EMERGING NATIONS

BRIC AND MINT

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What makes an emerging nation?
Which nations are currently considered emerging nations?
An emerging nation is often characterized by having one (or several) of these characteristics:

- Military (size, technology, bases)
- Economic (GDP, spending power, income)
- Political (international community, international aid)
- Cultural (entertainment, cuisine, traditions)

Other characteristics:

- Population
- Amount of natural resources
BRIC Nations

- **BRIC**
  - Stands for: Brazil, Russia, India, China
- This acronym was created by Jim O’Neill, an economist at Goldman Sachs.
- O’Neill made a prediction that these countries would be the economic powers of the 21st century.
Military spending
2012, $bn
(% change 2011-12, increase/decrease)

Total: $1.75trn (-0.5)

United States 682.5 (-6.0)
China* 166.1 (7.8)
Russia* 90.7 (16.0)
Britain 60.8 (-0.8)
Japan 59.3 (-0.6)
France 58.9 (-0.3)
Saudi Arabia 56.7 (12.0)
India 46.1 (-0.8)
Germany* 45.8 (0.9)
Italy* 34.0 (-5.2)
Brazil 33.1 (-0.5)
South Korea 31.7 (1.9)
Australia 26.2 (-4.0)
Canada 22.5 (-3.9)
Turkey 18.2 (1.2)
Rest of world 320.3

Source: Stockholm International Peace Research Institute

*Estimate

Economist.com/graphicdetail
THE BRIC ECONOMIES

25% of the world's land coverage
40% of the world's population
25% of global GDP

USD $2.143bn GDP
USD $1.525bn GDP
USD $1.711bn GDP
USD $5.931bn GDP

China 186%
Brazil 172%
Russia 145%
India 112%

Goods export growth 2006 - 2011

Foreign Direct Investment

Brazil $48.438m
Russia $41.194m
India $24.640m
China $105.735m

Brazil $11.519m
Russia $51.697m
India $14.626m
China $68.000m

Sources: Oxford Economics, World Bank 2013, EEF, HMRC, The Economist
INTERNATIONAL POLITICS?

25% of the world’s area and about 40% of the global population.

WORLD’S AREA

BRIC countries account for about 25% of the world’s area and about 40% of the global population.

GLOBAL POPULATION

The leaders of the BRIC countries met at the first BRIC Summit held in Yekaterinburg in Russia.

China and Russia are permanent members of the United Nations Security Council.

The political aspirations of India and Brazil to gain permanent memberships of the UN Security Council were discussed.

The 2011 BRIC Summit was held in Sanya in China. International law and the Libyan crisis were discussed in detail.

In the BRIC Summit of Brasilia in 2010, a number of international issues including the developments at the Iran nuclear front were discussed.
Cultural

- Brazil: Soccer, Coffee, Samba, Carnival
- Russia: Matryoshka Dolls, Russian Ballet
- India: Henna, Bollywood, Yoga
- China: Kung Fu, Tea, Lanterns
## Cracks in the BRIC

### Brazil
- 2011 $billion US GDP (current prices): 2,481
- Concerns: Very highly priced economy, Poor infrastructure, Too dependent on commodity exports, Highly protectionist

### Russia
- 2011 $billion US GDP (current prices): 1,850
- Concerns: Politically supported oligopoly, Shrinking population, Too dependent on oil and gas exports, Crumbling infrastructure

### India
- 2010 $billion US GDP (current prices): 1,603
- Concerns: Inefficient government, poor governance, Messy democracy, difficult to do business, Worsening public finances, Demographic dividend may become a liability causing unrest

### China
- 2011 $billion US GDP (current prices): 7,301
- Concerns: Underdeveloped financial sector, Underdeveloped markets, Rising wages and labour unrest due to dwindling jobs, Ageing population
Critical Thinking Questions

• Do you think the BRIC nations are still destined to become the economic powers of this century?
• What types of things could keep these countries from going on the path to success?
• What issues will need to be resolved?
BRIC’s New Rivals?

- China has been the only exception to the BRIC nations’ underwhelming economic performance.
- A new block of countries has been popularized by O’Neill as alternative to the BRIC nations.
  - MINT (Mexico, Indonesia, Nigeria, Turkey)
Why the MINT?

• All contain very young populations
• All are in geographically good locations
• They are commodity producers (except Turkey)
  • Commodity: goods that are made for sale
Mexico

- Close to the U.S. and well connected to Latin America
  - Makes trading easy and well connected to emerging markets.
- Large export economy
  - Auto industry
  - Manufacturing
- Large working population
- Undergoing many reforms
- But there are ongoing problems
  - Crime
  - Poverty and Inequality
  - Black Market
  - Cartels
  - Unskilled workforce

Nissan Plant in Aguascalientes, Mexico.

Soldier standing guard on a road in Michocan, Mexico.
Indonesia

- In the heart of Southeast Asia
- 4th largest population in the world
- Growing Middle Class
- Rapid urbanization
- Exports of raw materials
- Ongoing problems
  - Infrastructure
  - Government bureaucracy
  - Slums
  - Corruption

Jakarta, Indonesia

Slum in Jakarta
Nigeria

- Nigeria is near the Atlantic and part of the rising continent
- Very entrepreneurial
- Commodity wealth
  - Oil
  - Minerals
- Ongoing problems
  - Government
  - Crime
  - Infrastructure (electricity)
  - Corruption
  - Poverty
Turkey

- Between the East (Asia) and the West (Europe)
- GDP has gradually grown
- Entrepreneurial, establishing spheres of influence in Middle East and Africa
- Turkish Airlines is one of the fastest growing airlines
- Trading openness
- Low labor costs
- Ongoing problems
  - Institutions (government)
  - Unstable region?

Istanbul, Turkey

Protestors in Taksim Square in Istanbul
### BRIC vs. MINT

#### Rise of the MINTs

**Gross Domestic Product (2012)**

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP (trillions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>16.24</td>
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<tr>
<td>China</td>
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<tr>
<td>Japan</td>
<td>5.96</td>
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<tr>
<td>Germany</td>
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<td>France</td>
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<td>UK</td>
<td>2.47</td>
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<tr>
<td>Brazil</td>
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<td>Turkey</td>
<td>0.79</td>
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<tr>
<td>Netherlands</td>
<td>0.77</td>
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<tr>
<td>Saudi Arabia</td>
<td>0.71</td>
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<tr>
<td>Switzerland</td>
<td>0.63</td>
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</table>

#### Estimated GDP (2050)

<table>
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<th>Country</th>
<th>GDP (trillions)</th>
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<tr>
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<tr>
<td>China</td>
<td>34.58</td>
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<td>India</td>
<td>24.98</td>
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<tr>
<td>Euro Area</td>
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<tr>
<td>Brazil</td>
<td>9.71</td>
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<td>Russia</td>
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<td>Japan</td>
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<td>Mexico</td>
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<td>Indonesia</td>
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<td>UK</td>
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<td>France</td>
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<td>Germany</td>
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<td>Nigeria</td>
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<td>Iran</td>
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<tr>
<td>Philippines</td>
<td>3.17</td>
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Source: World Bank, Goldman Sachs
MINT economic indicators

Population and % growth, 2013

- Mexico: 116m (0.97%)
- Indonesia: 251m (2.54%)
- Nigeria: 175m (1.16%)
- Turkey: 81m

GDP, 2012

- Mexico: $1.178bn
- Indonesia: $878bn
- Nigeria: $263bn
- Turkey: $789bn

GDP growth, %

- Mexico
- Indonesia
- Nigeria
- Turkey

Ease of doing business, World Bank index

- Singapore: 1
- Germany: 21
- Hong Kong: 2
- Mexico: 53
- New Zealand: 3
- Turkey: 69
- US: 4
- Indonesia: 120
- UK: 10
- Nigeria: 147

Index averages a country’s rankings on 10 topics, with a high ranking meaning the regulatory environment is conducive to business operation.

Source: World Bank
The decline in Brazil's Bovespa stock index this year through March 18

Consecutive months of outflows from Russian mutual funds

Outflows from Indian mutual funds over nine months through February

Stock accounts emptied by Chinese investors over the past year

7 PERCENT

16 MONTHS

$2.5 BILLION

2 MILLION
Review Questions

- What developing nations have the ability to challenge the status of global powers?
- Are the BRIC nations still poised to be the emerging nations of this century?
- Will all the nations from the BRIC and MINT emerge, or only some of the countries?
- Will these emerging nations change the United States’ role as a superpower in the future?