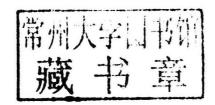
博鳌亚洲论坛新兴经济体发展 2013 年度报告

Boao Forum for Asia Development of Emerging Economies Annual Report 2013

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Boao Forum for Asia Development of Emerging Economies Annual Report 2013

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Organized by the Secretariat of the Boao Forum for Asia, Boao Forum For Asia Development of Emerging Economies Annual Report 2013 has been compiled by the researchers of the Institute of World Economics and Politics, CASS, to help readers grasp the latest developments of the emerging market economies and provide a platform for the communication and cooperation across the board among those economies. The report, focusing on the 11 major emerging market economies (the E11) in the Group of 20, tries to reflect the latest developments in the growth and cooperation of the E11 economies and their economic and trade links with other parts of the world through accurate statistics, thorough materials and in-depth analysis.

Prof. Zhang Yuyan, Director of the Institute of World Economics and Politics, CASS, has been in charge of the compilation of the report, Boao Forum For Asia Development of Emerging Economies Annual Report 2013, and is responsible for the chapter design of the whole report. The report is divided into seven chapters. The first chapter summarizes and anticipates the overall development of the E11 economies so that readers can have a general and overall understanding of the situation. The second and third chapters introduce the basic social and economic conditions of the E11 economies. The fourth chapter analyzes and introduces the overall performance and changes in their international rankings of those economies. The fifth and sixth chapters analyze the economic cooperation among the E11 economies and their economic cooperation with the developed economies. The seventh chapter is a report about certain economies, which reviews and analyzes the economic situation and policies of the E11 economies in 2012. Prof. Zhang Yuyan writes the first chapter while Dr. Feng Weijiang finishes the second and seventh chapters. Dr. Huang Wei is responsible for the third and fourth chapters while Dr. Xu Xiujun compiles the fifth and sixth chapters. Besides, Wang Peng reads some parts of the report for proof. Prof. Zhang Yuyan and Dr. Xu Xiujun collaborate to finalize the report.

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There could be mistakes in this report due to limited resources available and research limitations of the authors. Any comments and criticism are welcome. This report does not necessarily represent the views of the Boao Forum for Asia and the authors are responsible for any errors and mistakes in the report.

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Preface

As a non-governmental and non-profit international organization, the Boao Forum for Asia has become an important and high-profile platform for dialogues on Asian and global issues for certain governments, industrial and commercial as well as academic leaders in Asia and other continents. The forum is committed to pushing Asian economies to fulfill their development goals through furthering regional economic integration. It also pays much attention to the development of, and cooperation among the emerging market economies to expand the external communication channels of Asian economies and establish wider cross-regional links among them. The forum has started to organize the compilation of the annual development report for the emerging market economies since 2010 and in the 2010 report, it for the first time defined the concept of E11 (11 major emerging market economies), which has aroused widespread repercussions both at home and abroad.

Since the 1980s, the emerging market and developing economies have seen their role in the world economy become ever more important thanks to their fast pace of economic expansion. The E11 economies as the main representative of the developing world, in particular, have aroused increasing global attention. On the whole, the role of the E11 economies in the global economic landscape was further strengthened in 2012.

In terms of economic growth, the E11 economies led the world in 2012, when the global economy failed to reverse the downturn of the previous year and suffered from slow recovery and stagnant growth. Among the E11 economies, some saw their growth slow due to the slump in external demand and domestic economic correction. In retrospect, in 2012, the E11 economies saw their economic recovery stuttering. Compared with the developed economies, they had far lower debt levels. While their unemployment rates on the whole dropped and their inflation generally eased, their trade growth significantly slowed and their suffering from trade frictions increased, which indicate that they are yet to entirely shake off the fallouts of the global financial crisis. Compared with their developed counterparts, however, the E11 economies maintained relatively high growth rates and the global economic growth track remains divided, with the emerging market and developing economies registering higher growth rates than the developed economies.

In terms of overall economic scale and economic increment, the ratio of the E11 to the world economy has increased. In 2012, the ratio of the economic scale of the E11 economies to the global total continued to rise and it rose in terms of both nominal GDP based on market exchange rate and constant-price GDP based on purchasing power parity (PPP). What is notable is that in 2012, the E11 economies contributed to 90% of the world economic increment, using market exchange rate, and their contribution in terms of PPP was above 50%.

Regarding foreign economic cooperation, the internal links among the E11 economies have become ever closer and the E11 economies have become a major driving force behind global economic and trade cooperation. Regarding the foreign economic cooperation development of the E11 economies, their internal economic links have been strengthened. On the one hand, their internal trade continued to expand and their trade interdependence was further strengthened. On the other hand, the dependence of the E11 economies on the developed economies has further weakened as their trade links continued the trend of gradual weakening.

Due to rising trade protectionism, trade frictions between major emerging economies and developed economies have been on the rise while the internal bilateral and multilateral economic cooperation mechanisms among the E11 economies continued to deepen. At the BRICS Summit in New Delhi, India, leaders of the five economies called for establishment of an equitable international monetary regime that serves the interest of all economies and supports development of emerging market and developing economies. They also considered the possibility of jointly establishing a new development bank.

Moreover, the E11 economies have had a sound performance in terms of international competitiveness and corporate prowess rankings. Based on competitiveness rankings of some reputed institutions, the E11 economies remained highly competitive in 2012 and some of them saw their places move up rapidly. Meanwhile, the corporate strength of the E11 economies also improved rapidly. In the Fortune Global 500 corporate strength rankings, the number of new entries from the E11 increased in 2012 while most of the listed enterprises saw their spots move up in the rankings.

Looking forward to 2013, the economic development of the E11 will continue to be subject to multiple factors, such as the economic conditions of the developed economies, trade protectionism, commodities market volatility, regional security and the uncertainty of whether the cooperation among the E11 economies can fare smoothly. We therefore hold that it will become normal for the emerging market economies to register medium-rate growth in the coming years. In 2013, the world economy will achieve mild recovery compared with that in 2012. The emerging market economies will play a more important role in the global economic performance.

This report will promote the understanding of the current development of the emerging economies, their development potentials and the obstacles facing their development. It provides guidelines for policymakers in promoting the development of the emerging economies and furthering their cooperation with the developed world so as to push the world to become fairer, more equitable and more balanced.

We are grateful to all the friends who have been involved in the compilation of the report and hope our readers provide invaluable feedback to help us do a better job in the future.

Zhou Wenzhong Secretary-General

Boao Forum for Asia

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Chapter 1

Overview: Reviewing and Anticipating the Economic Situation of the E11

1.1 Economic Growth with a Lower Speed in 2012

Growth of the emerging market economies as a whole was slowing in 2012, which indicated that it would still take some time for the emerging market and developing economies to entirely shake off the fallouts of the global financial crisis. This report reviews the overall development of the 11 major emerging market economies (the E11)¹ in 2012 from the five perspectives (economic growth, employment, prices, trade and debt).

1.1.1 Teetering Economic Recovery

It has been three years since the global economy started to recover, but growth remains fragile and slow. In 2012, the global economy failed to reverse the trend of economic downturn of the previous year. According to the IMF forecast in Oct. 2012, the global economy could expand at 3.3% in 2012, half a percentage point lower than that in the previous year. The developed economy could expand by 1.3%, 0.3 percentage points down compared with that in 2011, while the growth of the emerging market

and developing economies could reach 5.3%, 0.9 percentage points lower than that in the previous year. The developing and developed economies, as the forecast shows, would continue to expand at different paces. Among the E11 economies, due to slumping external demand and domestic economic restructuring, some economies saw their growth slow. According to the IMF forecast, the economic growth² of the E11 would be 5.5% in 2012, 1.4 percentage points lower than that in the previous year, while that of the BRICS (Brazil, Russia, India, China and South Africa) was 5.9%, also 1.4 percentage points lower than the previous year. From the perspective of the performance of individual economies, China, Indonesia, Saudi Arabia and India, among the E11 economies, registered high growth rates in 2012, with their growth rate reaching 7.8%, 6.0%, 6.0% and 4.9%, respectively. Such economies as Argentina, Turkey, India, China, Brazil and Saudi Arabia saw their growth rates fall remarkably year-on-year, down by 6.3, 5.5, 2.0, 1.4, 1.3 and 1.1 percentage points, respectively (See Table 1.1).

^{1 &}quot;The E11" refers to 11 major emerging market economies in the G20, namely, Argentina, Brazil, China, India, Indonesia, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa and Turkey.

² The growth rate of the E11 is based on the weighted calculation of the constant-price growth rates of the E11 economies after taking into account their proportion of PPP-based GDP. That of the BRICS is calculated in the same way.

Table 1.1 Changes in growth of emerging market economies in 2009-2012

Unit: %

	2009	2010	2011	2012
World	-0.6	5.1	3.8	3.3
Developed economies	-3.5	3.0	1.6	1.3
Emerging market and developing economies	2.7	7.4	6.2	5.3
E11	3.4	8.5	6.9	5.5
BRICS	5.0	9.1	7.3	5.9
Argentina	0.9	9.2	8.9	2.6
Brazil	-0.3	7.5	2.7	1.5
China, People's Republic of	9.2	10.4	9.2	7.8
India	5.9	10.1	6.8	4.9
Indonesia	4.6	6.2	6.5	6.0
Korea, Republic of	0.3	6.3	3.6	2.7
Mexico	-6.0	5.6	3.9	3.8
Russia	-7.8	4.3	4.3	3.7
Saudi Arabia	0.1	5.1	7.1	6.0
South Africa	-1.5	2.9	3.1	2.6
Turkey	-4.8	9.2	8.5	3.0

Note: The data of 2012 are estimated.

Source: International Monetary Fund, World Economic Outlook Database, Oct. 2012

1.1.2 Jobless Rate on the Decline

Those E11 economies that have had high unemployment rate continued to register high rate in 2012. In South Africa, for example, the IMF forecasted that its unemployment rate could be as high as 24.4% in 2012. That of Turkey also reached 9.4%. Due to differences in statistical approaches and methods, it is hard to directly compare the unemployment rates of the E11 economies with those of the developed economies. The dynamic historical changes in the registered unemployment rates of those economies, however, can also reflect changes in the labor market. Seen from the development trend of the unemployment rates of the E11 economies, in 2012, among nine E11 economies, whose unemployment rate information is available, only that of South Africa was half a percentage points higher than the previous year. The other eight economies all saw their unemployment rate drop or remain unchanged. Russia out of those economies saw its unemployment rate drop by half a percentage points in 2012 compared with that of the previous year. Indonesia, Mexico and Turkey saw their jobless rate each drop by 0.4 percentage points (See Table 1.2). The developed economies, meanwhile, continued to suffer from high unemployment rates in 2012. According to statistics of the US Department of Labor, the country's unemployment rate reached 7.7% in Nov. 2012 while its non-agricultural labor participation was only 63.6%. According to statistics of the European Central Bank, in the first seven months of 2012, the average unemployment rate was 10.3% and 11.1% in the EU and euro zone, respectively. In Jul. 2012, the jobless rate of the euro zone surged to 11.3%, the highest since 1995, when the European Central Bank started to provide the data. Compared with that of Europe and the US, the unemployment rate of Japan has long remained low. Compared with historic records, however, its labor market situation remains tight and the unemployment of the youth, in particular, is a protrusive problem. According to the statistics of Japan's Cabinet Office, the country's jobless rate was 4.1% in Oct. 2012, with the full unemployment of young people aged 15-24 reaching 7.5%.

Table 1.2 Changes in unemployment rates of the E11 economies in 2009-2012

Unit: %

	2009	2010	2011	2012
Argentina	8.7	7.8	7.2	7.2
Brazil	8.1	6.7	6.0	6.0
China, People's Republic of	4.3	4.1	4.1	4.1
Indonesia	7.9	7.1	6.6	6.2
Korea, Republic of	3.7	3.7	3.4	3.3
Mexico	5.5	5.4	5.2	4.8
Russia	8.4	7.5	6.5	6.0
Saudi Arabia	10.5	10.0	n/a	n/a
South Africa	23.9	24.0	23.9	24.4
Turkey	14.0	11.9	9.8	9.4

Note: The data of India and some of those of Saudi Arabia are unavailable; the data of 2012 are estimated. **Source:** International Monetary Fund, World Economic Outlook Database, Oct. 2012

1.1.3 Easing Inflation

Generally speaking, in 2012, the global inflation level dropped significantly compared with that of the previous year and inflation in both developed and emerging and developing economies eased. In the first three quarters of 2012, inflation was on the decline continually. In the fourth quarter, due to the impact of economic policy adjustments in some economies, inflation could pick up again, although it will not change the overall trend of decline for the whole year. In 2012, the overall inflation level of the emerging market and developing economies was on the whole higher than that of the developed economies. Some economies saw their inflation ease while others suffered from intensifying inflation. According to the IMF, in 2012, the CPI of emerging market and developing economies rose by 6.1%, 1.1 percentage points down from the previous year. Seen from the

performance of different regions, except the Middle East and North Africa, CPI of other regions all fell to a varied extent. The Commonwealth of Independent States (CIS), which includes Georgia and Mongolia, saw their overall CPI drop sharply by 3.3 percentage points to 6.8%, while that of the developing Asia dropped by 1.5 percentage points to 5.0%. Seen from the performance of difference economies, in 2012, the E11 economies had a diversified performance in terms of inflation level. According to the OECD, in Sept. 2012, year-on-year CPI growth of Brazil, China and South Africa dropped to 5.3%, 1.8% and 5.6%, respectively, down by 1.2 percentage points, 2.3 percentage points and 0.8 percentage points from last December. That of India, Indonesia and Russia was 9.1%, 4.3% and 6.6%, respectively, in the same month, up by 2.7 percentage points, 0.5 percentage points and 0.5 percentage points compared with that of Dec. 2011 (See Table 1.3).

Table 1.3 Changes in inflation of the E11 economies in 2009-2012

Unit: %

	2009	2010	2011	2012
Argentina	6.3	10.5	9.8	9.9
Brazil	4.9	5.0	6.6	5.2
China, People's Republic of	-0.7	3.3	5.4	3.0
India	10.9	12.0	8.9	10.3
Indonesia	4.8	5.1	5.4	4.4
Korea, Republic of	2.8	2.9	4.0	2.2
Mexico	5.3	4.2	3.4	4.0
Russia	11.7	6.9	8.4	5.1
Saudi Arabia	5.1	5.4	5.0	4.9
South Africa	7.1	4.3	5.0	5.6
Turkey	6.3	8.6	6.5	8.7

Note: The data of 2012 and some economies' data of 2011 are estimated. **Sourcse:** International Monetary Fund, World Economic Outlook Database, Oct. 2012

