Preface

World Bank economist, Antoine Van Agtmael, now chairman and chief investment officer of Emerging Markets Management, L.L.C., originally introduced the term “emerging markets” in the 1980s. He stressed that emerging market countries are not solely defined by geography or economic strength but are in transition between developing and developed status.¹

In 1999 Dr. Vladimir Kvint, the well-known economist and strategist, defined an emerging market as a market “transitioning from a dictatorship to a free-market oriented economy, with increasing economic freedom, gradual integration with the global marketplace and with other members of the global emerging market, an expanding middle class, improving standards of living, social stability, and tolerance, as well as an increase in cooperation with multilateral institutions.”²

Researchers in the emerging markets field, such as Kvint, Hernando de Soto, Jeffrey Frankel, Martin Feldstein, among others from Harvard University, and Robert J. Shiller and Zhiwu Chen, among others from Yale University, document activity in countries, nations, and political entities they describe as emerging markets, including India and China. No one yet fully understands or is in full agreement about the mechanics of emerging markets. According to economist Julien Vercueil, more than 50 countries, economies, and/or political entities comprise the emerging markets of the world contributing over 60 percent of the world’s population and at least 45 percent of its gross domestic product (GDP). Brazil, Russia, India, China, Mexico, Indonesia, Turkey, and Poland are among the largest emerging market economies.

EXPLORE EMERGING MARKETS AND INVESTIGATE INDUSTRY PROFILES

Economists, business people, students, and savvy consumers will find that the 33 market overviews and 67 industry profiles supplemented by maps and tables in the Encyclopedia of Emerging Markets can be used as invaluable guides for more in-depth exploration of emerging world markets. The market profiles include executive summaries of the nation, economy, and/or political entity being covered, along with its key statistics, geography, society, politics, and references for further reading. The industry profiles feature market analysis, market segmentation, research highlights, leading companies, and competitive factors.
These capsule profiles of individual markets and industries are meant to provide a taste of the countries, economies, and/or political entities being covered and hopefully stimulate the appetite for further discovery.

EMERGING MARKETS: SOUTH AMERICA AND MEXICO

Despite political instability and economic setbacks, most South American countries are defined as emerging markets. Countries such as Argentina, Brazil, Chile, Columbia, Mexico, Peru, and Venezuela are detailed. Argentina’s economic growth after the disastrous recession of 2001 to 2002 is illustrated and the essential part that automobile manufacturing, telecommunications, and pharmaceuticals have played in its economy are examined in the industry profiles of Argentina.

Brazil’s new social class structure, where over 50 percent of the population crossed the line from poor to a newly emerging middle class between 2003 and 2009, is examined in the Brazil market profile as well as the substantial decrease of the Brazilian poverty rate between 2003 and 2009 from 21 percent to 11 percent of the population.

Compared to the 10 other countries belonging to the Associacao Latino-Americana de Integracao (ALADI)—Argentina, Bolivia, Brazil, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela—using basic economic indicators as a litmus, Chile ranks first in per-capita GDP. In May 2010 Chile became the first South American and second Latin American country (after Mexico) to join the Organisation for Economic Co-operation and Development (OECD).

EMERGING MARKETS: ASIA

Bangladesh, Indonesia, Malaysia, Pakistan, the Philippines, South Korea, Taiwan, Thailand, Vietnam, and the Ukraine are emerging economic markets in Asia, but geographic and population factors combine to make Russia, China, and India the economic frontrunners of Asia. In 2001 Jim O’Neill of Goldman Sachs created the word “BRIC,” an acronym for the emerging economic markets of Brazil, Russia, India, and China. In his report he predicted that these four countries were on a rapid economic expansion path that would rank them among the leading economic powers of the world.  

China is the third-largest country in the world with an area of 3.7 million miles and the most populous country in the world with a 2011 population of 1.347 billion people. From 1990 to 2010 the Chinese economy grew faster than any other in the world and it transitioned from being underdeveloped in 1990 with a nominal GDP of about US$390 billion to a 2011 GDP per capita of US$5,417 trillion.

Russia covers 6,601,668 square miles and is the ninth-most populous nation in the world with 141,930,000 people in 2011. With its geography and population, Russia should rank among the world’s leading emerging markets, but the Russian economic picture is complex. Since 2011 Russia has struggled with an inflation rate that the OECD estimated at 5.8 in 2013. Russian economic growth stalled because of slowdowns in America and China, and in the Eurozone economy.

At 1.27 million square miles, India is the seventh-largest country in the world with a 2011 population of 1,241,491,960. India’s economy is the tenth-largest in the world calculated by nominal GDP and the third-largest based on purchasing power parity. The economic growth rate in India slowed to about 5.3 percent for the 2012 to 2013 fiscal year.

EMERGING MARKETS: EUROPE

European countries, such as Bulgaria, the Czech Republic, Hungary, Poland, and Romania, all formerly communist economies, made the transition to free-market conditions with varying degrees of success. In Bulgaria the Acting Currency Board implemented a prudent fiscal policy and well-planned structural reform to help create financial stability and economic progress during the first decade of the twenty-first century. Bulgaria’s economic progress
slowed negative trends like unemployment, decreases in real income, and negative population growth.

Located in southern Europe, Turkey stretches across the Balkans and western Asia, covering a total of 302,535 square miles. Central Intelligence Agency and International Monetary Fund reports rank the Turkish economy under the list of developed countries and advanced economies while the World Bank defines the Turkish economy as an emerging market economy. Newly industrialized, products from Turkey include agricultural equipment, clothing, textiles, ships, consumer electronics and home appliances. Turkey also has a growing tourist industry. According to a March 2010 Forbes magazine survey, Istanbul, Turkey’s financial capital, boasted 28 billionaires, ranking it fourth in the world behind New York City, Moscow, and London.

EMERGING MARKETS: AFRICA

African countries like Egypt, Morocco, Nigeria, South Africa, and Tunisia are emerging markets that have grown despite political instability and domestic turmoil. The Strategic Foresight Group issued a report contending that the cost of conflict for Egypt since 1991 has been almost US$800 billion. Had there been peace in Egypt since 1991, an average Egyptian citizen would be earning more than US$3,000 instead of the 2013 average of US$1,700.⁴

South Africa, with a population of 48,810,427, is the largest and most well-developed economy on the continent. South Africa has developed an investment friendly environment that offers opportunities but also faces important political and socioeconomic challenges, including the widening inequality gap between rich and poor.

EMERGING MARKETS: MIDDLE EAST

Israel is slightly larger than the U.S. state of New Jersey at 8,522 square miles, with nearly two-thirds of its land being desert with few natural resources or fresh water reserves. Israel’s population is also small at 7,933,200. These geographic challenges have forced Israel to turn to science and innovation to survive, a focus that gave the country its economic advantages. Israel gained a head start in developing fields that are vital to the twenty-first century, including water resource management, renewable energy, and agrotechnology.

The United Arab Emirates is a small country of 32,278 square miles, a small population, and a small amount of arable land. There are conflicting estimates of the GDP growth rate of the United Arab Emirates but most available statistics indicate that the country has one of the fastest growing economies in the world. According to a recent Ministry of Finance and Industry report, in 2012 the nominal GDP rose to US$360 billion compared to US$298 billion in 2011.

In an article titled “Think Again—the BRICS” that appeared in the November 2012 issue of Foreign Policy, economist Van Agtmael wrote that there is no question that the BRICS countries (Brazil, Russia, India, China, and South Africa) are big in terms of population, landmass, and economic size. Together their GDP nearly equals that of the United States, but Van Agtmael pointed out that they lack economic cohesiveness, possess vastly different growth trajectories, and face stiff competition from other emerging markets. He noted that “while growth in the BRICS seems to be slowing, many African countries are receiving more foreign investment, may be more politically stable, and are at long last moving away from slow or no growth toward much more robust economies.”⁵

The Encyclopedia of Emerging Markets profiles the BRICS and other developing countries and provides the relevant information needed to keep abreast of the constantly changing world economic picture.

PREFACE SOURCES

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Contributors

Naila Aaijaz
University Malaysia Kelantan

Ili-Salsabila Abd-Razak
University Utara Malaysia

Asmat Nizam Abdul-Talib
University Utara Malaysia

Zafar U. Ahmed
Lebanese American University

Osama Al-Kwifi
Prince Mohammad University

Harvey Arbeláez
SKEMA Business School

Camilo Arbeláez Toro
EAFIT University

Leticia Arroyo Abad
Middlebury College

Alexander Assouad
Belmont University

Melodena S. Balakrishnan
University of Wollongong/Dubai

Balbir Bhasin
University of Arkansas

Avik Chakrabarti
University of Wisconsin, Milwaukee

Marcelle Chauvet
University of California, Riverside

Richard Cookson
Colorado Christian University

Mine Doynar
Lehman College - The City University of New York

Adam Fremeth
University of Western Ontario

Howard Fremeth
University of Western Ontario

Yang Fu
BNU-HKBU United International College

Mauricio Garita
Pontifical University of Salamanca

Ismail H. Gene
American University of Sharjah

Aleksandr Gevorkyan
Columbia University & New York University

Olesya Gnedovici
Academy of Economic Studies of Moldova

Maria Alejandra Gonzalez-Perez
EAFIT University, Colombia

Joseph Greco
California State University, Fullerton

Govind Hariharan
Kennesaw State University

Nilima Hullavarad
University of Alaska, Fairbanks

Shiba Hullavarad
University of Alaska, Fairbanks

Mahfuz Kabir
Curtin University/Bangladesh Institute of International and Strategic Studies

Lau Chi Keung
Zirve University

Robert Kitzmann
Humboldt University of Berlin

Rembrandt Klopper
University of Kwazulu-Natal

Barbara Kotschwar
Peterson Institute for International Economics

Bill Kte’pi
Independent Scholar

Karla Lant
Northern Arizona University

Nikolay Megits
Hamline University School of Business

Lawrence Monteilh
Fontbonne University
### Contributors

<table>
<thead>
<tr>
<th>Name</th>
<th>Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>George Naufel</td>
<td>American University of Sharjah</td>
</tr>
<tr>
<td>Miguel Nonaka</td>
<td>University of Canada West</td>
</tr>
<tr>
<td>Nikolai Ostapenko</td>
<td>University of the District of Columbia</td>
</tr>
<tr>
<td>Jeff Overby</td>
<td>Belmont University</td>
</tr>
<tr>
<td>Christiane Prange</td>
<td>EM LYON, Business School-France</td>
</tr>
<tr>
<td>Rossitsa Rangelova</td>
<td>Economic Research Institute/Bulgarian Academy of Science</td>
</tr>
<tr>
<td>Robert Rogowsky</td>
<td>George Mason University &amp; Monterey Institute of International Studies</td>
</tr>
<tr>
<td>Ashok K. Roy</td>
<td>University System of Alaska</td>
</tr>
<tr>
<td>Rahul Salim</td>
<td>Curtin University/Bangladesh Institute of International and Strategic Studies</td>
</tr>
<tr>
<td>David Shani</td>
<td>KEAN University</td>
</tr>
<tr>
<td>Jagdish Sheth</td>
<td>Goizueta Business School/Emory University</td>
</tr>
<tr>
<td>Rahul Singh</td>
<td>Birla Institute of Management Technology</td>
</tr>
<tr>
<td>Satyendra Singh</td>
<td>University of Winnipeg</td>
</tr>
<tr>
<td>Lech Suwala</td>
<td>Humboldt University of Berlin</td>
</tr>
<tr>
<td>Nguyen Thanh Thai</td>
<td>University of Melbourne</td>
</tr>
<tr>
<td>Hanna Trojanowska</td>
<td>Siedlce University</td>
</tr>
<tr>
<td>Adi Tuncay-Celikel</td>
<td>Isk University</td>
</tr>
<tr>
<td>Trond Arne Undheim</td>
<td>Massachusetts Institute of Technology</td>
</tr>
<tr>
<td>Kathy Warnes</td>
<td>Independent Scholar</td>
</tr>
<tr>
<td>Jack Waskey</td>
<td>Dalton State College</td>
</tr>
<tr>
<td>Ulu Yuksel</td>
<td>University of Sydney Business School</td>
</tr>
<tr>
<td>Sylwia Starnawska</td>
<td>D’Youville College, New York</td>
</tr>
</tbody>
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