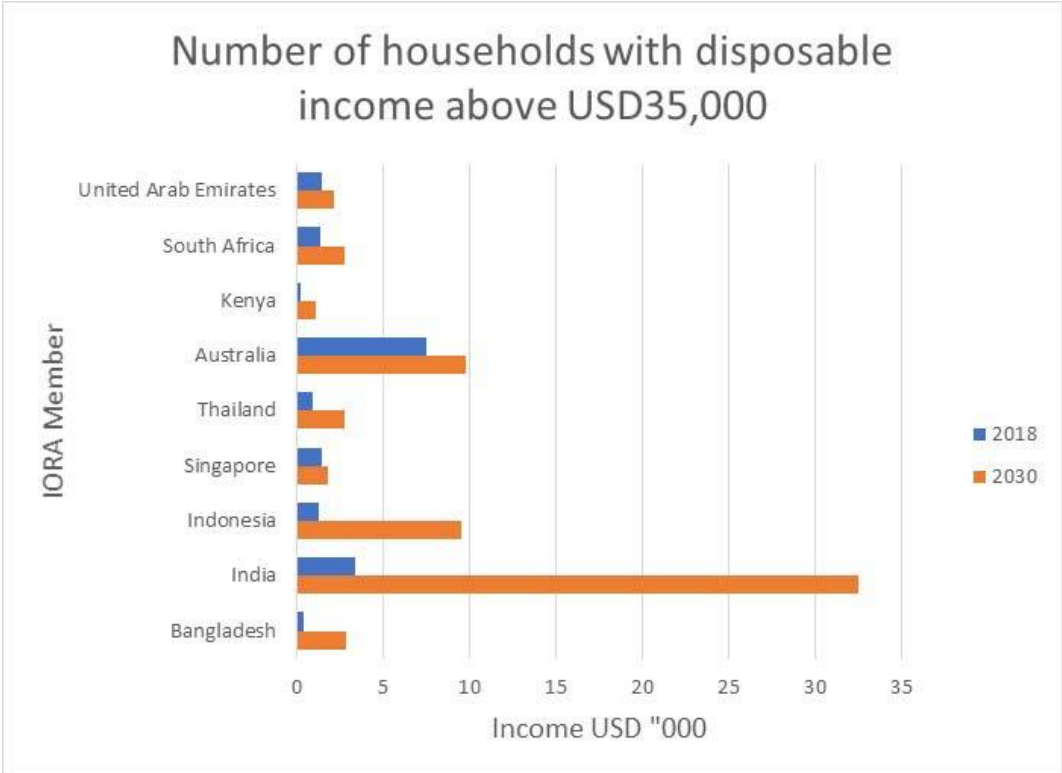
The annual ranking of nations based on a basket of criteria encompassed under the World Bank “ease of doing business” analysis shows mixed results between nations over the past 6 years. Notably, Kenya, Indonesia and India have dramatically improved in their ranking whereas Bangladesh and South Africa have slipped in their performance. Australia, while ranking highly, is not demonstrating an improving trend. Singapore continues to be the exemplar nation in ease of doing business and so ideally other nations should seek to emulate the systems offered by Singapore.

Population living below the International Poverty Line



Poverty levels within Indian Ocean Rim member nations have been in steady decline over recent years. This is a strong positive story for all countries other than South Africa. IORA should continue to engage strongly with the UN Sustainable development Goals generally but consideration needs to be given as to how more can be done in South Africa and any other nations within the region where improvements have generally lagged their regional neighbours.

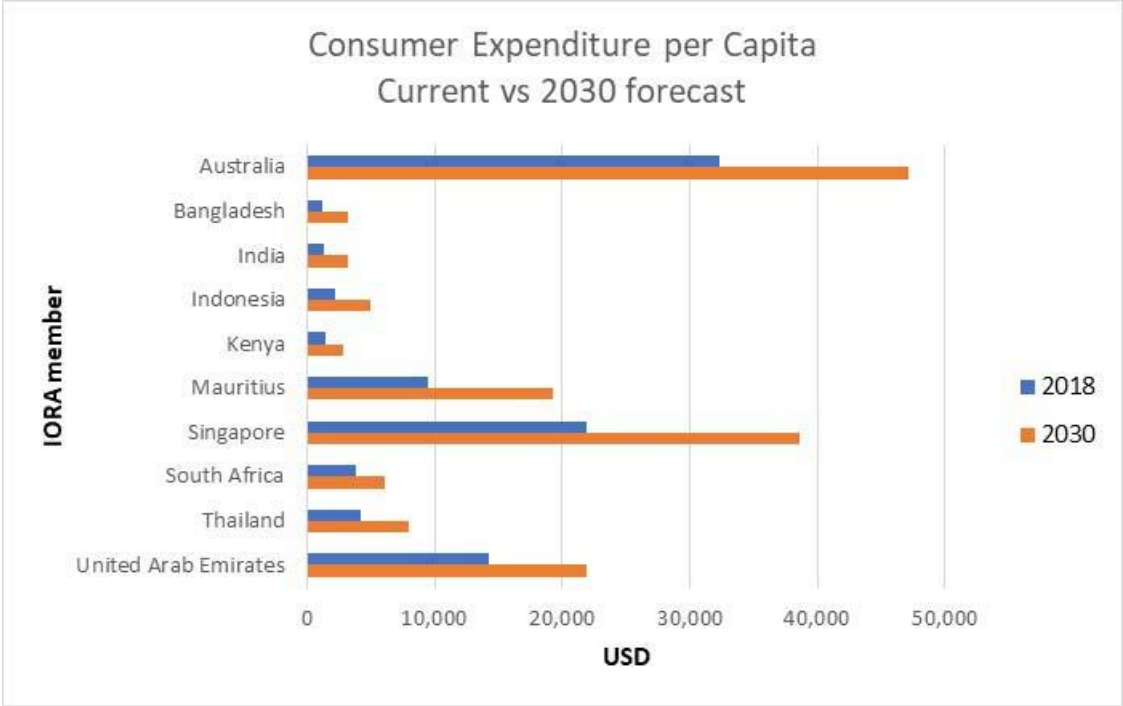
Household income 2018/2030 forecast



Household income growth over the next decade in IORA member States is expected to be positive in most nations but India, Indonesia and to a lesser extent, Bangladesh are expected to see dramatic increased in household incomes. In turn, this will impact the level of consumption and savings in these economies.

Consumer Expenditure per Capita in IORA member States

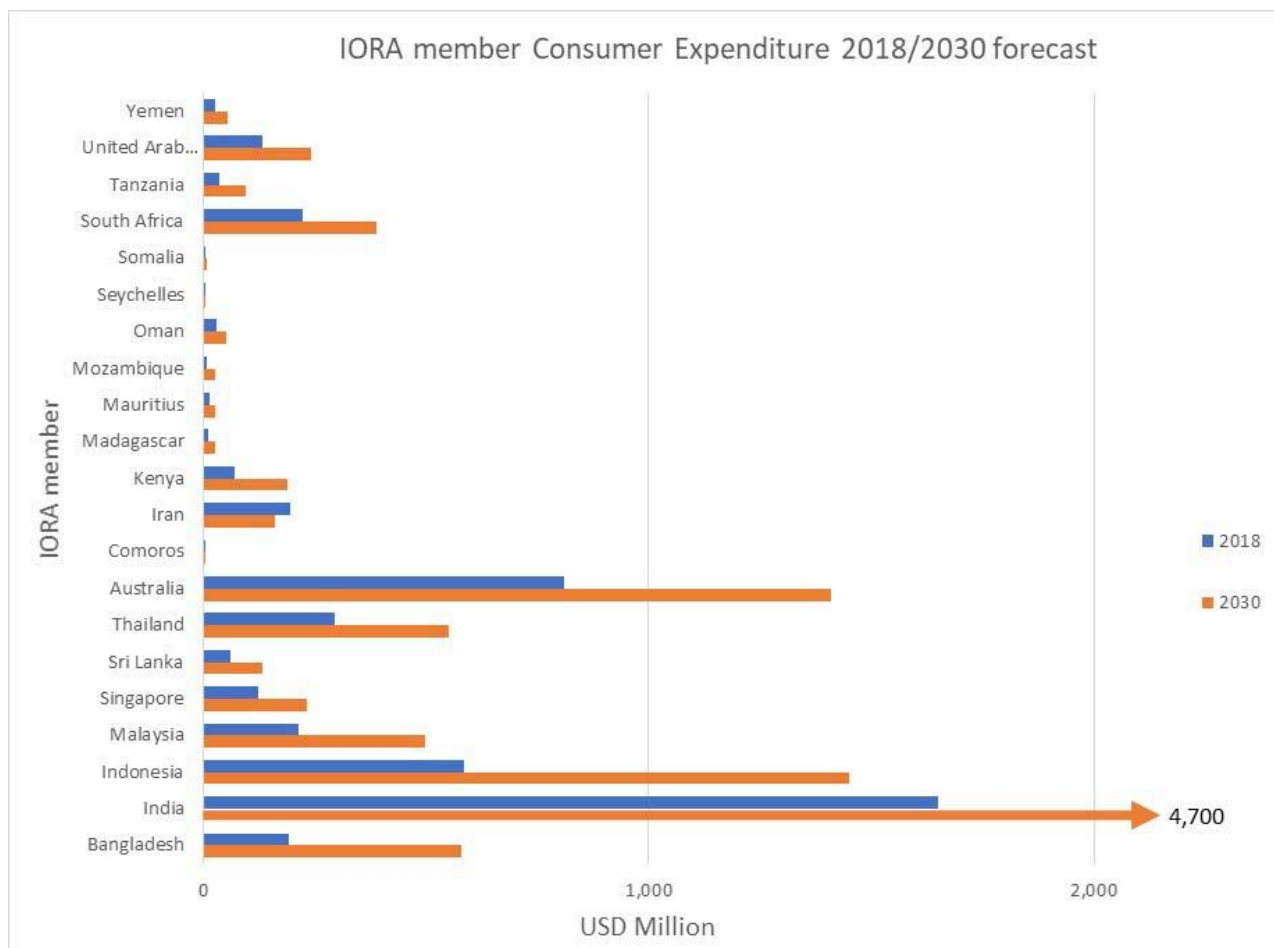
2018/2030



Consumer expenditure per capita is an indicator of wealth and ability of individuals to participate in consumption based economies. This chart shows that Australia, Mauritius, Singapore and UAE have strong consumer sectors whereas other economies are less strong. The good news is that all economies are expected to have an increasing trend in the development of consumer sectors.

Consumer expenditure in IORA member states

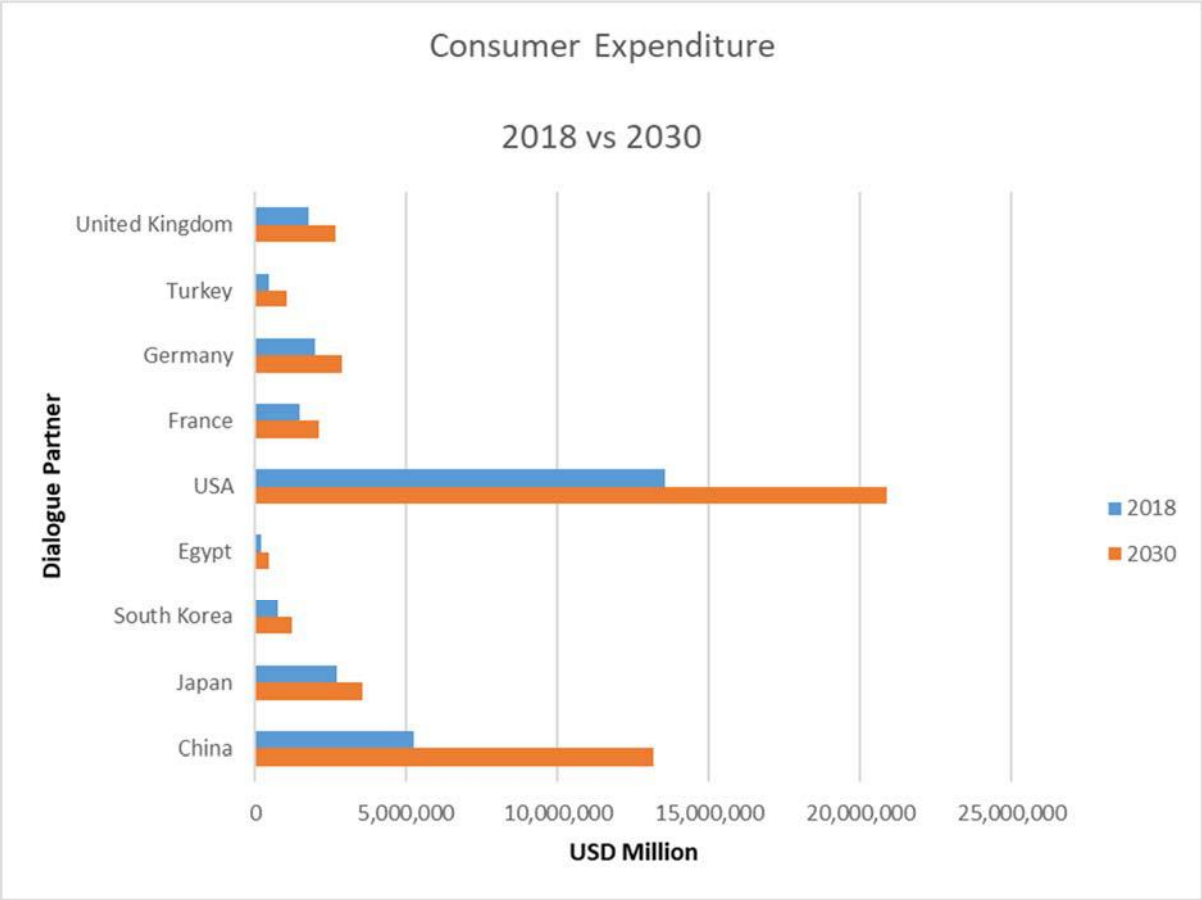
2018/2030 forecast



When we look at the economy as a whole the consumer sector is stronger in Asian members of IORA than in African members but the 2030 forecast demonstrates that India, Indonesia, and Australia will experience significant growth in the consumer sector over the next decade, South Africa, Malaysia, Thailand UAE, Kenya, Singapore and Iran will experience moderate growth but many of the remaining IORA members will continue to struggle.

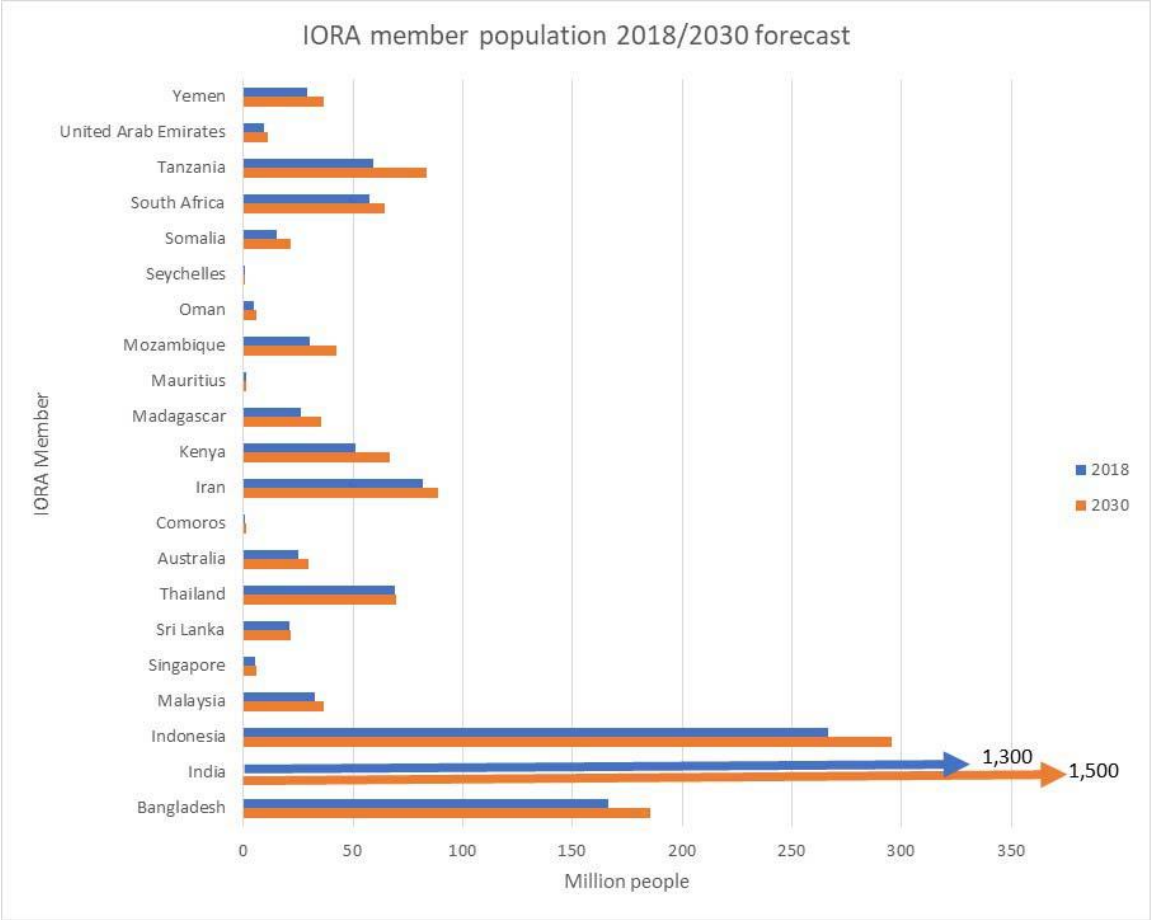
Much as Asian nations have previously benefitted from investment from global capital seeking lower cost production centres, it is likely that IORA members who are open to foreign investment and trade will similar “coat-tail” the rise of India and other larger economies with correctly developed policies.

Consumer Expenditure in Dialogue Partner



Compared to the IORA member States, the Dialogue partners will all see consumer expenditure increasing in all nations through to 2030. This augurs well for thee markets remaining primary destination markets for IORA member states as well as dominant sources of both aid and private sector investment.

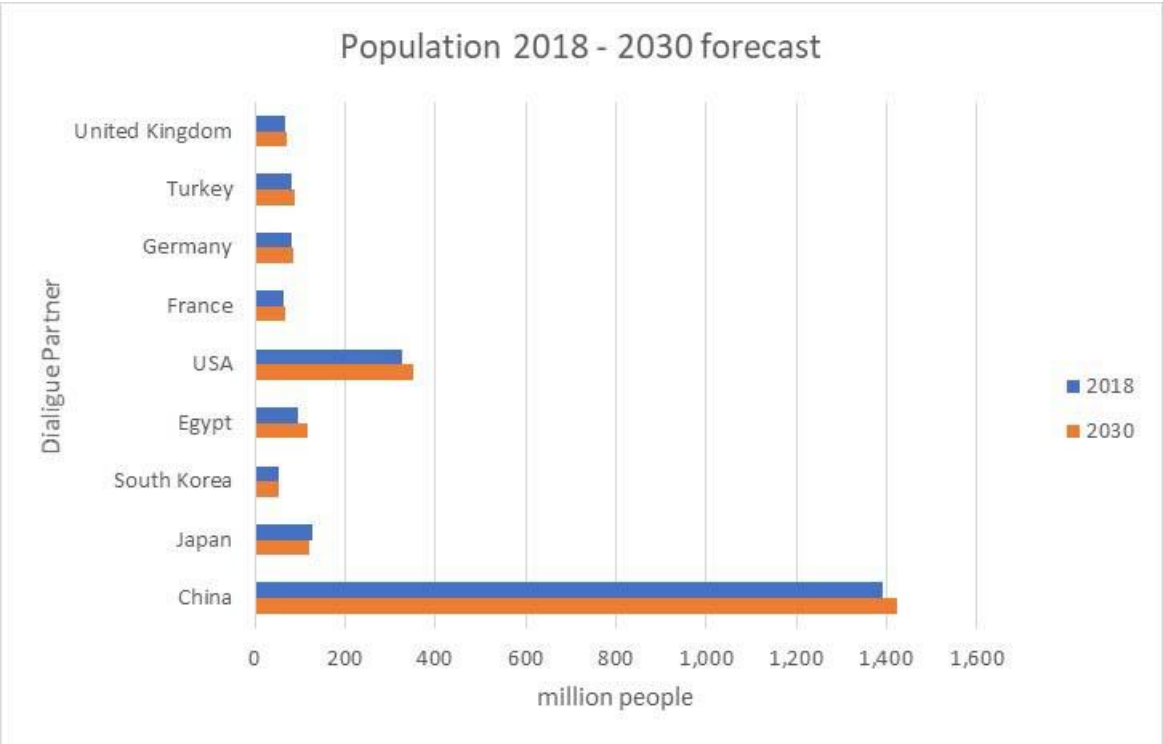
IORA member population



The story of anticipated population changes within IORA member States shows increases are expected in all nations, but will be most pronounced in India. Population growth brings with it increased pressure for infrastructure and services like health and education, along with increasing consumer demands for food and other products, as well as energy.

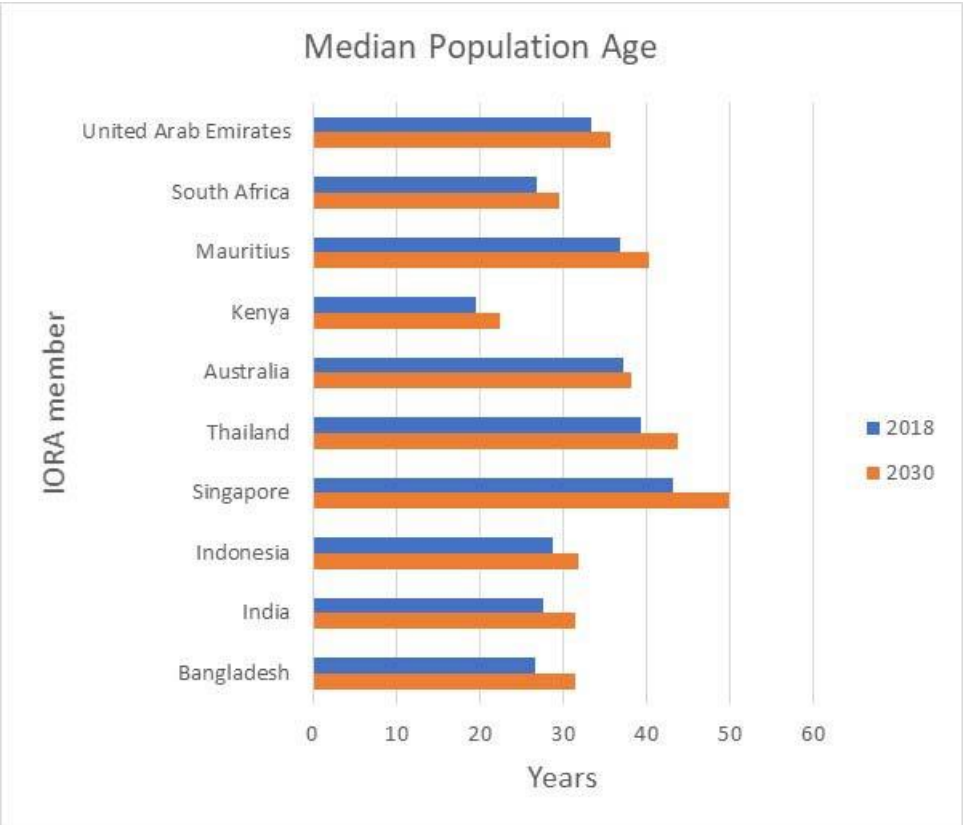
Meeting the needs of growing populations will be a challenge and should become a focus of a future IORA work programme.

Dialogue Partner Population



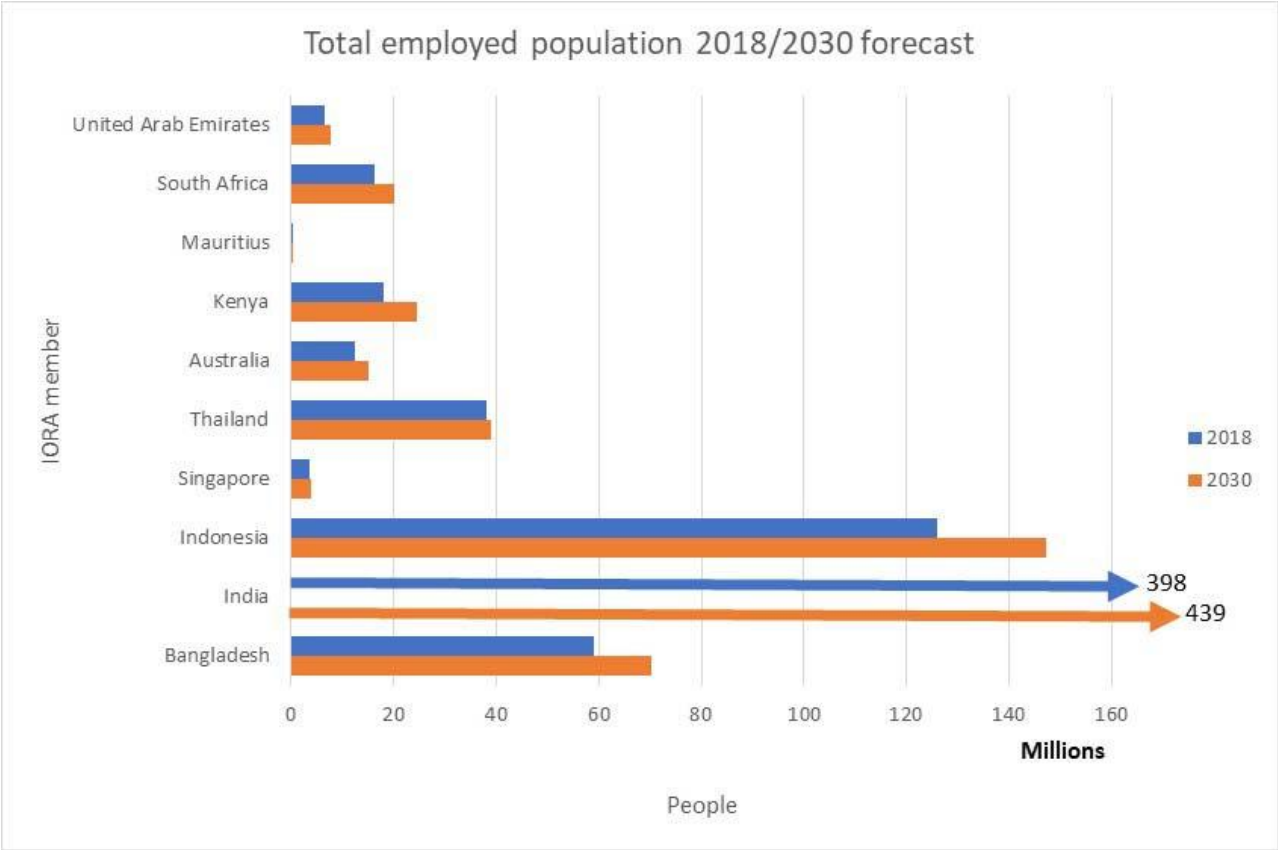
Similarly, most of the Dialogue partners will also experience population growth over the coming decade but mostly at a slower rate than the IORA member States. This again provides evidence that the dialogue partners will remain key markets of interest to the IORA member state businesses.

IORA member median population age



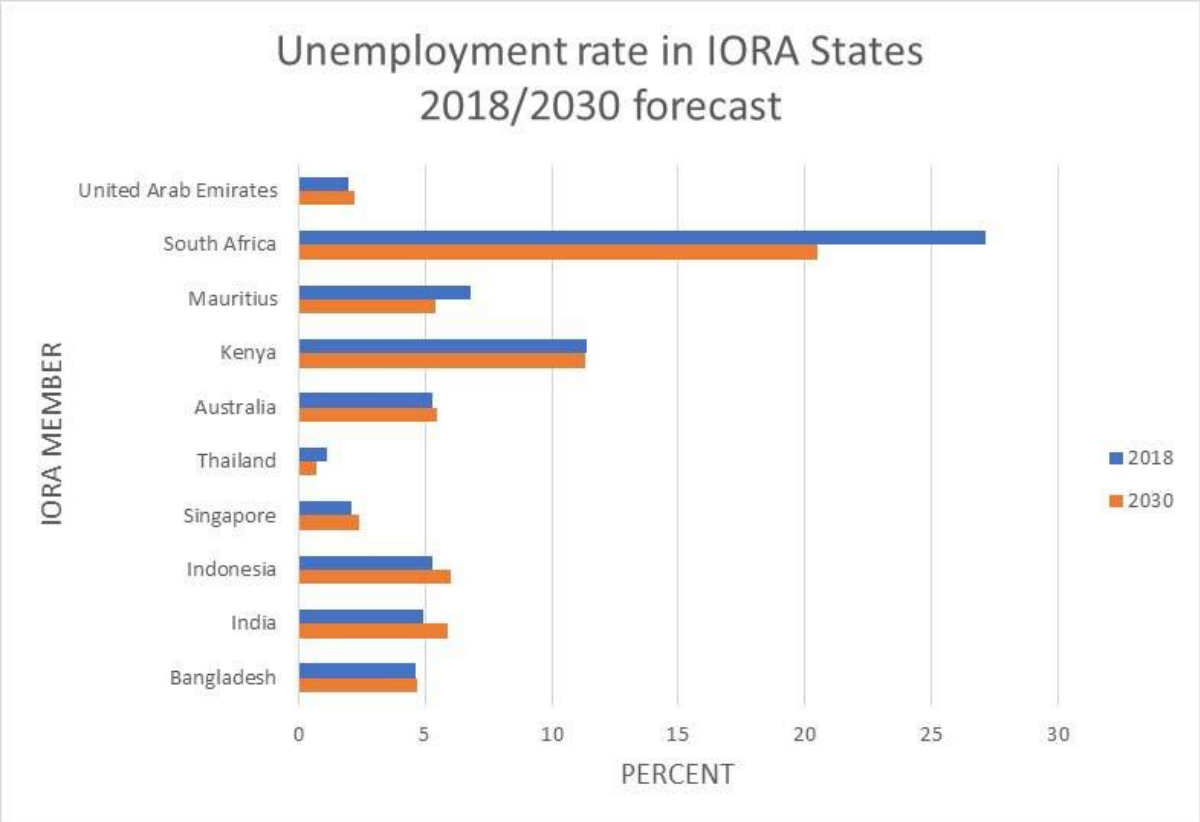
Over the coming decade most IORA member States are expected to experience an increase in the average population age of at least 2-3 years. This rise could be attributed to reduced infant and youth mortality rates arising from increasing wealth and availability of medical services. Aging populations, along with increased life expectancy place greater demands on health and retirement services. They may also indicated that policies will need to be considered about future workforce needs and the number of people engaged in the workforce in each nation diminishes.

Total Employed Population in IORA States



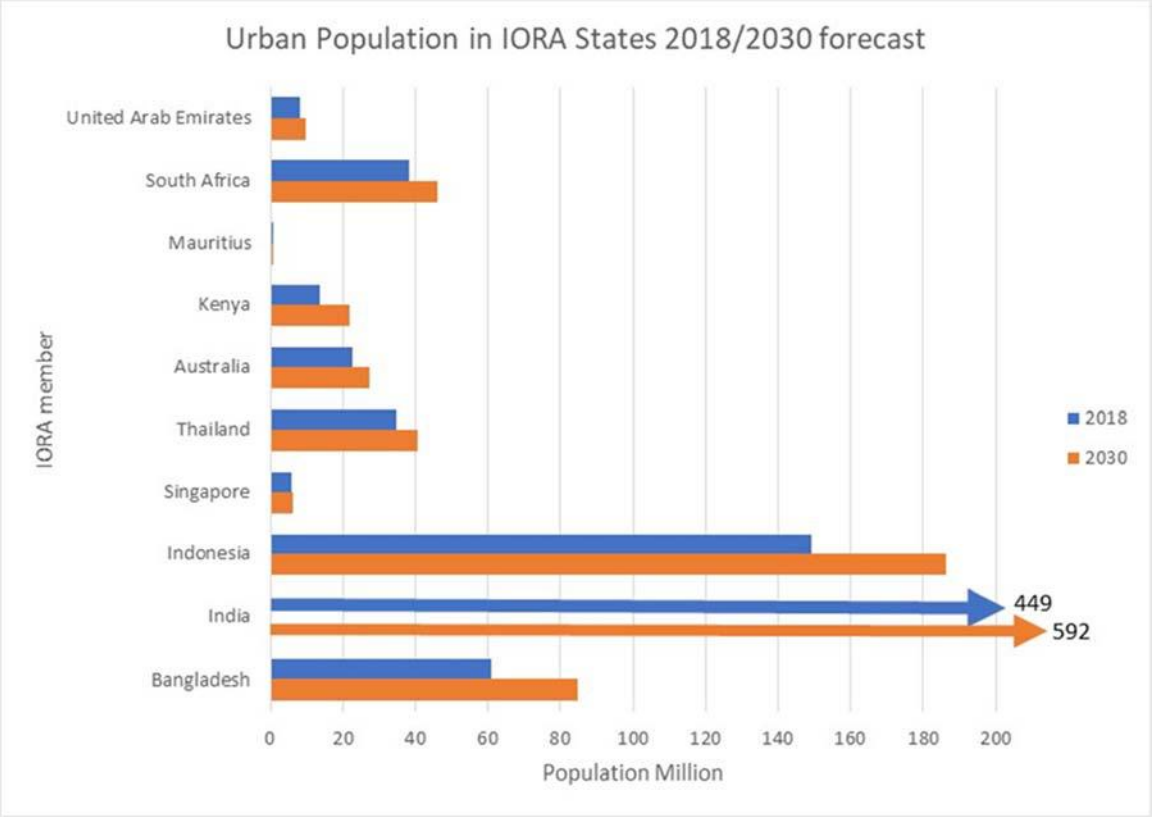
Fortunately, within the next decade all IORA member states will continue to see increases in the participation rate in the workforce. This demonstrates that there is a balance between population growth and economic advancement ensuring that those who are wanting work are generally able to find employment opportunities. This would suggest that workforce issues would not be a priority for IORA States in the near term, although the data may also be suggesting that people are working longer and deferring retirement.

Unemployment rate in IORA States 2018/2030 forecast



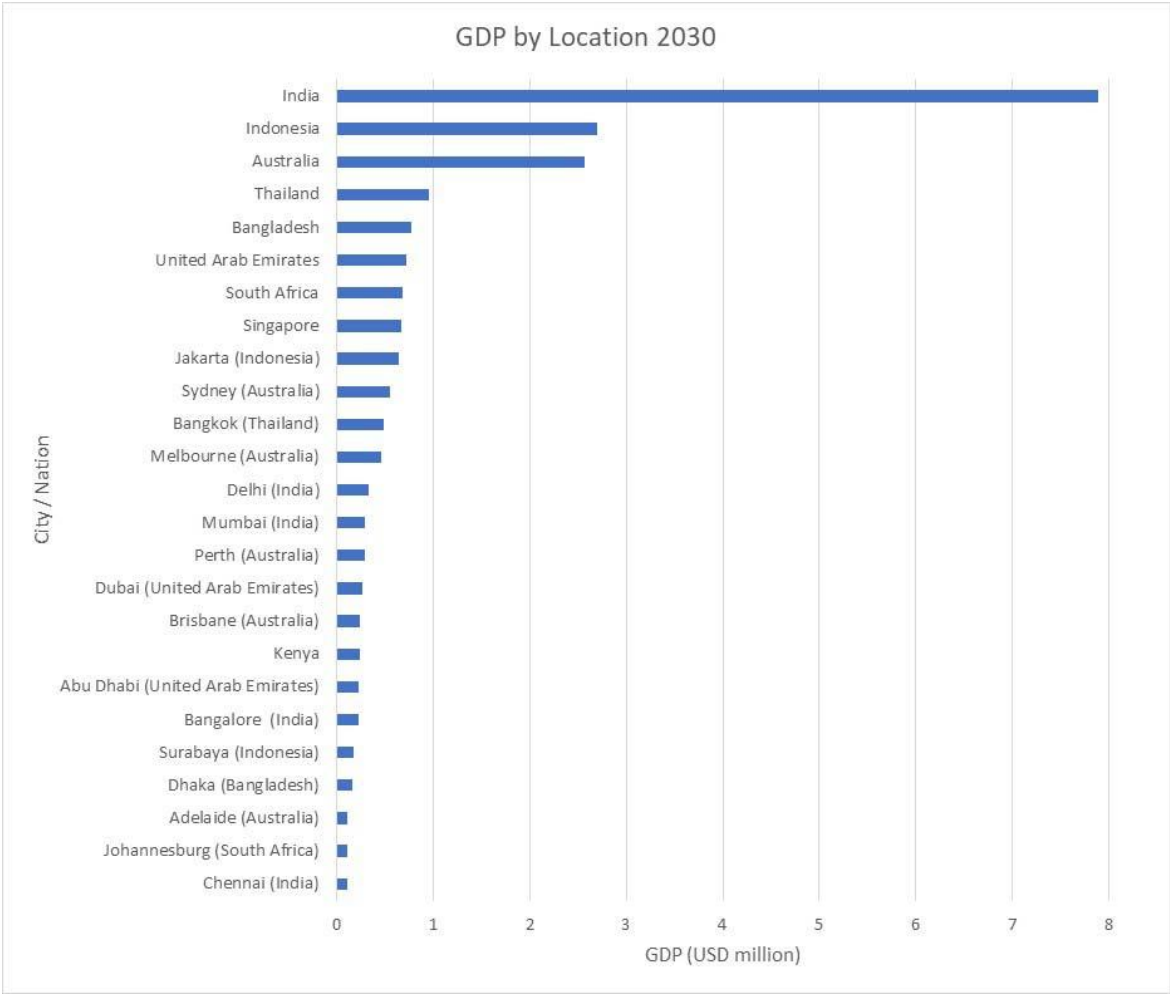
The forecast unemployment rate in IORA States further demonstrates that employment opportunities are likely to generally improve in most nations. However it is concerning that it appears as though Bangladesh, India and Indonesia may in fact experience marginally higher unemployment rates by 2030 and given the scale of their populations this may represent a large number of people. It will be important to ensure that jobs growth is sufficient to absorb the available workforce in these economies.

Urban Population in IORA States 2018/2030 forecast



Over the coming decade the trend in urbanisation is expected to accelerate in most of the IORA States. This will lead to increased pressure on housing, transport and other services. It may also mean that environmental challenges associated with urbanisation, along with increased energy demand should become a focus of efforts for a future IORA workplan.

Megacities within IORA



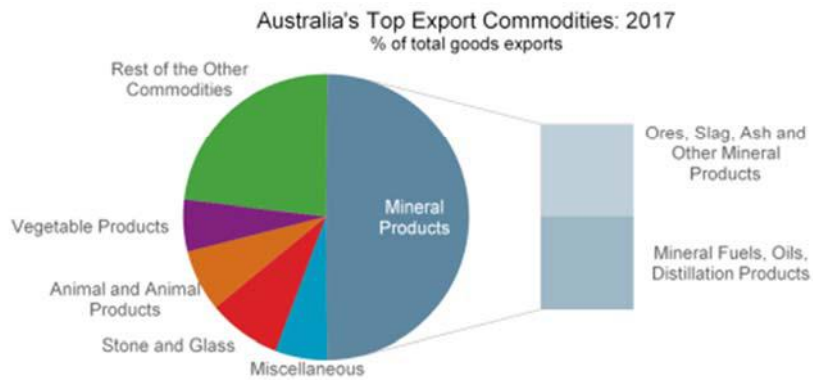
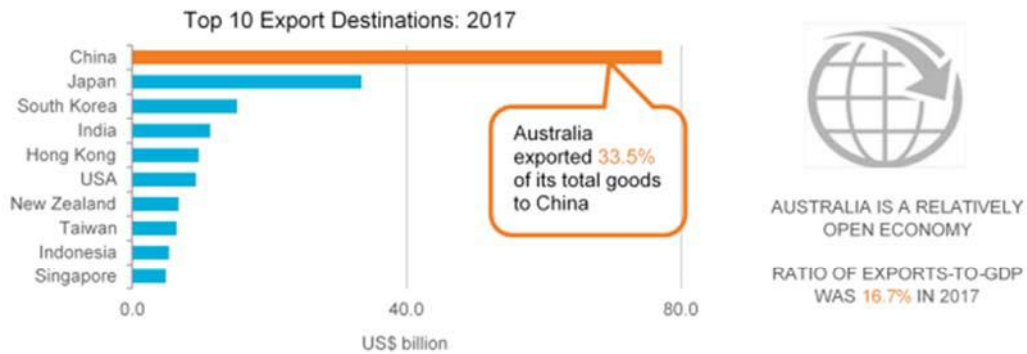
One interesting component of the data held by Euromonitor is the ability to analyse data at a regional centre and city level. Taking GDP as a measure, the chart above ranks the development of megacities within IORA nations along with the scale of nations. Using this measure we ranked the top 25 centres according to GDP and it shows that while the top 9 are nations, of the following 17 places, only one is a nation, the rest of the list of largest centres by GDP are cities. This demonstrates the power and influence that megacities will start to have within the region. Trade and investment need to be considered not only at a national scale but also on a regional scale.

This will be an important issue for policy development and IORA nations will need to consider the implications as they develop further workplans.

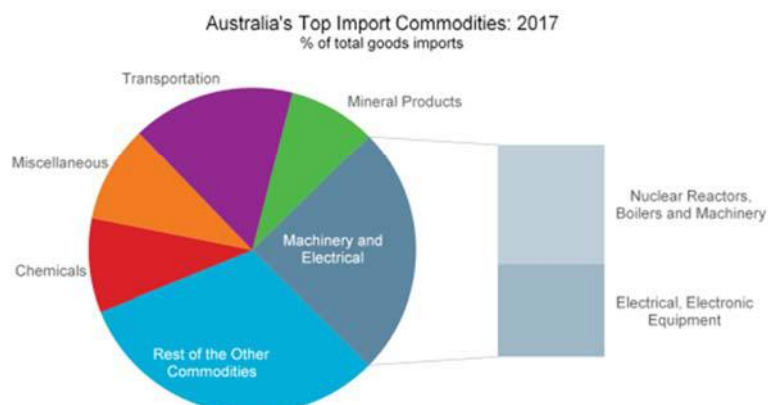
Selected Individual IORA member Profiles

Australia

Export Profile



Import profile

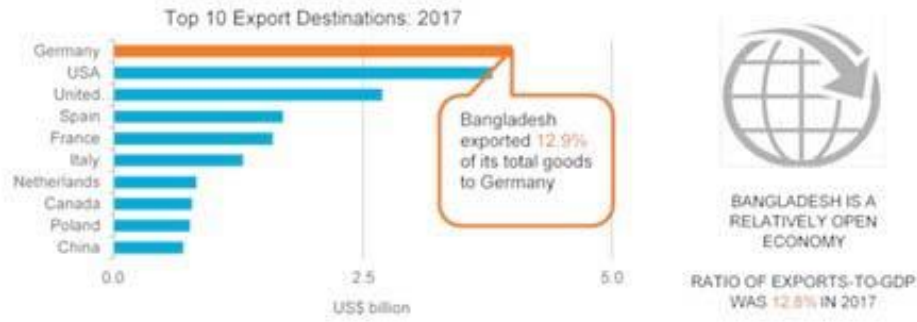


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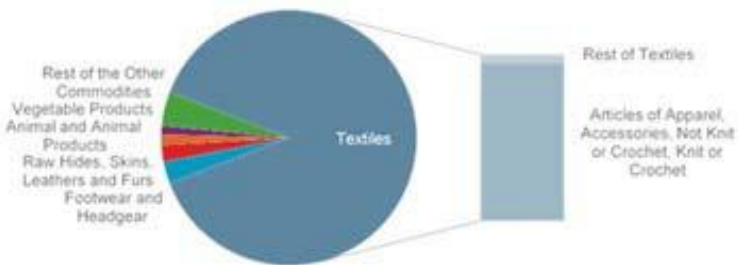
Australia is highly reliant on international two way trade exporting largely raw products and importing refined and processed products for domestic consumption.

IORA member States from Asia feature in the Australian profile of major export markets, along with dialogue partners. The same can be said for the import profile but it is notable that the trade relationship with IORA members west of India is of much less importance than those from Asia and the Northern Hemisphere.

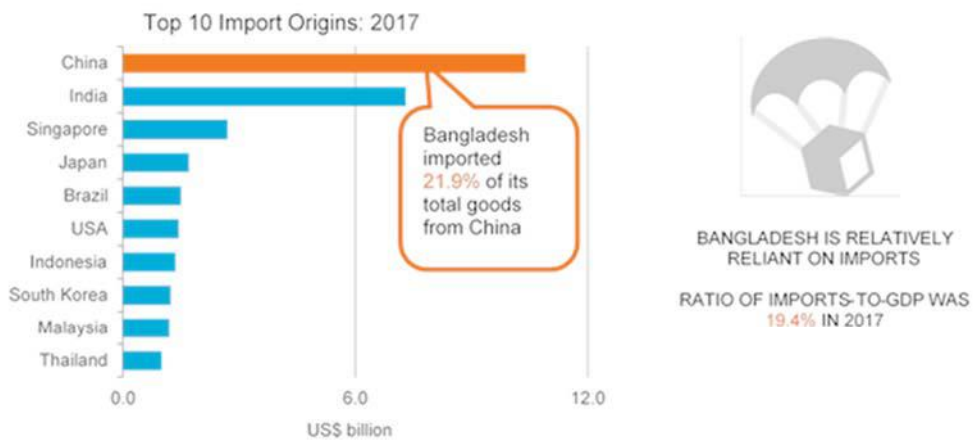
Bangladesh Export profile



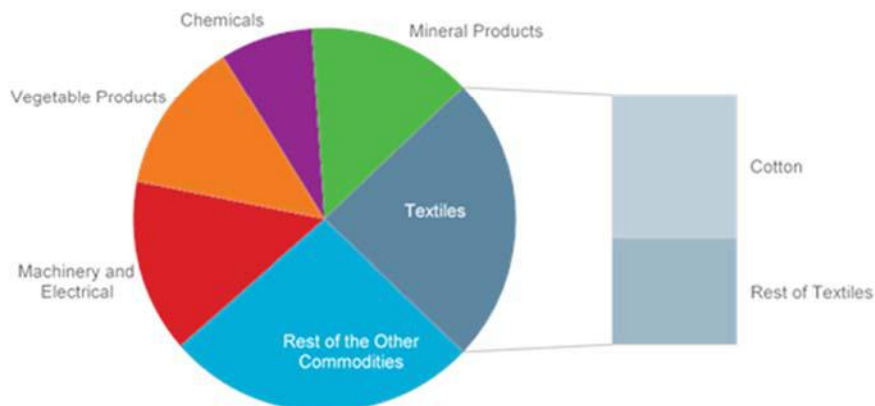
Bangladesh's Top Export Commodities: 2017
% of total goods exports



Import profile



Bangladesh's Top Import Commodities: 2017
% of total goods imports

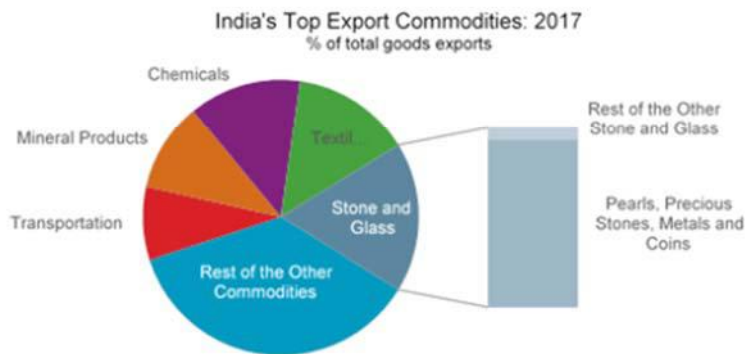
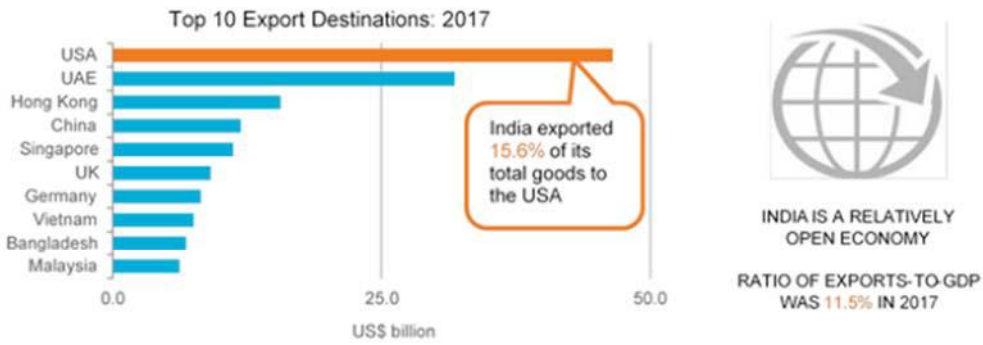


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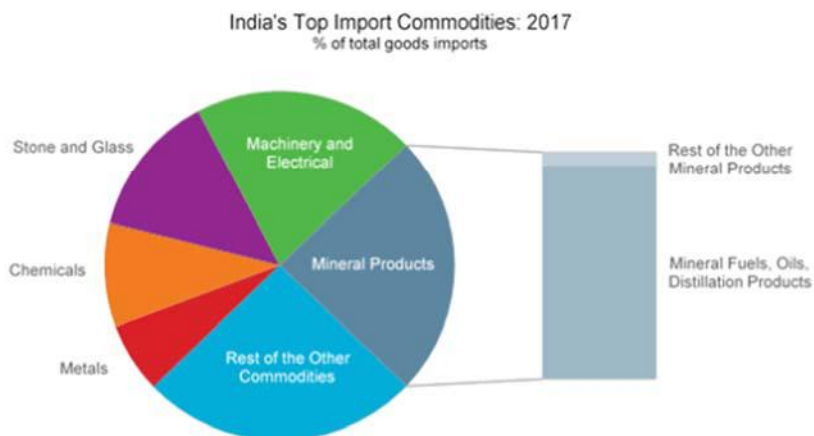
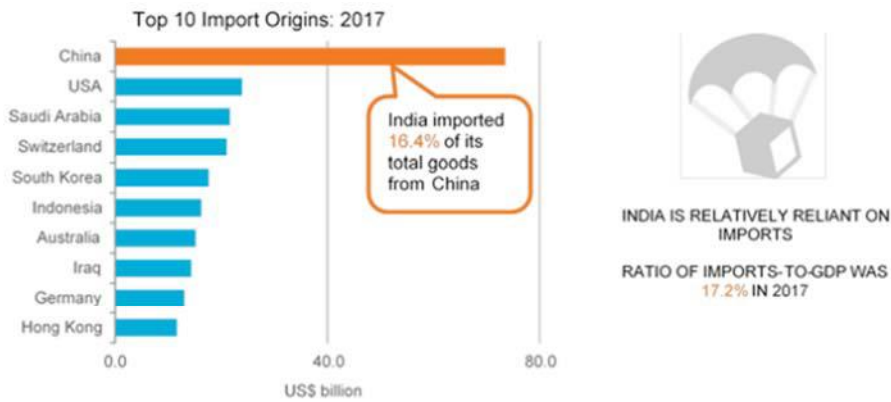
Dialogue partners feature strongly in the export trade profile of Bangladesh. The trade is dominated by the supply of textiles and fabric which means that the economy is exposed to consumer trends and the economic performance of the partner nations.

In terms of imports, Bangladesh is heavily reliant on IORA members and Dialogue partners which appear to supply inputs that support the textiles manufacturing industry.

India Export profile



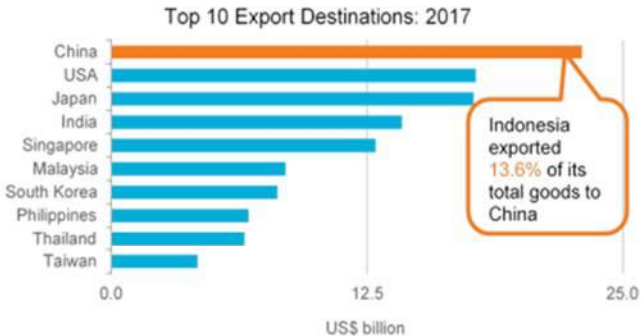
Import Profile



Commentary:

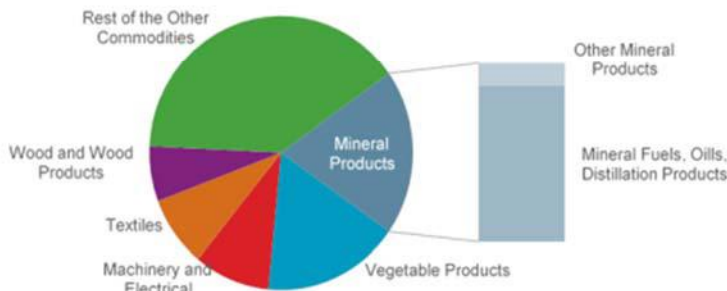
India's exports are primarily sought by the USA, followed equally by IORA States and other nations around the world. This indicated that India has a more diverse range of export partner than many other IORA member States. However, their import profile highlights the reliance on China as a supplier.

Indonesia Export Profile

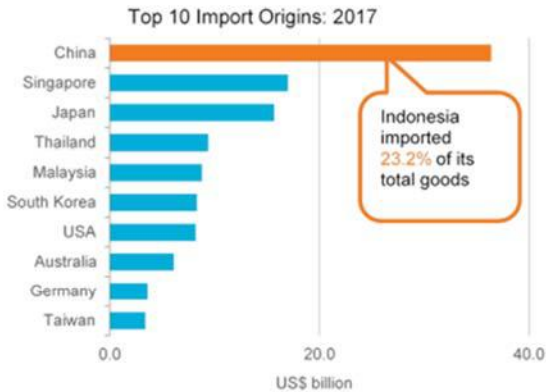


INDONESIA IS A RELATIVELY OPEN ECONOMY
RATIO OF EXPORTS-TO-GDP WAS 16.6% IN 2017

Indonesia's Top Export Commodities: 2017
% of total goods exports

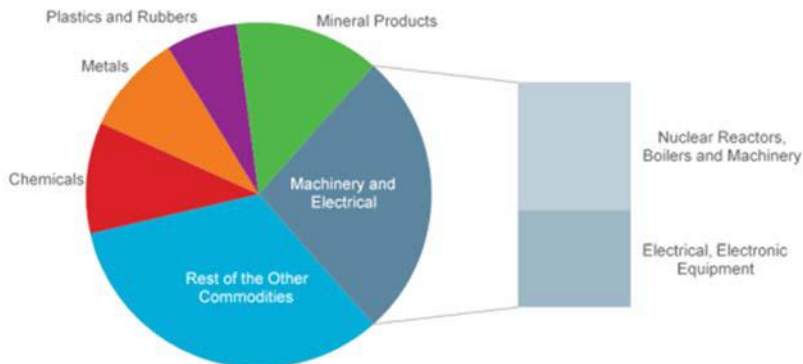


Import Profile



INDONESIA IS RELATIVELY RELIANT ON IMPORTS
RATIO OF IMPORTS-TO-GDP WAS 15.5% IN 2017

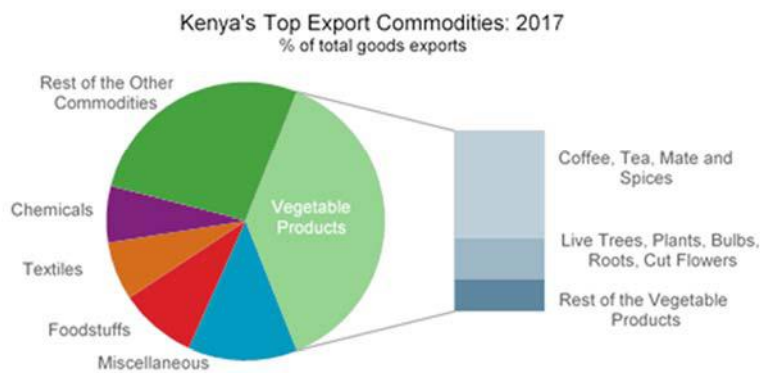
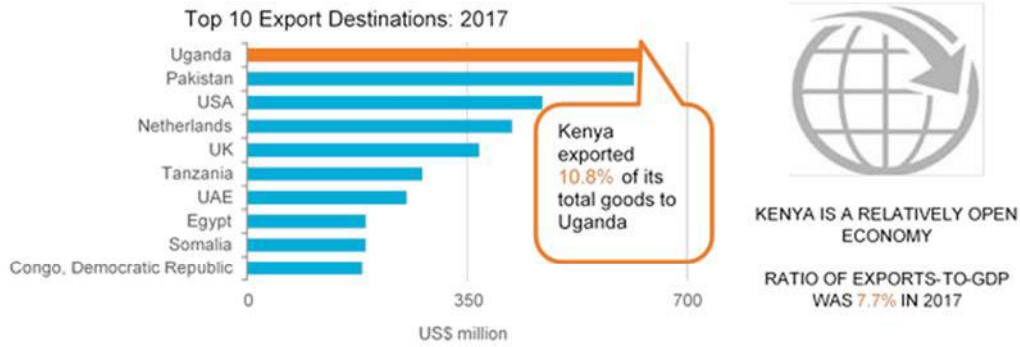
Indonesia's Top Import Commodities: 2017
% of total goods imports



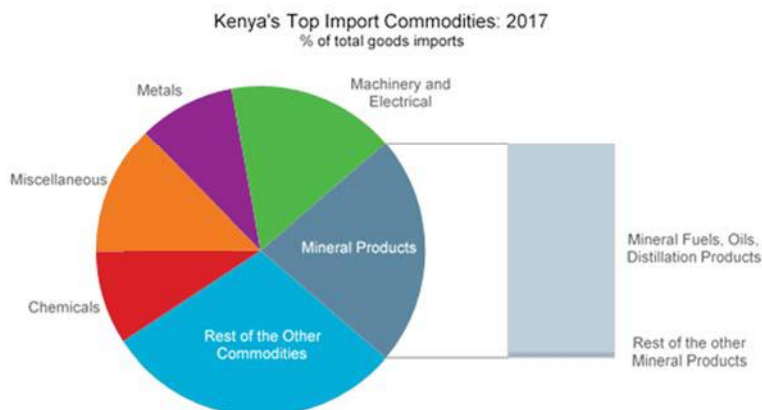
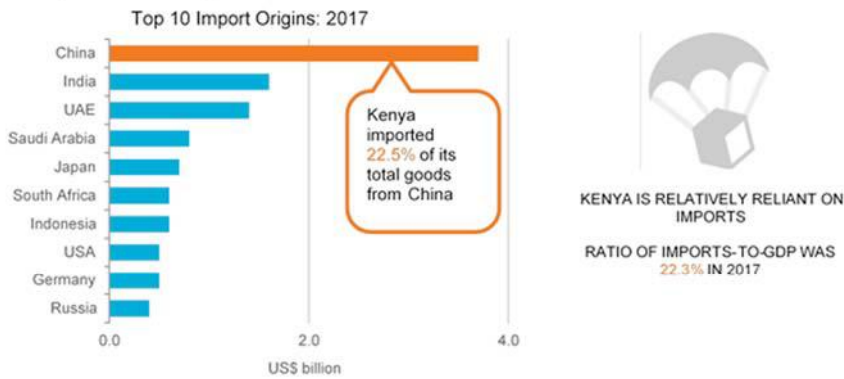
Commentary:

China dominates the two way trade profile of Indonesia. Very few IORA members feature as important markets for either imports or exports and it seems that Indonesia relies on trade with its near neighbours in Asia.

Kenya Export Profile



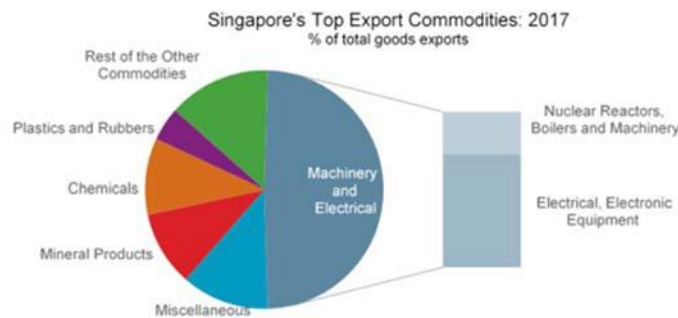
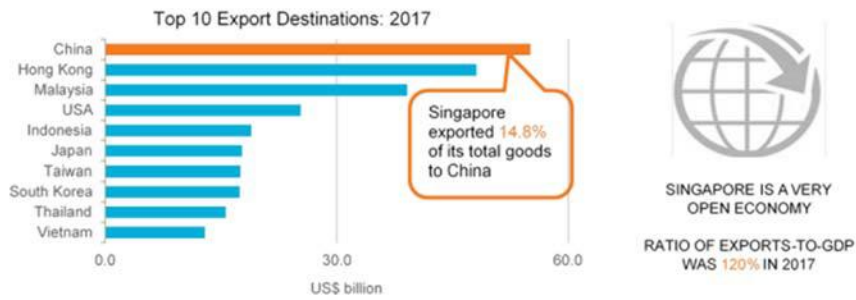
Import Profile



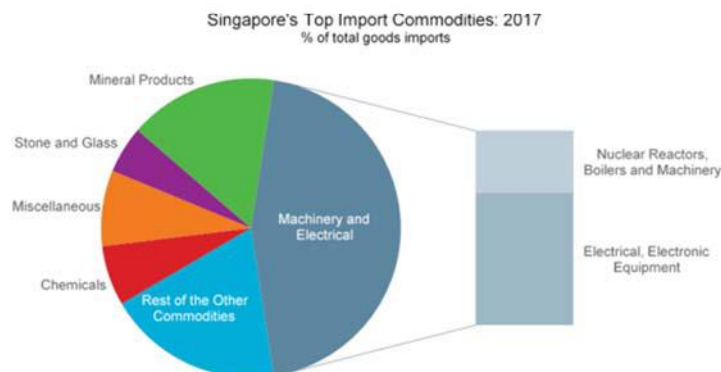
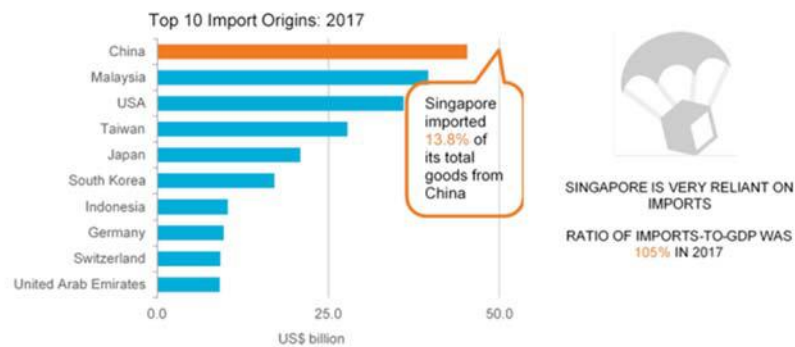
Commentary:

Kenya's export trade relationships appear to be dominated by IORA members whereas the import profile shows more diversity with both Dialogue partners and other nations from around the world.

Singapore Export profile



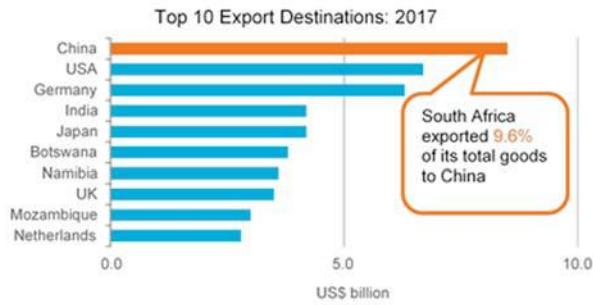
Import Profile



Commentary:

Singapore has a vibrant economy which is dependent on international trade. IORA members feature in both import and export relationships, however China and the USA, along with Malaysia are key markets for both imports and exports.

South Africa Export profile



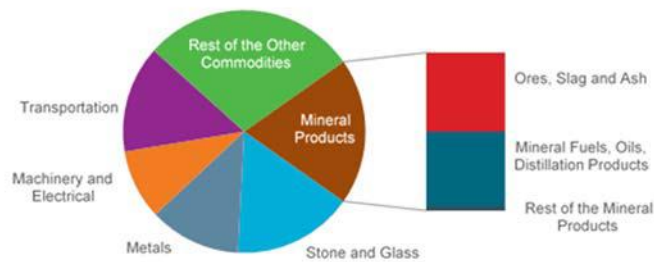
South Africa exported 9.6% of its total goods to China



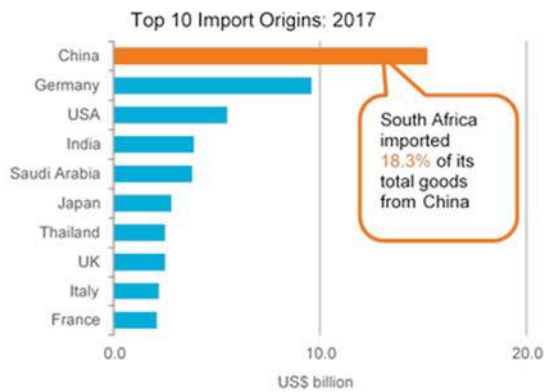
SOUTH AFRICA IS AN OPEN ECONOMY

RATIO OF EXPORTS-TO-GDP WAS 25.5% IN 2017

South Africa's Top Export Commodities: 2017
% of total goods exports



Import Profile



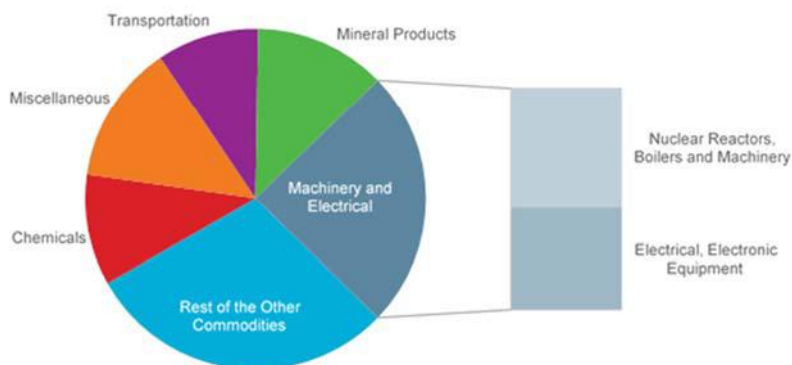
South Africa imported 18.3% of its total goods from China



SOUTH AFRICA IS RELATIVELY RELIANT ON IMPORTS

RATIO OF IMPORTS-TO-GDP WAS 23.8% IN 2017

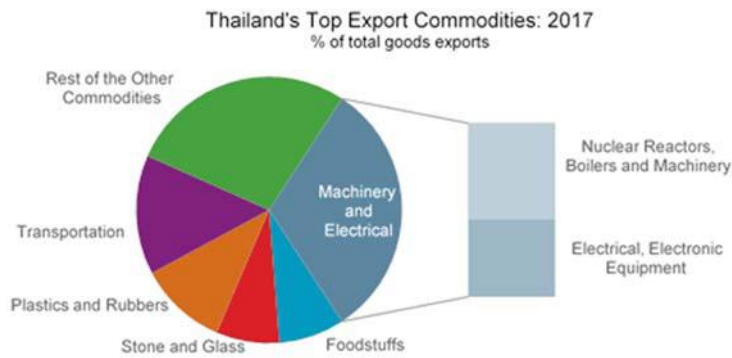
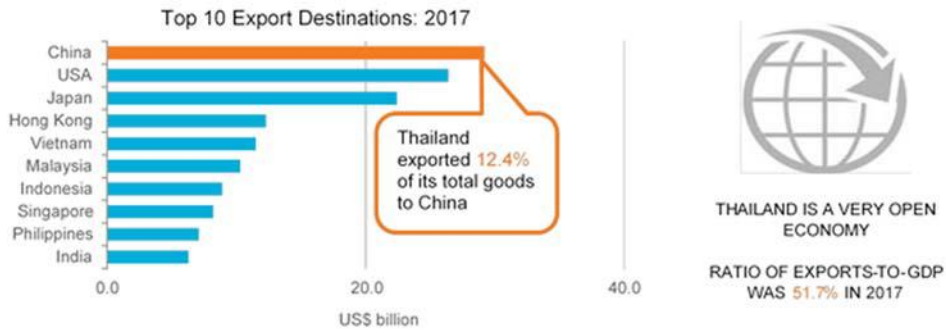
South Africa's Top Import Commodities: 2017
% of total goods imports



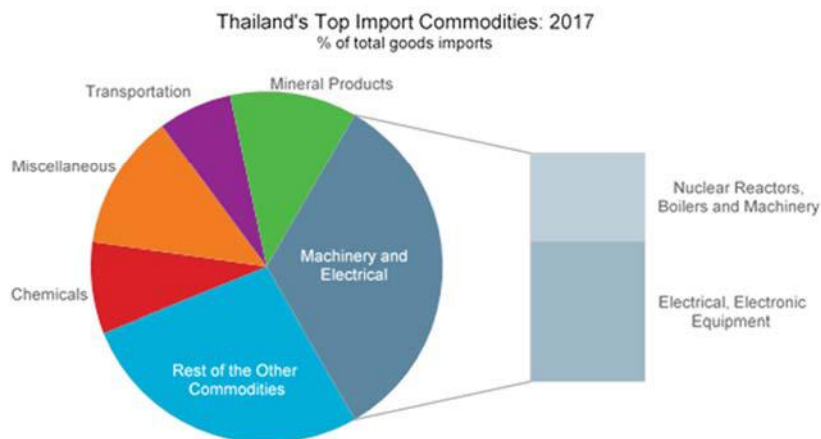
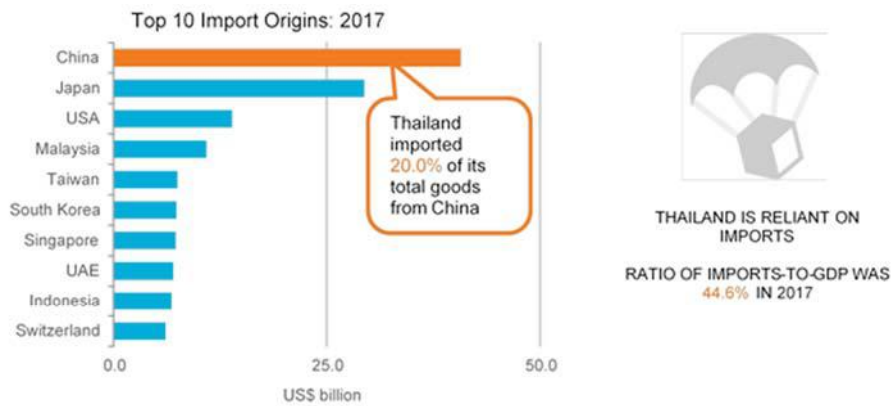
Commentary:

Dialogue partners dominate the two way trade profile for South Africa. Outside this South Africa tends to export to other nations in Africa whereas imports are sought from nations that are not IORA members.

Thailand Export Profile



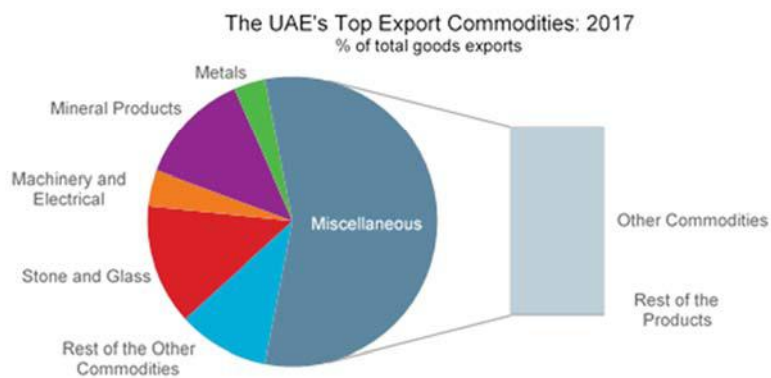
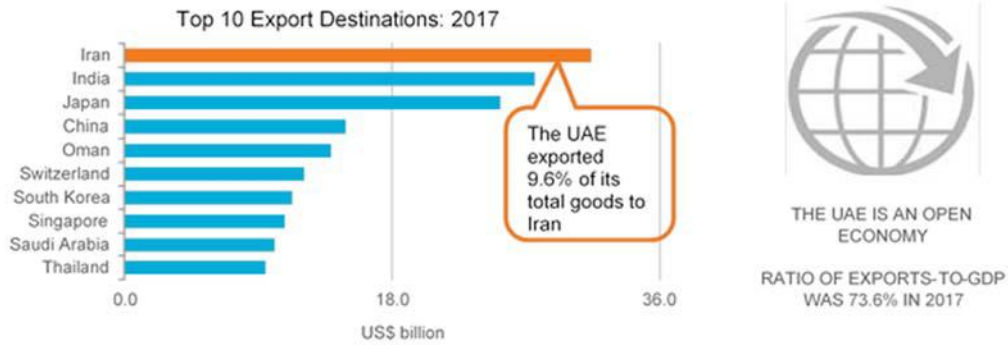
Import Profile



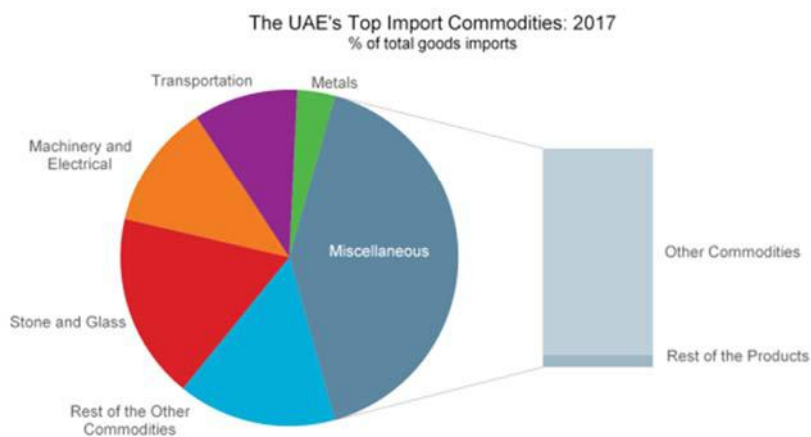
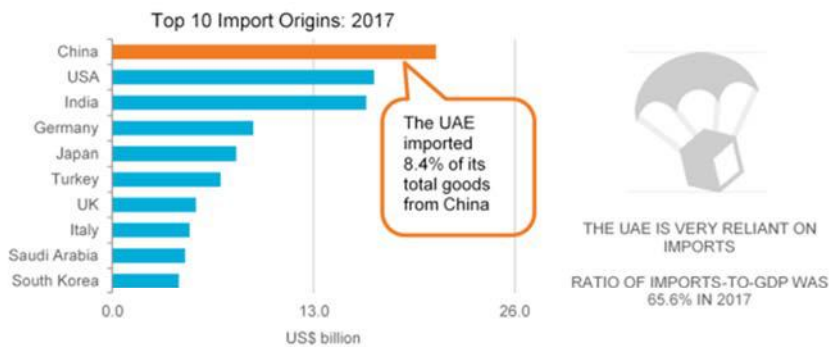
Commentary:

Thailand's two way trade focusses heavily on APEC members. There is cross over with IORA where the membership of IORA and APEC are common. UAE features within the top 10 key partners for imports into Thailand.

United Arab Emirates Export Profile



Import Profile



Commentary:

UAE has a diverse range of export target markets and interestingly Iran leads this group for goods. Other IORA members are important trading partners for the UAE from an export perspective.

However for imports, UAE relies mostly on trading partners outside of the IORA region with the exception of India. Dialogue partners feature prominently in import supply to the UAE.

Conclusion:

It is important to note that the information contained in this report relies on some limited and sample information provided courtesy of Euromonitor International. Much more intensive study of the available data would be needed in order to inform active policy development to support growth and development within the IORA region.

However, the information in this report demonstrated that there is a positive story of growth for most of the IORA members and potentially the region more widely. Nations demonstrate growth potential, but with that growth will come challenges. The growth will also not be even. India, followed by a number of Asian nations will dominate the region economically by 2030 – even more so than today.

While there is a lot of effort into encouraging increased South-South Trade among member States, the commercial reality is that commercial activities will reflect the market realities that businesses will focus on consumers in wealthy markets of the region and globally.

Importantly though, there will be increased opportunities for IORA members to become recipients of inbound investment capital. The world's investment funds continually seek out opportunities to reduce costs and deploy where returns will be highest, depending on risk.

However growth will come with challenges related to infrastructure, skills development, energy demand, and human needs. It will be important for IORA to seek to develop in a sustainable way that meets the needs of aspirations communities in order to fulfil their potential.

Recommendation:

That IORA develop a visionary plan targeting a 2030 horizon that assists nations to unilaterally develop but in a mutually supportive framework aligned to other global efforts such as the initiatives of World Trade Organisation and the UN Sustainable Development Goals.

Policy development should be undertaken in an information rich environment supported by research and data available from bodies such as Euromonitor and local academic institutions and supported by the business community, particularly through Chambers of Commerce in each nation.

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