

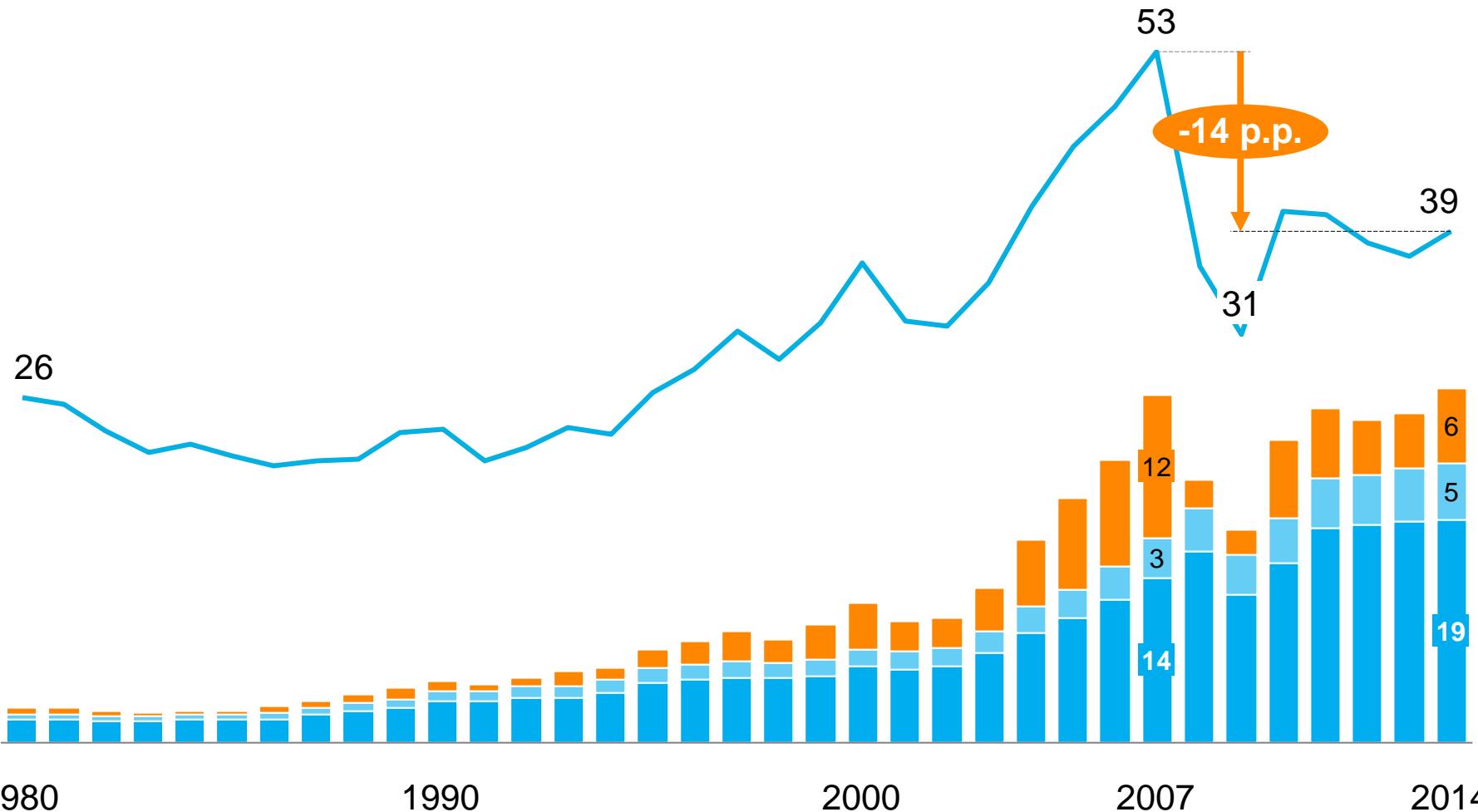
# DIGITAL GLOBALIZATION: A NEW ERA OF GLOBAL FLOWS

April 2016

# Has globalization stalled?

Flows of goods, services and finance, 1980–2014  
\$ trillion, nominal; % of GDP

Finance      Goods  
Service      All flows as % of GDP

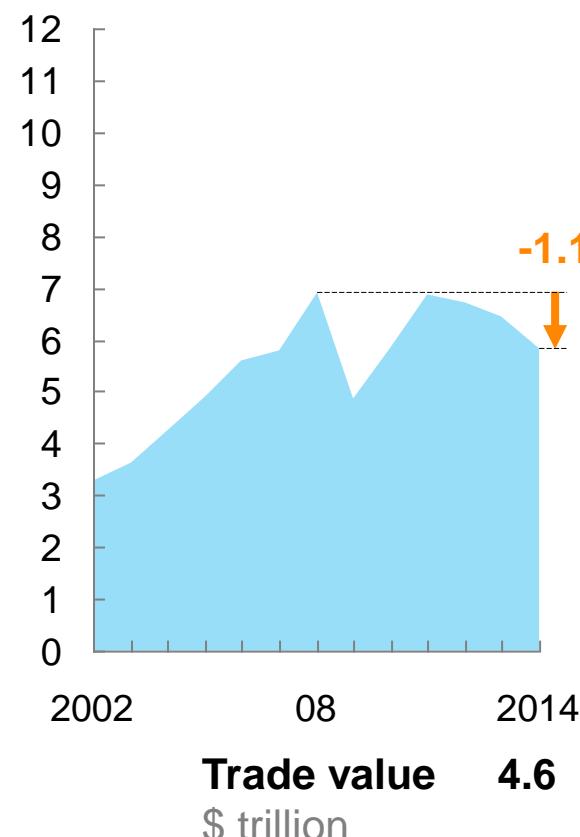


# All forms of goods trade have flattened since the Great Recession

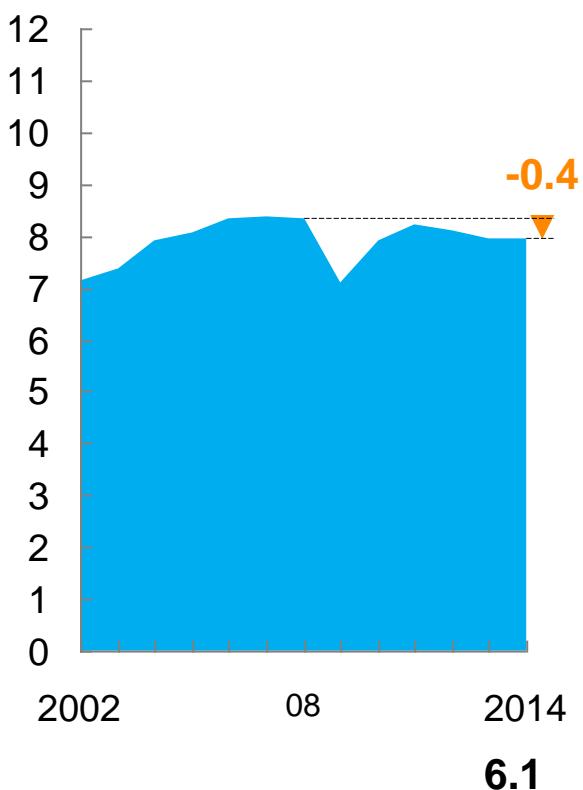
Value of goods trade, 2002–14

% of world GDP

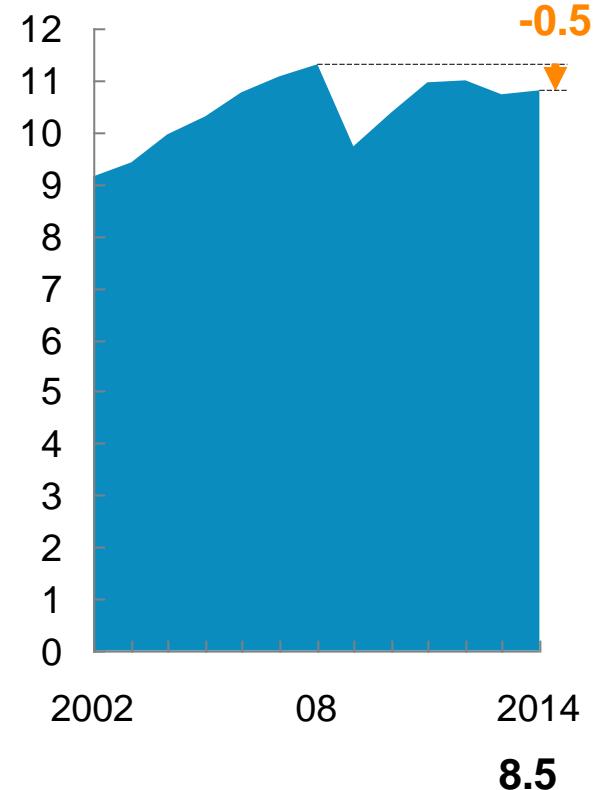
## Processed and raw materials



## Intermediate goods



## Finished goods

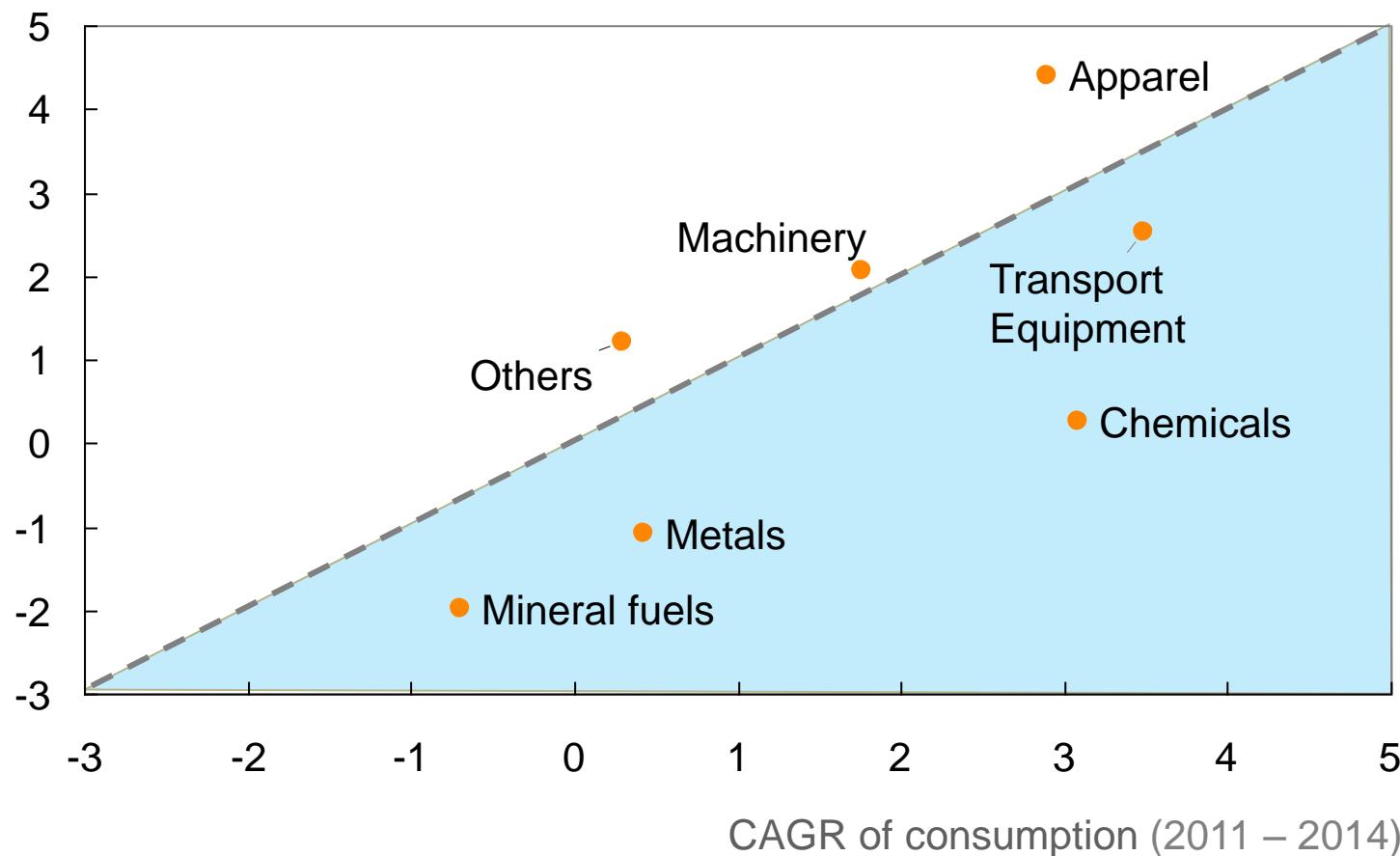


# Growth in global consumption has exceeded increase in trade for many goods categories, suggesting localization of production

## Growth of global consumption vs. growth of trade

CAGR of trade (2011 – 2014)

Goods categories where trade growth trailed consumption



# By 2025, 3D printing could displace some trade in manufactured goods

## Examples of 3D printing



**MAERSK**  
TANKERS

**Maersk Tankers**  
Parts for its tanker vessels eliminating costs of warehouse and packing, airfreight to the port, customs clearance and chartering of the delivery ship



**GE Aviation**  
Fuel nozzles for the new Leap engine that are five times the lifespan and weigh about 75 per cent less



**The US Navy**  
Oil caps, drain plugs and even drones

**The US Army**  
Mobile production facilities to manufacture parts in the combat zone



**Field Ready**  
Medical disposables in Haiti to reduce procurement costs and transport time

# Cross-border data flows are surging and connecting more countries

## Used cross-border bandwidth



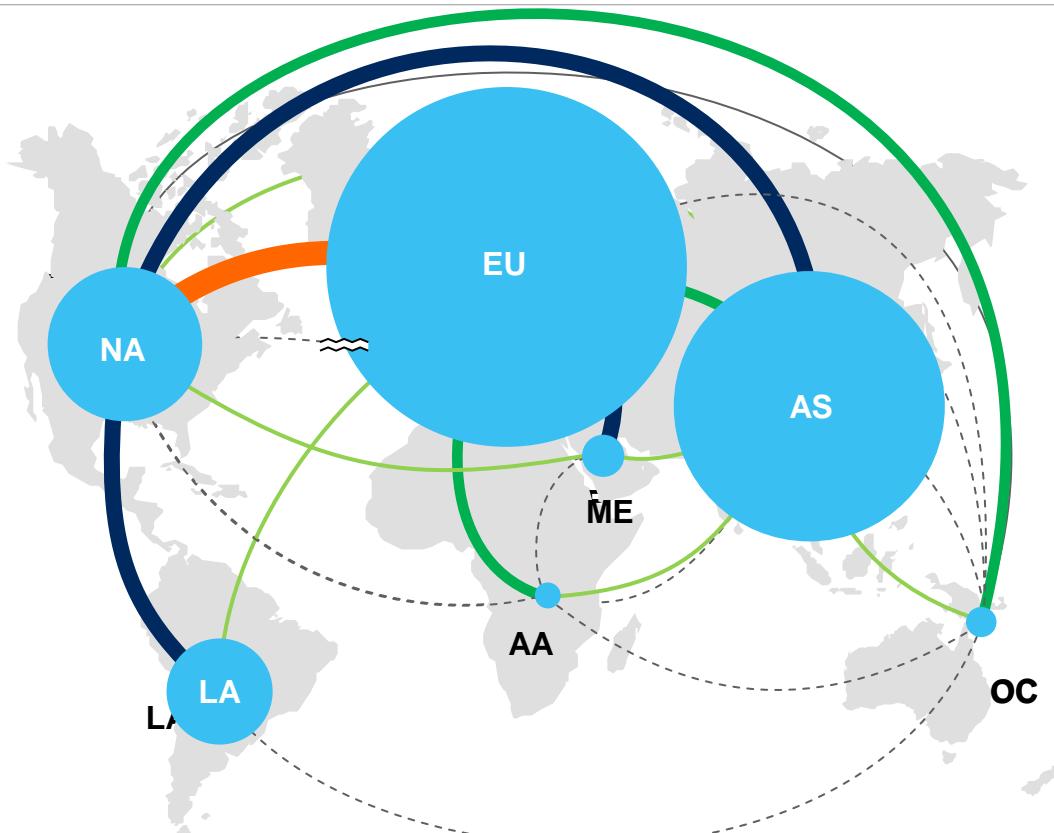
Size of bubble represents intraregional used bandwidth

Regions	NA United States and Canada	EU Europe	AS Asia	LA Latin America	ME Middle East	AA Africa	OC Oceania
<b>Bandwidth</b> Gigabits per second (Gbps)	-----	-----	-----	-----	-----	-----	-----
	<50	50–100	100–500	500–1,000	1,000–5,000	5,000–20,000	>20,000

2005<sup>1</sup>

100% = 2.17 Tbps

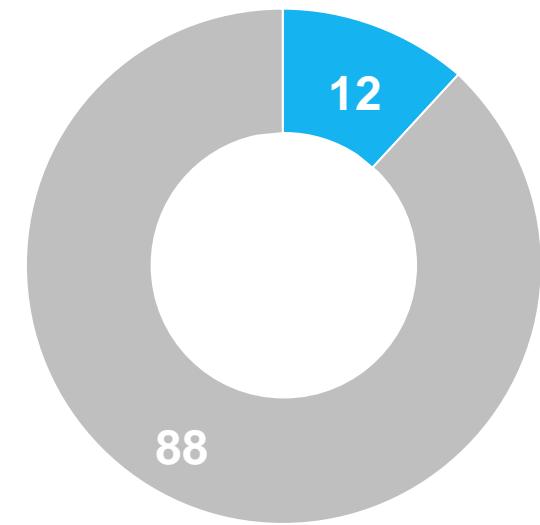
45x



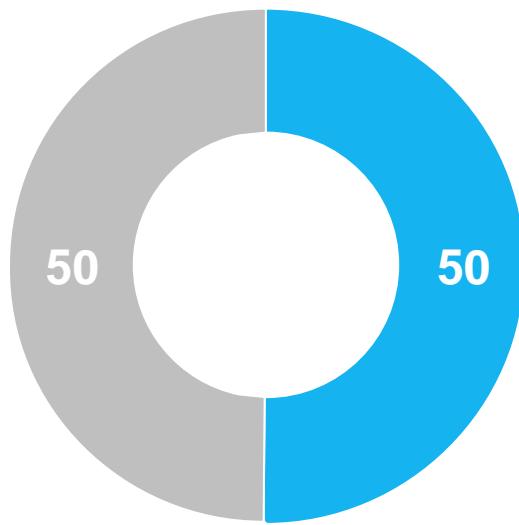
# Digital constitutes a significant share of other types of flows

Share of selected cross-border flows that are digital, 2014

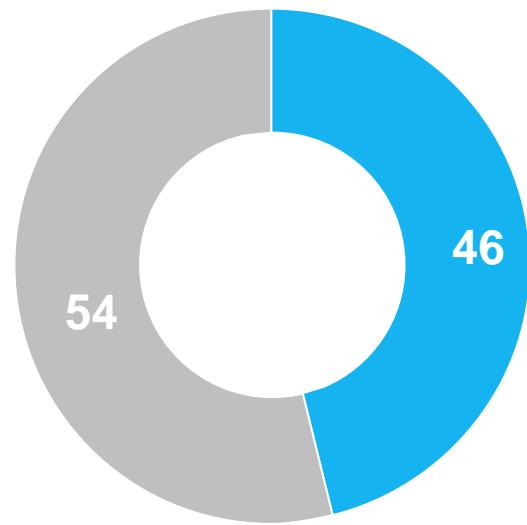
%



Goods



Services



Calls

# Digital technologies are transforming global flows in three ways

## Online platforms



## Digital goods

NETFLIX



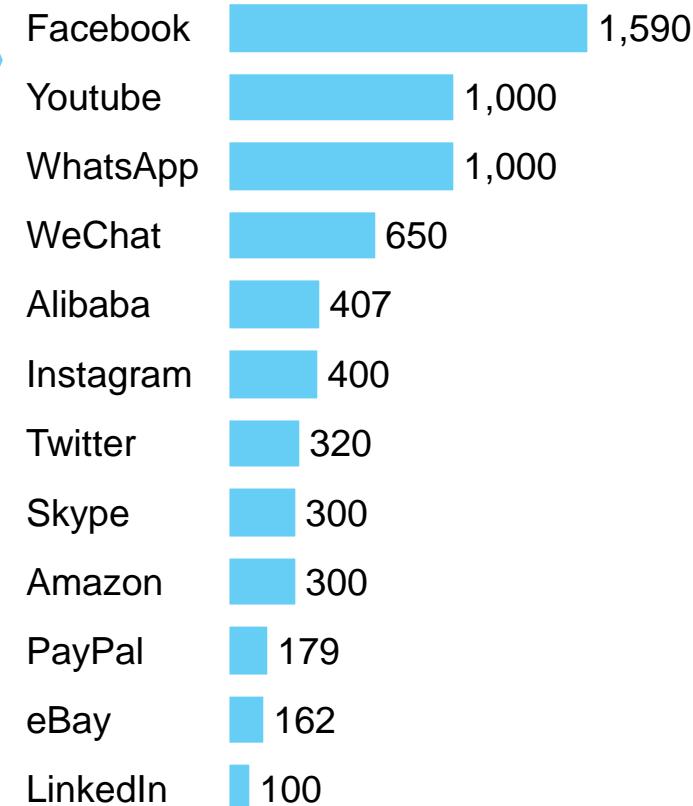
## Digital wrappers

MAERSK



## Active users on select platforms

In millions, 4Q 2015 or latest available

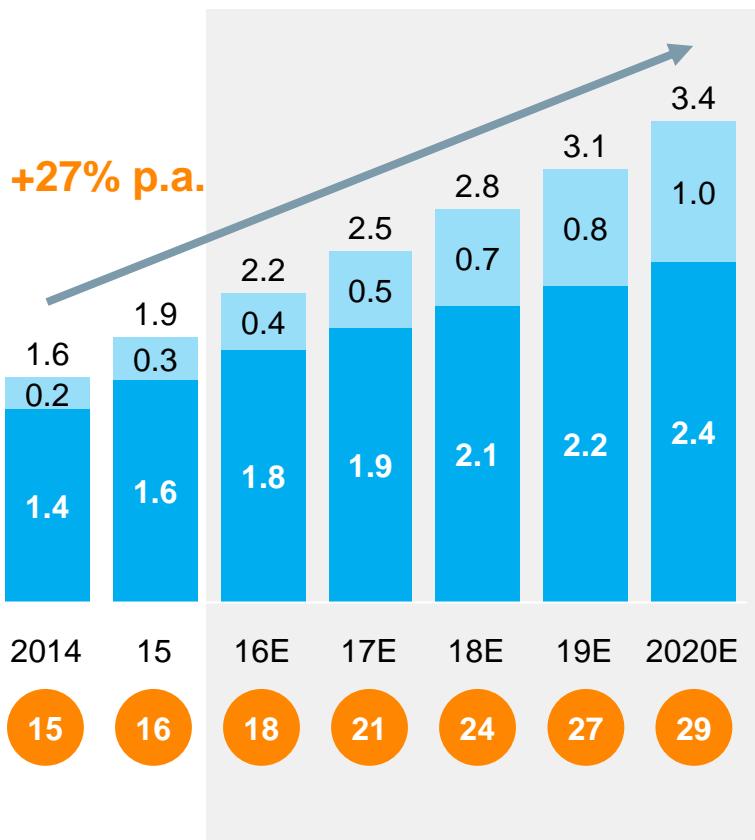


# Nearly 1 billion online shoppers will spend \$1 trillion in cross-border commerce by 2020

Cross-border   Domestic   Forecast

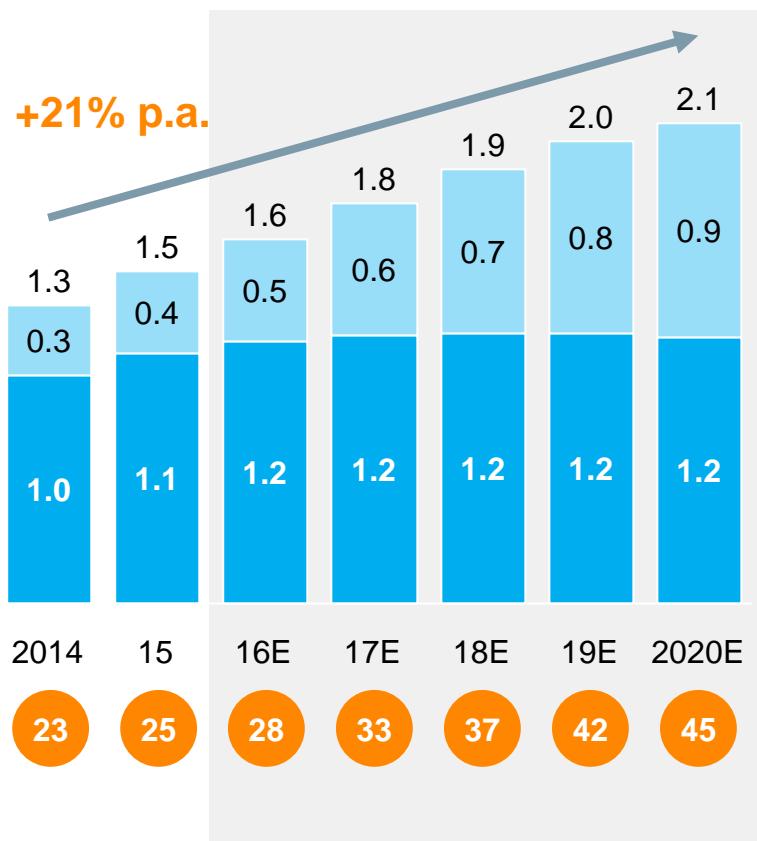
Global B2C e-commerce transaction volume

\$ trillion



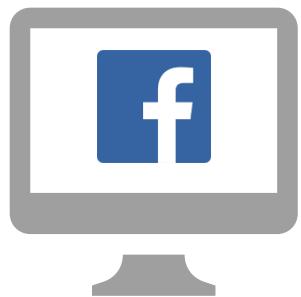
Global B2C e-commerce shoppers

Billion



# Instead of waiting for benefits of globalization to trickle down, SMEs can go global on their own

Number of SMEs on select platforms



50  
million



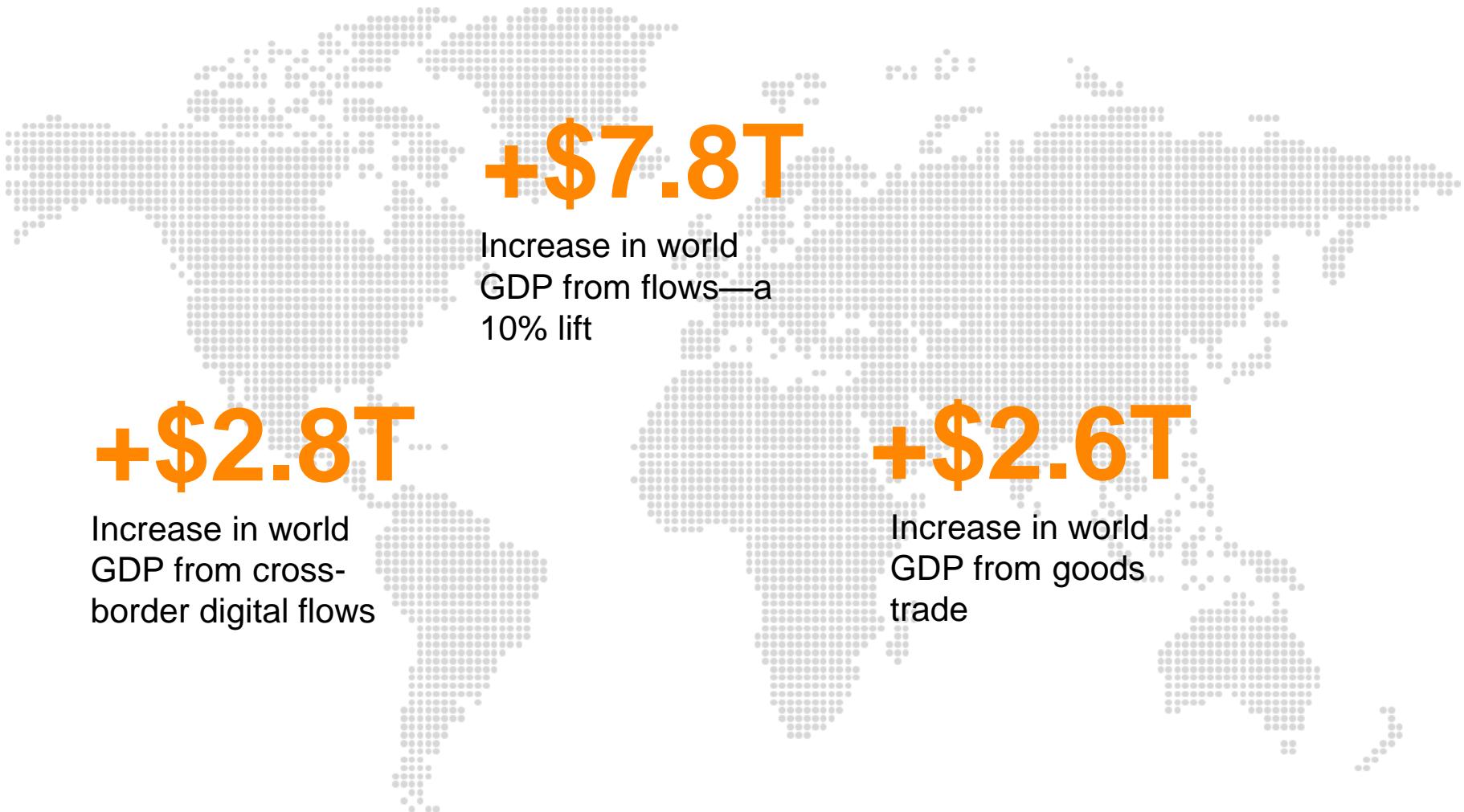
10  
million



2  
million



# Global flows have increased global GDP by 10 percent over the last decade, worth at least \$7.8 trillion



# Thank you

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