

Pathways to Prosperity

An Economic Growth Perspective 2005 to 2025

The optimal pathway to prosperity will be one that recognizes global forces and trends, addresses sustainable economic development opportunities, and takes into account the key advantages Yukon and its people possess. These advantages include mineral wealth, spectacular scenery, geographical location, and skilled and adaptable people.

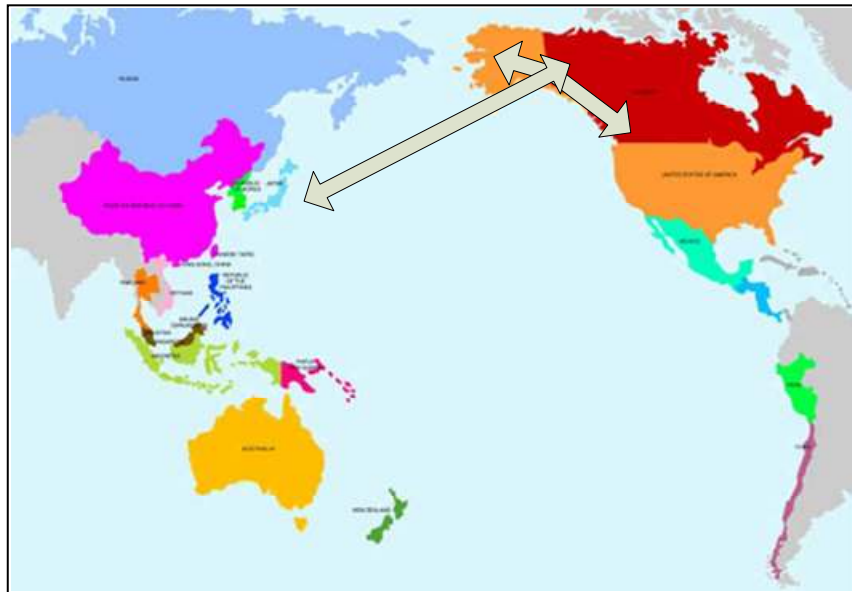


Table of Contents

Preamble	3
Vision	4
Economic Context	6
Trends	7
Yukon Advantages	11
Yukon Challenges	13
Synthesis	13
Economic Development Pathways	14
Strategic Enablers	15
Economic Development Linkages	16
Partnerships and Linkages	16
Next Steps	18
Appendix One: Additional Tables and Charts	19
Appendix Two: Emerging Economies Fact Sheet	21

Introduction

The Yukon economy is growing. Global trends in population and economic growth, and an increase in purchasing power, are creating heightened demand for natural resources and interest in expanding tourism destinations.

As a result of the trends mentioned above, Yukon is seeing an increase in mineral exploration, new activity in the oil and gas sector and growth in the tourism industry. Self-governing First Nations are emerging as key investors in business starts and joint ventures. This activity is reflected in a net positive migration to Yukon and a shrinking unemployment rate. In the future highways, ports, railroads, pipelines and fibre-optic cables, all in various stages of planning and development, will bring global customers closer than ever before. New global investment and trading networks will enhance existing partnerships with Alaska and the rest of Canada.

Yukon's skilled and creative citizens provide a complement to this anticipated growth. The territory is home to vibrant and well-established traditional, knowledge, and creative-based industries that diversify the economy, generate revenues for citizens and raise the profile of Yukon to the outside world.

Balancing the positive outlook is heightened competition from countries and regions that are meshing competitive industries with increasingly efficient and effective governments. In the global context economic development in Yukon requires industry and government to maximize the benefits of our competitive advantages while addressing our constraints. Key economic sectors – mining, oil and gas and tourism – and emerging sectors must enter a new era of strategic growth in order to achieve lasting prosperity and rewarding opportunities for the Yukon people of this and future generations.

Purpose of this Document

In 2003 the Department of Economic Development undertook extensive consultations with stakeholders. The resulting document, *A New Direction*, described Yukon's new economic direction and outlined near term initiatives that both government and stakeholders agreed were needed to pursue economic growth. *Pathways to Prosperity* builds on this foundation by creating a vision that will set the stage for the creation and implementation of strategic, long term initiatives.

This document presents the Government of Yukon's vision of our economy in 2025. Several factors impact the vision of what Yukon can become and the strategic choices we will make to turn that vision into reality. These factors, outlined in section three, include the global trends that shape the economic context, and Yukon's advantages and challenges. Finally, the document addresses key linkages and next steps required to achieve our vision of a prosperous future.

Pathways to Prosperity provides a framework for partners to engage each other in a shared vision of Yukon's future. We look forward to determining the roles we can all play in building the prosperous economy of Yukon's twenty-first century.

— Dispatch from 2025 —

The quality of life in Yukon is second to none...arising from intense global demand for Yukon resources and manufactured products, natural beauty, high levels of investor confidence, a skilled labour force, rewarding career opportunities, strong First Nations participating in the domestic and global economy, safe communities and a healthy, well educated populace.

Among the possibilities:

- ❖ Growth in economic activity is robust from 2005 to 2025. Employment levels steadily increase, overall economic output increases on a year-over-year basis, and boom and bust swings are largely mitigated by sound economic and regional development efforts.
- ❖ The regulatory regime developed by government is recognized by industry and social and economic advocates as an effective, efficient and responsible part of development. This brings interest in resource extraction and related economic development.
- ❖ Employment opportunities are abundant, not only in mining and oil and gas but also in trades, professional and financial services, cultural industries, the knowledge sector and tourism.
- ❖ Yukoners' levels of knowledge, training and education match requirements for the increasingly diverse Yukon economy. Young Yukoners have new opportunities to study and pursue employment here. Those who left to study elsewhere in Canada, the US and overseas have opportunities to return and pursue high-income and challenging private-sector careers.
- ❖ The recreation and entertainment sectors expand, with venues catering to the growing youth segment of the population.
- ❖ Yukon's economy diversifies between now and 2025, fuelled by growth in nascent economic sectors such as knowledge-based and cultural industries, oil and gas (including pipeline infrastructure), forestry and, to a limited extent, value-added manufacturing.
- ❖ A greater array of Yukon base and precious metals is supplied by local and global companies based in the territory. Some of these mined metals and minerals are further refined into higher-valued materials for local enterprise and global export.

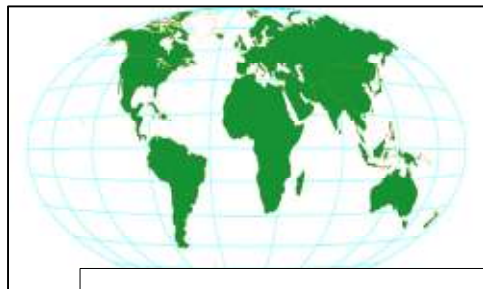
- ❖ The tourism sector expands dramatically due to a surge in the desire of international travelers to experience Yukon's breathtaking wilderness and northern culture. The film industry's showcasing of the territory to a more global audience contributes to this desire. New tourism destinations and facilities are developed.
- ❖ Industrial development and the natural environment are balanced. Improved production and environmental technologies minimize impacts of mining, forestry and pipeline construction.
- ❖ Cold climate technology and research capacity grow, leading to developments in the construction, mining and oil and gas industries.
- ❖ The growth of the economy benefits all Yukoners, not only those directly employed by industry. Government provides expanded services to meet growing demand; professional services also grow with the increase in population; and strong support industries circulate dollars and provide additional products and services to Yukoners.

Chart One in the appendix illustrates our vision of an expanded Yukon economy, with the growth of mining and other industries lessening the relative importance of government spending on GDP.

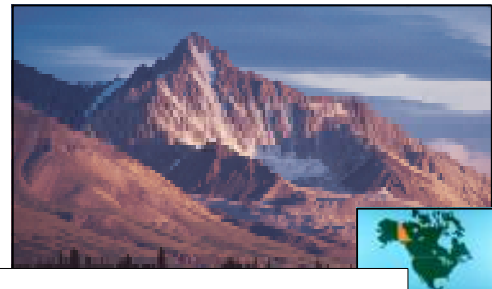
Economic Context

“Of the G7 nations, Canada is the most dependent on international trade. Canada is also one of the most prosperous nations on earth. These two facts are connected.”

Canada and the New World of Integrative Trade, Conference Board of Canada, 2005.



- Global population growth
- Emerging markets



- Resources
- Location
- People



Equation for Prosperity

Population Growth + Emerging Markets = Growing Global Demand

Natural Resources + Location + People = Yukon Supply

Growing Global Demand + Yukon Supply = Yukon Economic Prosperity

Introduction

The world is undergoing a shift away from the established markets of Europe and the United States of America, toward the expanding economies of China and other Asian countries. This shift is accompanied by explosive growth in demand for minerals, oil and gas, and other resources, many of which are trading at historic highs. The growth in population and per capita incomes is also feeding a boom in tourism, in particular wilderness and cultural activities. Increasingly, global interest is turning towards Yukon and other northern jurisdictions.

This section outlines the major trends that are shaping the global economy, discusses the importance of foreign investment in economic growth, and, based on North American trends and Yukon advantages, examines what this means for our future.

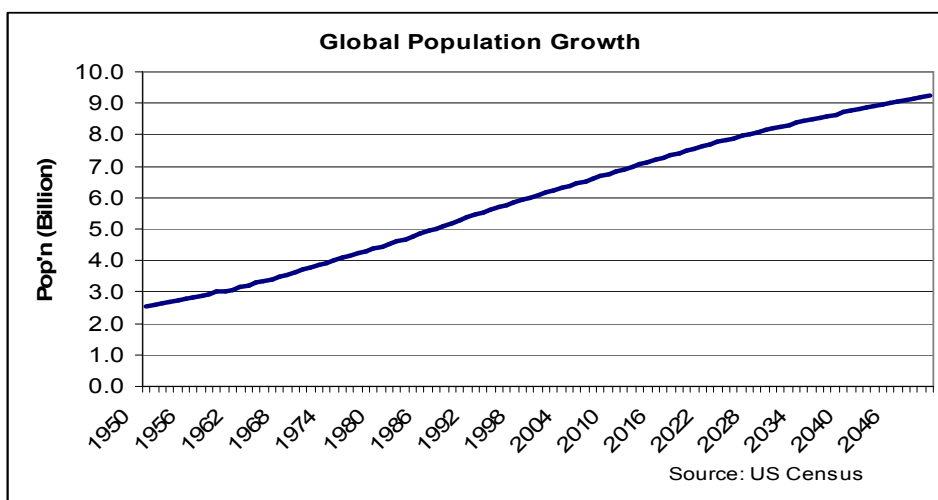
Trends

Global Population and Income Growth and Trade

With economic growth outpacing population growth by a factor of four, the demand for commodities and manufactured goods is explosive. More than 20 per cent of the increase in global merchandise trade is attributable to China, whose annual imports increased by 36 per cent in 2004.¹

¹World Trade Organization

World population currently exceeds 6.5 billion people and is set to exceed nine billion by 2050.² Increasingly, countries are orienting policies to promote growth in highly competitive industries. Correspondingly, world trade grew by 10.2 per cent in 2004³.

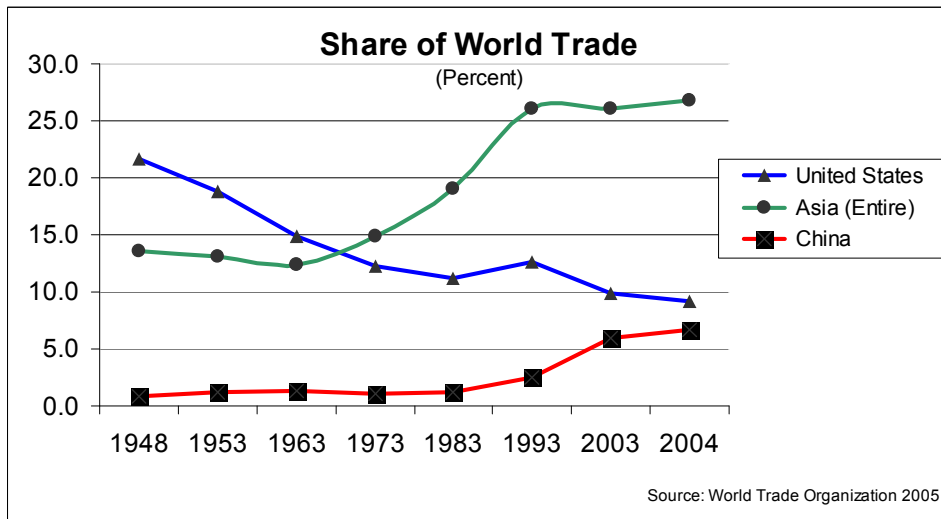


² U.S. Census Bureau.

³ World Trade Organization.



Asian populations (see Appendix, Table One) and economic growth are key drivers in the global economy. The Japanese economy grew eleven-fold from 1950 to 2003, while stronger growth took place in Korea, Singapore, Malaysia and Thailand.⁴ In 2004, Korea's import dependency – primarily metals and coal – was 88.9% (see Appendix, Table Two).⁵ Indonesia and Vietnam have also begun to expand significantly. In China, per capita income increased sevenfold from 1978 to 2003.⁶ With a population 10 times that of Japan –the world's second largest economy – China is set to rapidly change the global context. Informal statistics indicate how much change will follow in the wake of Chinese growth: number of millionaires in Shanghai area – one million; new cars on the road in Beijing every month – 20,000.⁷ The importance of Asia in terms of global trade is emphasized in the following chart.



⁴ International Monetary Fund.

⁵ KORES Corp.

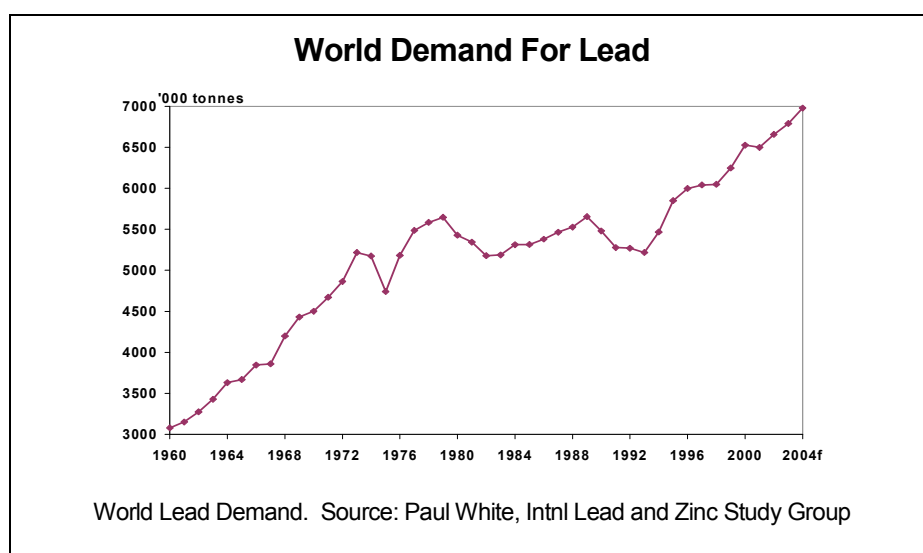
⁶ International Monetary Fund.

⁷ Personal communication, Alberta Trade Office, Beijing.

Canada has one of the world's most globally integrated economies. Exports account for approximately one-third of Canada's trillion dollar economy, with 85 per cent destined for the United States.⁸ Japan and China are our second and third largest export markets, respectively.⁹ Although the US will continue to be a major trading partner, economic growth in Asia is increasingly a target of interest, understanding and opportunity.

Global Sectoral trends

Resources—mining and oil & gas. Global trade, rapid Asian growth and steadier economic growth in the industrialized world have contributed to a substantial increase in demand for key resources such as energy, base metals and forestry products. Total oil demand is forecast to increase from roughly 75 million barrels per day in 2000 to more than 100 million in 2015.¹⁰ Base metals such as copper, zinc and lead are in tight supply and, as is also the case for gold, prices have been on a strong and steady rise for the past several years.



Over the past four years molybdenum prices have displayed strong growth; the same observation holds for tungsten over the past two years. In many cases, economic growth in China is behind the increase in value of these commodities, as the country shifts from raw materials exporter to importer (see Appendix, Table Three).

Tourism. The global tourism sector, valued at more than one-half trillion dollars, is the largest economic sector, slightly ahead of the automotive industry.¹¹ Global economic growth spurred an increase in international air traffic of 8.3 per cent in 2005 over the previous year's volume. In 2005, air travel rose by 5.4 per cent in America and six per cent in Europe; Asia is forecast to grow by 6.8 per cent through 2009.¹² China and some east European countries are projected to grow by approximately 10 per cent annually for the

⁸ Statistics Canada.

⁹ Ibid.

¹⁰ Central Intelligence Agency.

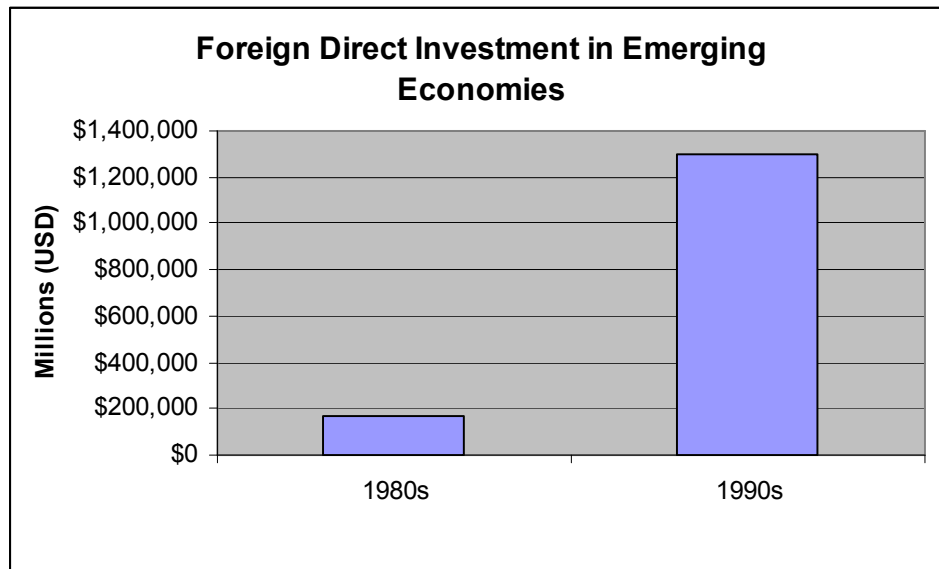
¹¹ World Tourism Organization.

¹² The Economist.

foreseeable future.¹³ An increasing number of global travelers are seeking alternate experiences with culture, extensive wilderness and unique destinations as the focus.

Global perspective on investment and innovation

Critical to a region's dramatic increase in wealth is investment capital. Investment capital funds businesses and projects, creates employment and has a long history of being an engine of economic growth. The success of post-war Europe and Japan was largely derived from global investment agreements. Much of the recent economic success in China and other emerging economies in the 1990s can be attributed to foreign direct investment. The US Treasury estimates that \$1.3 trillion in private capital flowed into emerging economies in the 1990s, compared with \$170 billion in the 1980s and considerably less in the preceding decade.



In addition to growth fuelled by investment, new technologies are creating opportunities in modern sectors of the economy. Continued diffusion of digital information and communication technologies reduces the importance of geographical distance. Technological innovations in the bio-energy, bio-chemical, bio-materials and reclamation technologies are also leading to opportunities in the "green" economy.

North American Trends

Within Canada and the United States, a surge in demand for northern resources is evidenced in the planning of two gas pipelines, oil and gas exploration, renewed interest in mineral resources in Yukon and neighboring NWT, major infrastructure projects and growing demand for tourism. Furthermore, national and territorial interests in improving the socio-economic status of Canada's aboriginal population are anticipated to inject significant dollars into the Yukon economy.

¹³ International Air Travel Association.

Yukon Advantages

Strategically situated, with shipping access to Asian markets and providing a land link between Alaska and the rest of North America, Yukon is positioned to leverage its advantages of world class mineral and oil and gas deposits, breathtaking scenery, and skilled and adaptable people.

When the gold rush began at the end of the 19th century, would-be miners arrived with little in the way of provisions and information. They then faced a long and tiring journey into largely inaccessible regions of the North. Fast-forward 110 years and the scenario is vastly altered. Substantial mineral deposits are well documented and surveyed. A solid economic infrastructure exists, and the territory is home to a skilled and educated workforce. Just as the price of gold in world markets drove the first gold rush, global forces are shaping opportunities for Yukon in the 21st century.

The optimal pathway to prosperity will be one that recognizes global forces and trends, addresses sustainable economic development opportunities, and takes into account the many advantages Yukon and its people possess. These advantages include mineral wealth, spectacular scenery, geographical location, skills and adaptability.

Resource Advantage¹⁴

Mineral wealth. World class mineral deposits exist in Yukon. Major and medium deposits¹⁵ discovered to date include lead/zinc (15 discovered), gold (3), silver (1), copper (7), tungsten (5), molybdenum (2), nickel (1) and iron (1). Several mining regions are anticipated to produce both bulk and refined commodities.

The rise in exploration expenditures from less than \$7 million in 2002 to an estimated \$53 million in 2005 is a clear sign that interest in commercial mining opportunities in Yukon is increasing. A large proportion of the expenditures was directed at defining known deposits in order to conduct pre-feasibility and feasibility studies. Capital expenditure estimates for pre-development projects range from \$100 to \$200 million for 2006. Exploration activity is anticipated to generate additional development over the next three to five years, with a broad mix of enterprises actively participating in this sector. Both global corporations – with capacity to endure temporary market setbacks – and local businesses are included in this mix.

Oil and gas. Due to higher oil and natural gas prices, and prospective major pipeline developments, Yukon oil and gas sector growth is expected to increase across its eight untapped sedimentary basins. In the winter of 2004/05 \$35 million was invested in two separate well drilling programs in the Liard Plateau and Eagle Plain. The proposed

¹⁴ Unless otherwise noted all non-renewable resource statistics were provided by Energy, Mines & Resources, Government of Yukon.

¹⁵ Major deposits are anticipated to have milling rates greater than 10,000 tonnes per day. Medium deposits are defined as 1,001 to 10,000 tonnes per day.

Mackenzie Valley and Alaska Highway pipelines will establish basin opening infrastructure that will vastly enhance exploration and development. The sections of these projects north of the 60th parallel are anticipated to cost \$16 billion, with considerable spin-off effects in the broader economy in terms of employment and procurement opportunities. In addition to oil and gas, nine major deposits of coal have been surveyed in Yukon.

Natural environment. Blessed with breathtaking scenery, a dramatic history and thriving culture, arts and recreational events, Yukon is increasingly becoming a destination for outdoor enthusiasts and the film industry. Statistics Canada estimates that tourism in Yukon accounted for 4.4 per cent of GDP and 6.8 per cent of total employment in 1998. This was the highest contribution percentage of any Canadian jurisdiction. Tourism has continued to grow with 350,000 international tourists entering Yukon each year, a 15 per cent rise over 1998 figures.

Location Advantage

Yukon is a land bridge between Alaska and southern Canada, and ultimately to the rest of North America. As such, it is becoming a key transportation corridor that has potential to include road, rail, pipeline and fibre optic networks, and access to ports. Its location gives it a logistical advantage.

Yukon also offers strategic access to international markets. Export products and commodities can be trucked from the Whitehorse region to Skagway and then seaward to Asia more quickly than shipping from Prince Rupert or Vancouver, BC port facilities. Proximity to the Asian Pacific Rim and future infrastructure developments bring the global market to Yukon industries. Alternate Pacific port facilities could be developed in Haines, AK or Stewart, BC. Global warming, in addition to the negative impacts, creates the prospect of opening up northern sea routes that could create year round access to existing natural harbours, such as King Point on Yukon's north coast.

The proximity of Alaska provides other, significant benefits to the Yukon economy. Approximately 400,000 people cross into the state on Yukon highways each year.¹⁶ Many of Alaska's 880,000 cruise passengers visit Yukon destinations. In addition, the population of 650,000 provides a sizeable, potential market for Yukon's developing export industries. Yukon will also benefit extensively from the development of strategic infrastructure such as a pipeline or a rail link to the rest of North America.

Finally, Canada's political stability, adherence to the rule of law and predictable regulatory environment create an attractive environment for foreign investment.

People Advantage

Yukon residents are among the most educated and trade certified in Canada, with one of the highest rates of labour participation in the country. Furthermore, institutional capacity and related training programs ensure that the territory is highly adaptive to the demands of industry. Yukon also boasts a high number of skilled and creative citizens.

¹⁶ Canada's Impact on Alaska, Government of Canada, 2005.

First Nations. With nearly all land claims at or near the point of settlement, and with substantial resources at hand, First Nations are playing an increasingly key role in the growth of the Yukon economy. Recent partnerships and investments in the airline industry, tourism, communications and the forestry sector are signs of this. Furthermore, federal and territorial efforts related to the new Aboriginal Economic Prosperity Agenda stand to enhance institutional (regulatory, legislative and research) and business support services to Yukon First Nations.

Yukon Challenges

The journey from vision to action cannot be realistically undertaken without considering the risks and constraints faced by Yukon and its people. Key challenges include pressures from major development projects on health, education and social services, human resource and infrastructure capacity issues, and competition from other jurisdictions.

In order to mitigate the effects of these challenges we must be proactive rather than reactive. Growth planning will provide a critical component as we explore government and stakeholders' roles in enabling sustainable economic development.

Synthesis

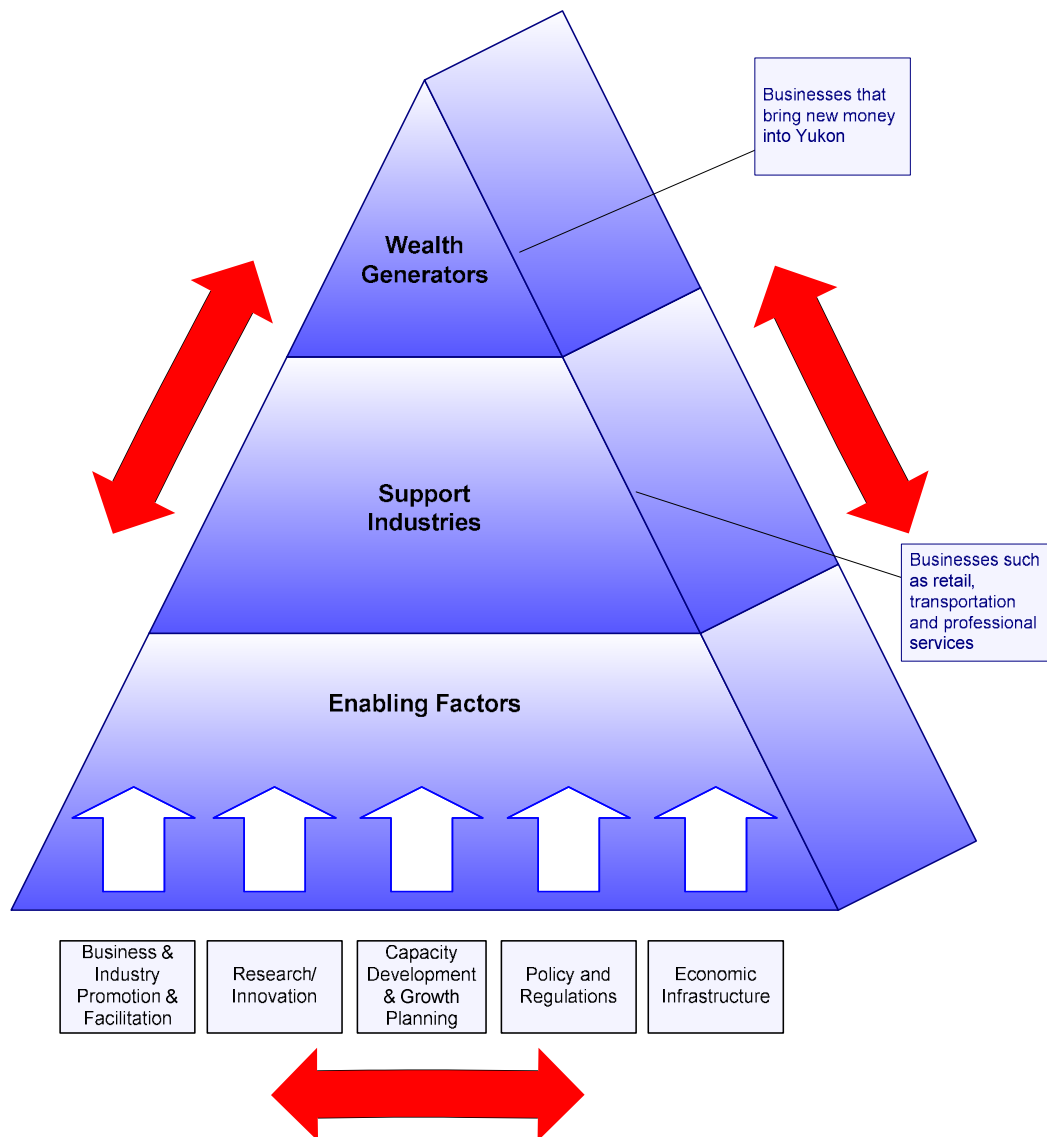
When the pieces are put together Yukon's future is bright. Mining activity is projected to drive economic growth over the next 10 years, with a focus on gold, silver, zinc, lead, copper, molybdenum and tungsten. Oil and gas exploration and development are anticipated in the medium term, with pipeline construction catalyzing several projects. The growth in the wages and purchasing power of Yukon residents is anticipated to lead to increased economic activities in unrelated industries, such as retail trade, recreation and entertainment. With additional funding and marketing efforts, tourism, the film, knowledge and cultural industries present distinct growth opportunities. The basis for optimism is as follows:

- ❖ \$180 billion in mineral wealth and eight oil and gas basins across the territory.
- ❖ Yukon's expanding transportation corridor network stands to provide improved access to resources and markets via land, sea, rail, airline and pipeline.
- ❖ Available highways and utilities, and a digital-ready business community.
- ❖ First Nations engaged in business, and positioned for a future of expanded engagement and partnership in economic development.
- ❖ Tourism set to expand due to growth in nature and cultural travel.
- ❖ Increasing major and other commercial film productions.
- ❖ A strongly rooted cultural industries sector.
- ❖ Devolution and a more systematic approval process are anticipated to lead to a more responsible, effective and efficient handling of review and permitting processes.

Economic Development Pathways

The following diagram illustrates our approach to economic development. An economy that is to lessen dependence on federal transfer payments will need to capture external wealth. This wealth will come from diverse sources, including mines, tourism, the film industry and exports from value-added activities.

Support industries such as transportation, retail and professional services will expand to service the wealth generators and support the needs of a growing population. As a result of this private sector growth, the government's relative contribution to GDP lessens. Government's role is to ensure that the necessary enabling factors are in place.



Strategic Enablers

Business and Industry Promotion and Facilitation

- **Investment attraction and export development** capture and generate wealth.
- **First Nations invest, participate in and benefit from development projects** in areas such as natural resource development, energy, communications and tourism.
- Government facilitates small, medium and large enterprises' **access to advisory services and financing**.

Research and Innovation

- **Innovation clusters** facilitate partnerships between universities, research institutes and industry.
- **Cold climate technologies are developed** through private-public initiatives.

Capacity Development & Growth Planning

- **Industrial benefits planning** helps communities become better positioned to maximize the positive and minimize the negative socioeconomic impacts of economic development.
- **Secondary economic development planning issues are addressed** as part of growth planning for housing stock, land access, utilities and other public services.
- **Education and training opportunities** are calibrated to economic development opportunities.

Policy and Regulations

- **A responsible policy and regulatory framework** that bolsters investor confidence is established. This framework includes certainty, transparency and clearly defined timelines.
- **Trade policies are developed** to better position Yukon for investment and export development.
- **Yukon's natural environment sustains** the tourism sector, film and culture, and Yukoners' quality of life measures.

Economic Infrastructure

- **Infrastructure** that supports economic development – highways, roads, port access, pipelines, railways and electricity generation – is developed in a co-ordinated way with broadly based, long-term, public benefits.
- **Access to transportation routes** is enhanced via rail (Alaska-Canada Rail Link) and port access.
- **Prospective oil and gas pipelines** provide spur lines that transport lower cost energy to Yukon residents and businesses.
- **Information and communication technologies** diminish geographical barriers.

Economic development is often measured in terms of jobs and income, but it also refers to improvements that come with increasing wealth, such as enhancements to education, health, the social infrastructure and protection of the natural environment. Business and economic developers increasingly recognize these and other elements of the quality of life, in attracting and retaining businesses.¹⁷

Government of Yukon is one partner with a specific role to play in the building of the economy. The government develops long-term strategies, ensures that a fair and predictable regulatory regime is in place, balances the interests of its economic development stakeholders, supports the growth of local businesses, and promotes opportunities to Yukon and external partners.

Growth planning must also incorporate existing and concurrent planning strategies, such as the Yukon Mine Training Strategy, and the Yukon Large Projects Industrial Benefits Strategy.

Economic Development Linkages

Economic development in Yukon will impact the private sector, First Nations, regions and communities, and residents. The challenge for government in addressing its role in economic development is to ensure that every stakeholder group sees its interests and priorities addressed through the development process. While the interests and priorities of stakeholders overlap, all should be able to understand how these link to economic development planning, from vision to strategy to action.

Linkages to the Private Sector

The private sector is the economic engine for a prosperous society. Entrepreneurial initiative is essential to economic stability, growth and innovation. Business facilitation and investment attraction activities can assist companies in their acquisitions, development and expansion. Businesses will benefit from a regulatory framework that features certainty, transparency and clearly defined timelines. The private sector will also benefit from Yukon's education, health and social institutions, and from well-planned infrastructure and community capacity development.

...to First Nations

First Nations are partners and key players in the development of the Yukon economy. With Yukon land claims substantially settled, First Nations governments are increasingly pursuing business and economic development initiatives. Development corporations, businesses and entrepreneurs are well positioned to generate opportunities and wealth for

¹⁷ Cornell University, Dept. of City and Regional Planning

their citizens and communities. In addition, First Nations businesses have similar interests as those of the general Yukon private sector.

...to Regions and Communities

Many of the natural resources and tourist destinations that will fuel the future Yukon economy are located outside Whitehorse. Therefore, investment attraction efforts include these regions, with corresponding efforts to develop relevant, economic infrastructure and development capacity.

...to Citizens

Yukon residents desire a standard of living that compares to the best of other Canadian jurisdictions, access to natural resources, and opportunities for self-fulfillment through meaningful employment and entrepreneurship. Demand for skilled workers at all levels is projected to grow for the foreseeable future.

...to Government

Economic development efforts unfold on various fronts and involve almost all Yukon government departments. The importance of collaboration among departments is paramount: the strategic enabling factors cannot be developed without a wide array of expertise and communication.

Other levels of government also play a key role in supporting and directing economic development.

To maintain momentum for the Pathways to Prosperity process, the following steps are suggested:

1. Establish government and stakeholder working groups around the following areas:
 - a. Capacity development and growth planning;
 - b. Business and industry promotion and facilitation;
 - c. Economic infrastructure;
 - d. Research and innovation;
 - e. Policy and regulations; and
 - f. Social and economic issues associated with major developments.
2. Prepare a series of discussion papers around these and other relevant topics. The discussion papers will:
 - a. Provide an opportunity for partners to share a variety of perspectives about Yukon economic development;
 - b. Explore opportunities, constraints and the roles of partners in detail; and
 - c. Outline action plans for achieving the vision of Yukon's economy in 2025.

Appendix One: Additional Tables and Charts

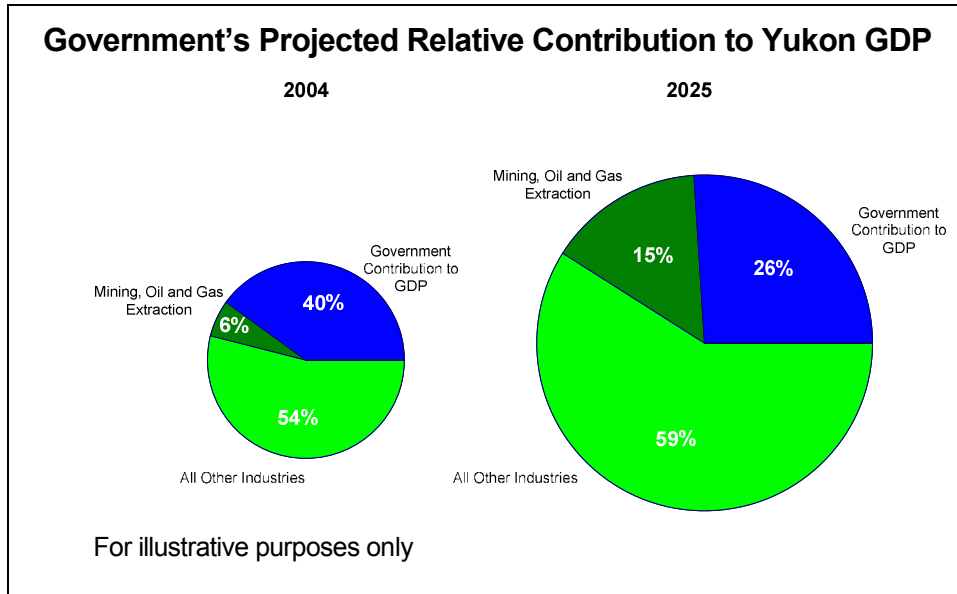


Chart One

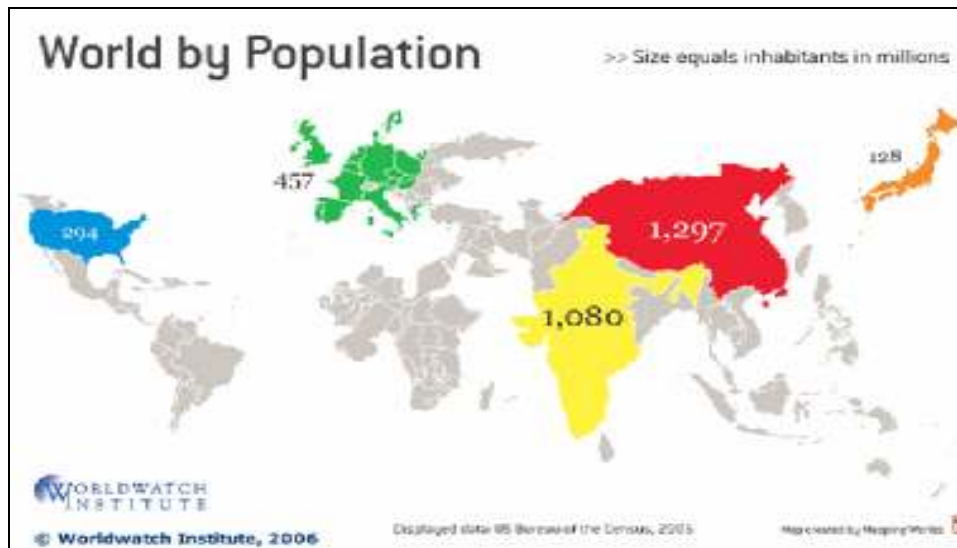


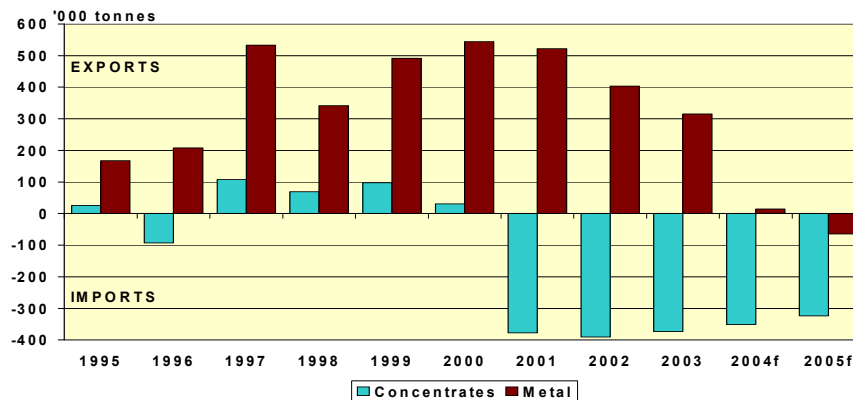
Table One

2004 Demand & Supply in Korea

<i>Class</i>	<i>Consumption</i>	<i>Domestic Production</i>	<i>Import</i>	<i>Import Dependency</i>
<i>Metal</i>	5,296	40	7,563	99.3 %
<i>Non-Metal</i>	1,325	988	384	25.4 %
<i>Sub Total</i>	6,621	1,028	7,947	84.3 %
<i>Coal</i>	4,478	206	4,226	95.4 %
<i>Total</i>	11,113	1,234	12,173	88.9 %

Table Two

China Zinc Trade



Source: Paul White, International Lead and Zinc Study Group

Table Three

Appendix Two: Emerging Economies Fact Sheet¹⁸

- ❖ In purchasing power parities – the buying power of one dollar across borders – the combined economic output of emerging economies exceeded 50% of the world's total for the first time in 2005.
- ❖ “With half the world's output but five-sixths of its population, emerging economies still have incomes per head far lower than the rich world. But by a wide range of gauges they are looming larger.”¹⁹ This has considerable implications for long-term economic cycles.
- ❖ In 2005 the combined GDP of emerging economies grew by \$1.6 trillion (USD), while those of developed countries grew by \$1.4 trillion (USD).
- ❖ Emerging economies' share of global exports has grown from 20% in 1970 to 42% in 2005.⁶
- ❖ Developing economies now consume 47% of the world's oil.
- ❖ Developed economies' trade with developing countries is growing twice as fast as their trade with each other.
- ❖ More than half of the exports of the United States, the European Union and Japan are shipped to developing countries.
- ❖ For the first time since the Economist began tracking 32 emerging economies, over the past two years economic output has grown in all of them.
- ❖ The ratio of foreign debt to exports fell from 174% in 1998 to 82% in 2005. This indicates that domestic savings rather than borrowing is fuelling the current growth of emerging economies.

¹⁸ The Economist, “Emerging Economies: Climbing Back”, January 19, 2006.

¹⁹ Ibid.