

China, India, and Indonesia: Asia's Three Largest Emerging and Converging Economies

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Seoul, 21 September 2012**

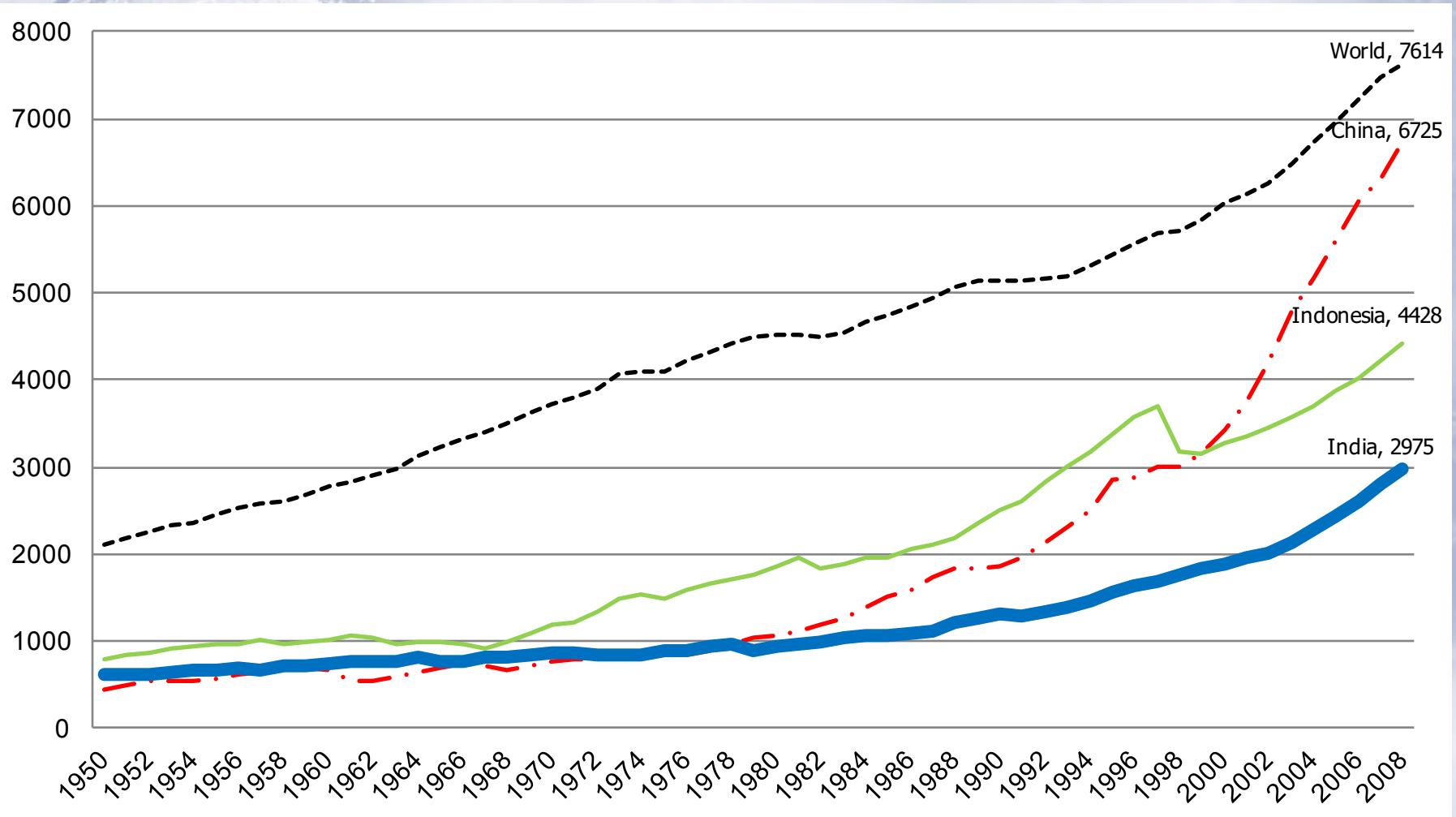
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Views expressed here are not necessarily those of CDRI

The Asian Century, the Asia-7, and the CIIs

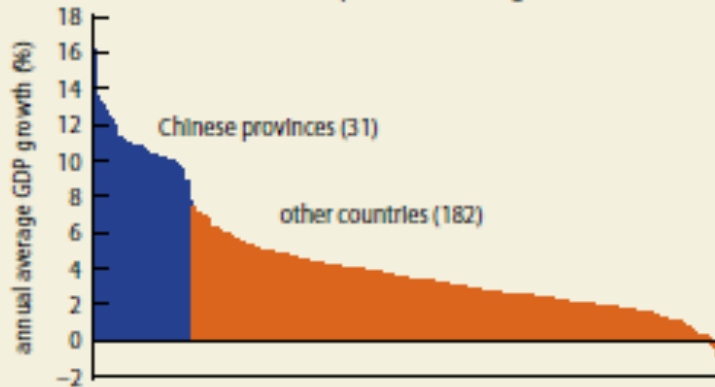
Country	2010 GDP (MER trillions)	2050 (MER trillions)
China	5.7	62.9
India	1.4	40.4
Indonesia	0.7	11.4
Japan	5.4	8.2
Republic of Korea	1	3.7
Thailand	0.3	3.2
Malaysia	0.2	2.6
Total Asia - 7	14.8	132.4
China-India-Indonesia/total (%)	52.70	86.63

CI's Six Decades of Global Catching Up PPP Per capita, 1990 dollars



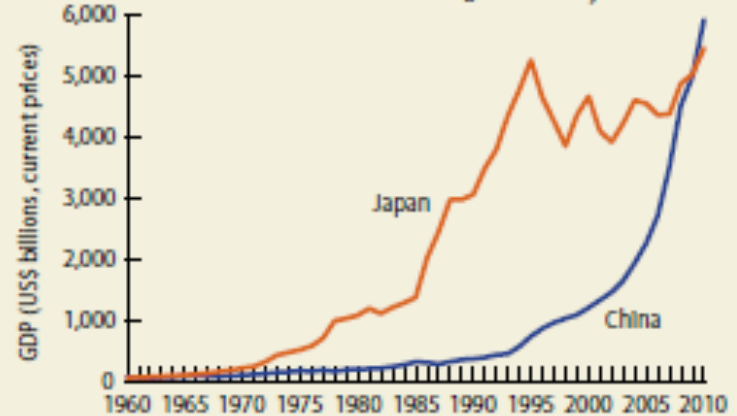
China's Economic Milestones

a. China's rapid, broad-based growth ...



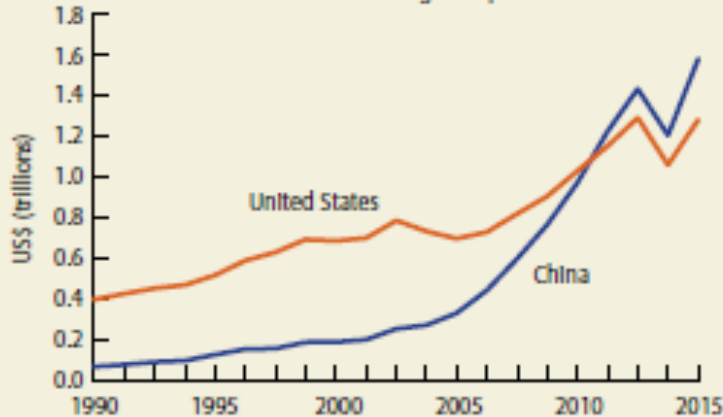
Source: NBSC 2010; World Bank 2011.

b. ... has made it the second-largest economy in the world ...

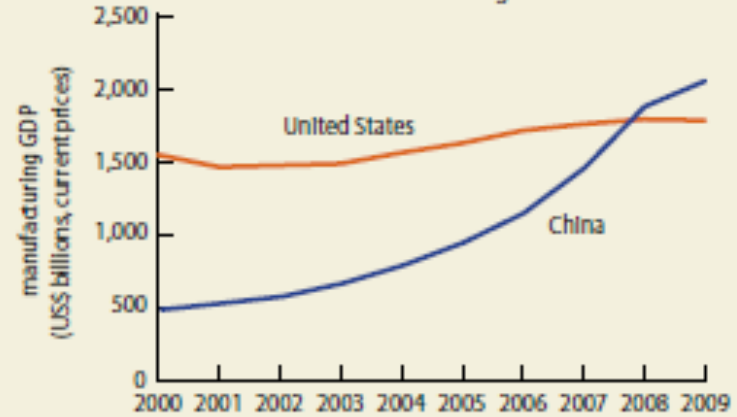


Source: NBSC 2010; World Bank 2011.

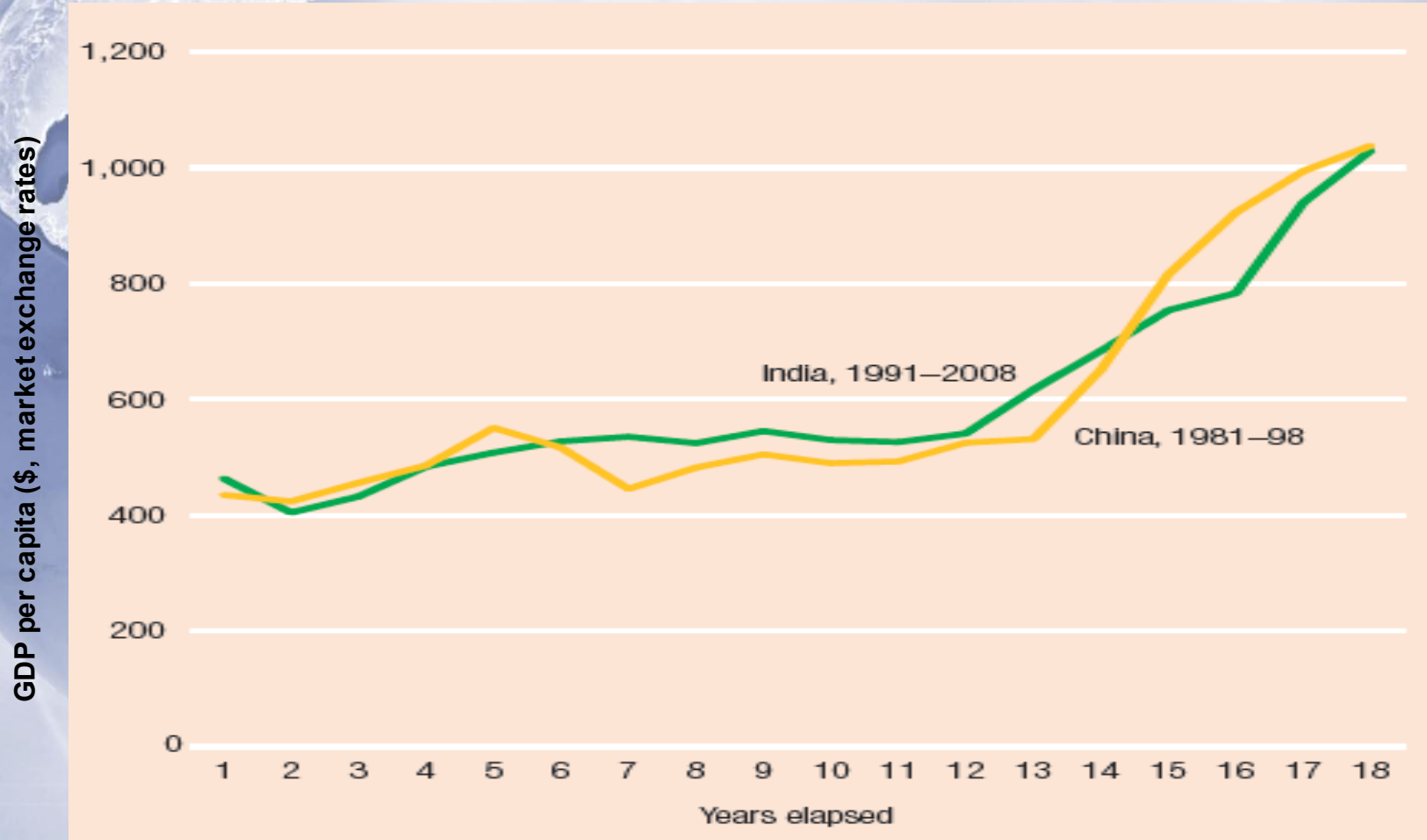
c. ... the world's largest exporter ...



d. ... and the world's largest manufacturer



India's Catching Up with China: A Ten Year Lag?



A Larger Lag in Investment and Savings

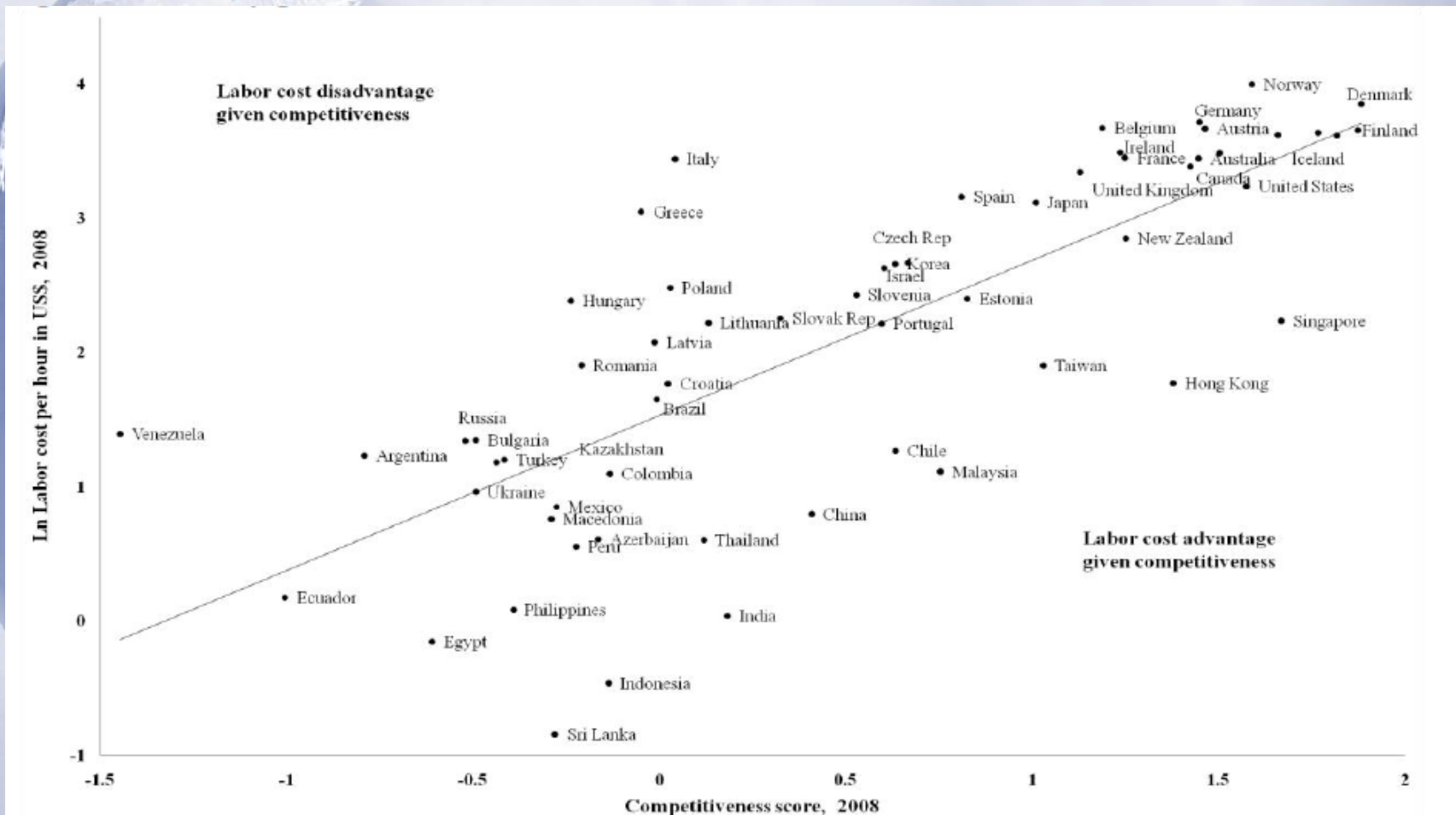
	1980	1990	2000	2010
Gross Capital Formation (% of GDP)				
China	35	35	37	48
India	21	25	24	35
Indonesia	24	31	18	32
Gross Savings (% of GDP)				
China	35	38	40	53
India	17	22	21	34
Indonesia	38	32	26	32

So is in Infrastructure: (2005-2008)

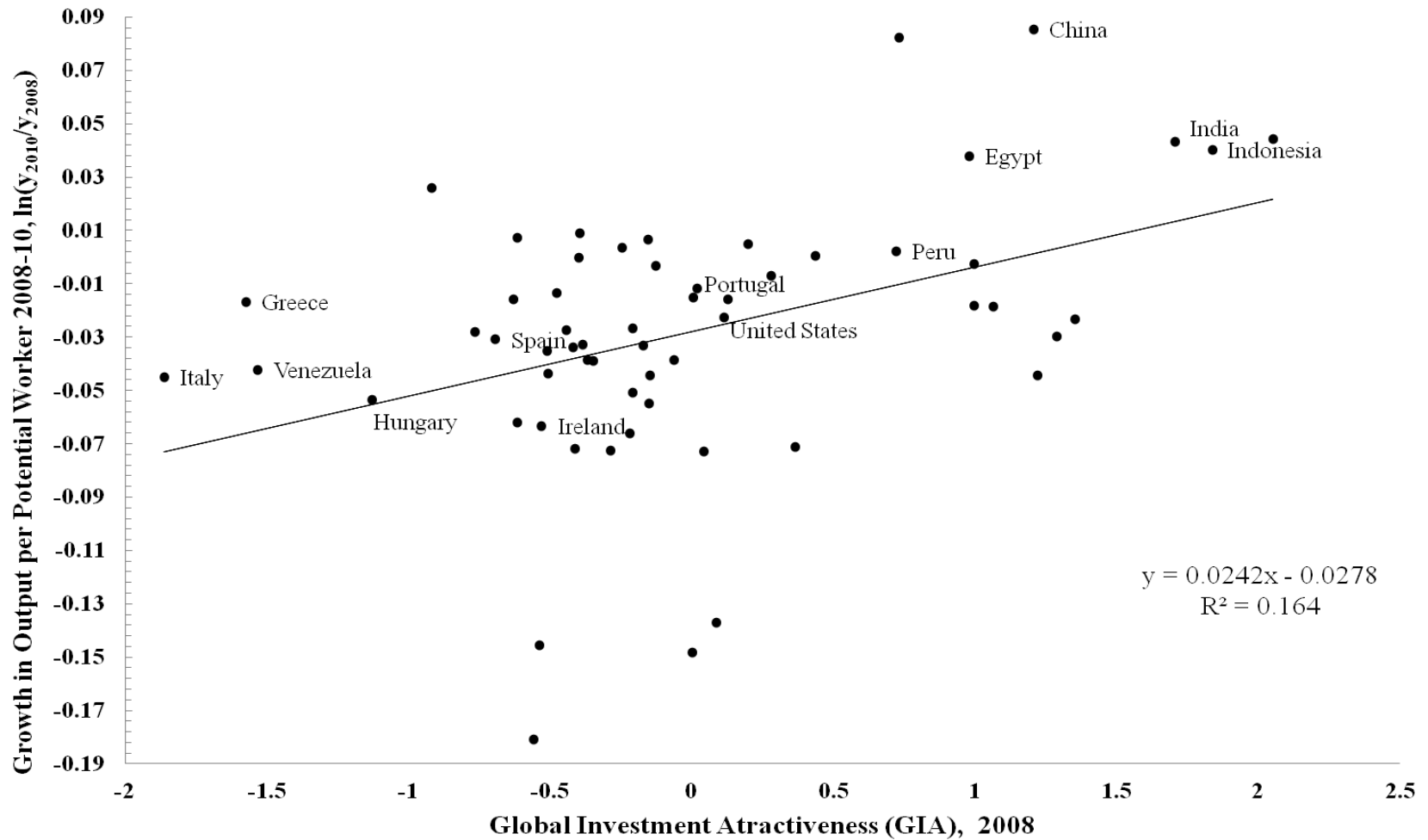
India's huge gap

	India	China
Electricity Consumption (kWh per capita)	503	2,041
Value lost due to poor power (% of sales)	6.6	1.3
Air freight per capita (million ton km)	0.8	8.5
Passengers carried by air (1,000 per capita)	44	139
Container port (TEU units per capita)	6,283	79,149
Internet bandwidth (bits per capita)	32	280
Mobile subscribers (per 100 persons)	21	42
Bandwidth subscribers (per 100 persons)	0.3	5.0
Quality of overall infrastructure [1-worst, 7-best]	3.4	4.2
Global infrastructure ranking	72	47

CII's Global Investment Attractiveness (Obs. = 60)



CII's GIA and Growth Potential



Business Environment: A Mixed Bag, Yet Advantage China Overall

Indicators	China	India	Indonesia
Survey year	2003	2006	2009
Time dealing with officials (% of management time)	18.3	6.7	1.6
Average number of times meeting with tax officials	14.4	2.6	0.2
Permits and licenses Time required to obtain operating license - days	11.6	N/A	21.1
(Corruption) Informal payments to public officials - % of firms	72.6	47.5	14.9
(Crime) Losses due to theft, robbery, vandalism, and arson - % of sales	0.1	0.1	0.4
(Informality) Firms formally registered when operations started - % of firms	N/A	N/A	29.1
(Gender) Firms with female participation in ownership - % of firms	N/A	9.1	42.8
(Finance) Firms using banks to finance investment - % of firms	28.8	46.6	11.7
(Infrastructure) Value lost due to electrical outages - % of sales	1.3	6.6	2.2
(Innovation) Internationally recognized quality certification ownership - % of firms	35.9	22.5	2.9
(Trade) Average time to clear direct exports through customs - days	6.6	15.1	2.3
(Workforce) Firms offering formal training - % of firms	84.8	15.9	4.7

Governance: A Two-Part Story: WB Governance Indicators, 1996-2010

Governance Indicators	China			India			Indonesia		
	1996	2005	2010	1996	2005	2010	1996	2005	2010
Voice and Accountability	11.5	7.7	5.2	62.00	60.10	60.20	23.60	44.70	47.40
Political Stability/Absence of Violence	41.3	30.8	23.6	19.20	17.80	10.80	13.00	7.20	20.30
Government Effectiveness	46.8	53.2	59.8	53.70	55.10	55.50	37.10	38.50	47.80
Regulatory Quality	47.5	50.5	45	32.40	46.60	38.30	57.40	31.40	40.20
Rule of Law	36.4	38.3	44.5	59.30	57.90	54.50	39.70	25.40	31.30
Control of Corruption	43.9	31.2	32.1	40.00	43.90	35.40	30.70	20.00	26.30

WB Governance Indicators: 2010 Country Rankings

<i>Country</i>	<i>Voice and accountability</i>	<i>Government effectiveness</i>	<i>Rule of law</i>	<i>Control of corruption</i>
China	5	60	45	33
India	59	55	55	36
Indonesia	48	48	31	27
Japan	82	89	88	92
Malaysia	31	82	65	61
Philippines	47	52	35	22
Singapore	37	100	93	99
South Korea	69	84	81	69
Thailand	30	58	50	47
US	87	90	91	86

Source: World Bank, Worldwide Governance Indicators (<http://www.govindicators.org>).

Political Democratization: China Lagging (EIU democracy index, 2011)

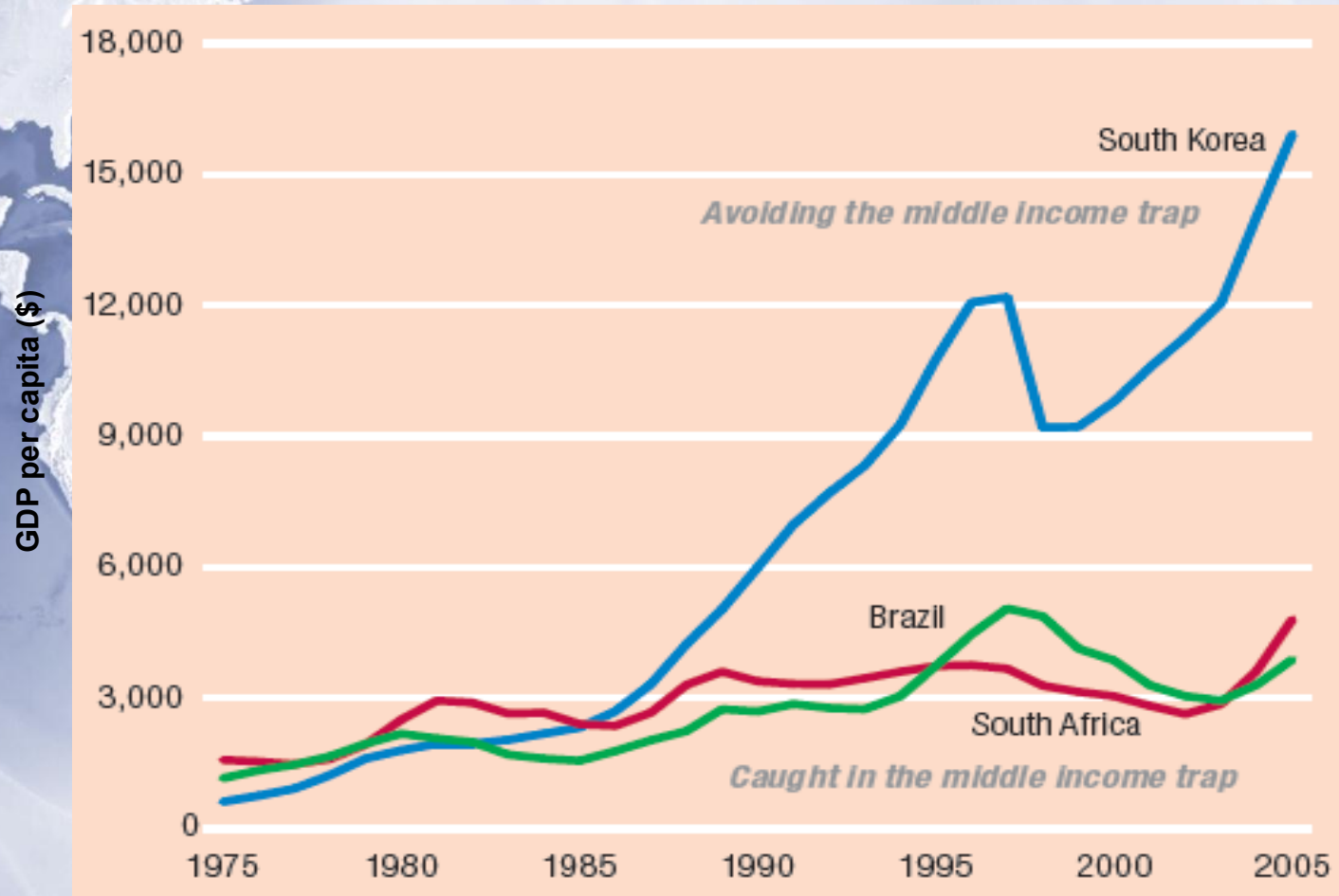
<i>Country</i>	<i>Country ranking^a</i>	<i>Overall score^b</i>	<i>Electoral process</i>	<i>Civil liberties</i>	<i>Functioning of government</i>	<i>Political participation</i>	<i>Political culture</i>
China	141	3.1	0.0	1.2	5.0	3.9	5.6
India	39	7.3	9.6	9.4	7.5	5.0	5.0
Indonesia	60	6.5	6.9	7.1	7.5	5.6	5.6
S. Korea	22	8.1	9.2	8.5	7.9	7.2	7.5
Japan	21	8.1	9.2	9.4	8.2	6.1	7.5
Singapore	81	5.9	4.3	7.4	7.5	2.8	7.5
Malaysia	71	6.2	6.5	5.9	6.8	5.6	6.3
Thailand	58	6.6	7.8	7.1	6.1	5.6	6.3
Philippines	75	6.1	8.3	9.1	5.0	5.0	3.1
US	19	8.1	9.2	8.5	7.5	7.2	8.1

^a Ranking out of 165 independent states and two territories.

^b Scores range from worst (0) to best (10).

Source: Economist Intelligence Unit, Democracy Index 2011 (http://www.eiu.com/Handlers/WhitepaperHandler.ashx?fi=Democracy_Index_Final_Dec_2011.pdf&mode=wp).

Avoiding the Middle Income Trap: Any Lessons from Korea?



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Thank You

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