BEYOND BRICS – AN EMERGING MARKETS ECONOMIC ANALYSIS

Sebastian-Andrei LABES*

Abstract: *The rise of the BRICS – Jim O'Neill's acronym that stands for Brazil, Russia, India, China and South Africa defining the flagship nations of emerging economies – it's not the only economic success story of the emerging markets. In fact the five top emerging markets economies just started a trend, set a course for others to follow. The Next Eleven, as Goldman Sachs named the group of economies which have the highest potential of becoming world's most important economies of the 21st century, are well aware of their advantages and downsides in the new global economic environment. The EU as a global player needs to cope with this rise of new poles of economic strength in order to maintain its economic powerhouse. The purpose of this paper is to analyze the rise of the Next Eleven from the EU perspective in terms of trade openness, macroeconomic stability and economic growth. The paper is divided into sections: Introduction, Literature review, Current trends in the world's economy, Globalization Era: New poles of economic growth, Risks and opportunities for EU economic growth in the context of the new rising emerging markets, Current global economic-financial crisis implications on EU and The Next Eleven a final section with some Concluding remarks. The findings provided by this working paper are that European Union is facing major changes in the world's economic environment and European economies are forced to adapt fast in both contexts of current global economic crisis and the rising importance of emerging markets. Moreover, the Next Eleven are a proof of the rapid changes in the global economy that affect not only the major Western economies but also the major economies of the newly developed nations, such as the BRICS. This phenomenon is part of the bigger picture – the globalization process of global economic stage.*

Keywords: EU; emerging markets; BRICS; The Next Eleven; globalization

Introduction

The rise of the BRICS – Jim O'Neill's acronym that stands for Brazil, Russia, India, China and South Africa defining the flagship nations of emerging

* PhD candidate, Faculty of Economic and Business Administration, Alexandru Ioan Cuza Univesrity of Iasi; e-mail: label_sebastian@yahoo.com.

ISBN 978-606-714-160-3 | ISSN 2393-2384 | ISSN-L 2392-8867

economies – it's not the only economic success story of the emerging markets. In fact the five top emerging markets economies just started a trend, set a course for others to follow. The Next Eleven (N-11), as Goldman Sachs named the group of economies which have the highest potential of becoming world's most important economies of the 21st century, are well aware of their advantages and downsides in the new global economic environment.

The Next 11 economies are a heterogeneous group of countries in which are included the following nations: Bangladesh, Egypt, Indonesia, Iran, South Korea, Mexico, Nigeria, Pakistan, the Philippines, Turkey and Vietnam. At the end of 2011, the 4 most prominent countries in the Next 11 – Mexico, Indonesia, South Korea and Turkey – made up 73% of all Next Eleven GDP. BRIC GDP was \$13.5 trillion, while MINT (Mexico, Indonesia, South Korea and Turkey) GDP at almost 30% of that accounting about \$3.9 trillion. The term MINT was originally coined by Fidelity Investments, a Boston-based asset management firm, and was popularized by Jim O'Neill (Fraser, 2011). The Next 11 seem to have in common high growth potential both in economic and demographic terms. On the other hand European Union it's an economic powerhouse with solid economies and sustainable economic growth. In 2013, the EU economy accounted for 23.5% of world nominal GDP. With a combined GDP of \$18.5 trillion, the EU is the world's largest single common market, foreign investor and trader. The Canadian Trade Commissioner Service, one of the most important EU's trading partner concludes in one of its reports that

> "because of the depth of the crisis and persistent structural issues in some Member States, economic recovery in the EU has been slow and continues to be uneven, with high unemployment in countries most-affected by the crisis such as Greece and Spain" (The Canadian Trade Commissioner Service).

European Union is the largest trading partner for all developing countries. The economic ties with every single country in the BRICS or Next 11 are crucial for both parties. "The rise of the rest" as Fareed Zakaria envisioned this emergence of developing nations is an important part of the world's economic balance due to the fact that during the current economic and financial crisis these countries accounted growth – opposite to the slowdown registered by the EU's economy taken as a whole. European Union has in its own backyard a set of countries considered to be emerging markets, especially the ones freshly acceded to its structures – Poland, Czech Republic, Hungary, Slovakia, Romania, Bulgaria and the Baltic states (Latvia, Estonia, Lithuania). These economies known under the entitling of "Emerging Europe" form a group of developing countries which struggle for recognition on the international arena. The former transition economies experienced growth rates before 2008 – the year economic crisis hit hard the region of Central and Eastern Europe – that rivalled with the ones of the Next 11. The economic integration process and the strict policies of the EU prevented a collapse of the financial system in the region but on the global scale even though the entire EU was confronted with a slowdown of growth it succeeded to contain the effects of the crisis.

1. Literature review

What makes "the BRICs special is that they have the scale and the trajectory to challenge the major economies in terms of influence on the world economy" (O'Neill *et al.*, 2005). As Goldman Sachs economists argue, the BRICS influence in world's economy is rising in the context of the international current crisis which is yet far from a long-expected end. Even though the paper in which they are introducing the new trend in developing nations – "How solid are the BRICS?" – was written 10 years ago, their thesis is still popular and intriguing.

As pleading in favour of the new developing nations, they predict an emergence of new poles of growth in different parts of the world coming mainly from the developing nations and newly industrialized economies. Their grouping has as starting point macroeconomic indicators such as GDP growth, income per capita and population growth.

Goldman Sachs economists ran projections of growth for each of the economies they focus their attention on the BRICS and the Next 11. Their analysis concluded that "by 2050, the largest economies in US Dollar terms will look very different from today" (O'Neill *et al,*, 2005). According to their projections in terms of GDP growth only Mexico, Indonesia, Nigeria and South Korea could overtake Italy and Canada by 2050, but the other N-11 members do not catch up with the current G7 group. On a global basis the two economies that could make a difference are only Mexico and South Korea. The rest of them could contribute only in a small amount to world's economy growth and the process of catching up will be difficult. In terms of income per capita South Korea, Mexico and Turkey could overpass many of the G7 countries and could list themselves amongst the countries with high income per capita. South Korea is already a country listed as a high-income per capita economy with a US $25,920 in terms of GNI (Gross National Income) per capita in 2013. This classification is made by the World Bank and it's a useful tool in reflecting the average income of a country's citizens. Knowing a country's GNI per capita is a good first step towards understanding the country's economic strengths and needs, as well as the general standard of living enjoyed by the average citizen. A country's GNI per capita tends to be closely linked with other indicators that measure the social, economic, and environmental well-being of the country and its people. Table 1 – GNI per capita, selected countries shows South Korea as a true competitor on a global scale in terms of sustainable growth. Since 1990 United States and European Union doubled their numbers of GNI per capita from US $24,530 in 1990 to US $53,470 in 2013 for US, respectively from US $14,762 in 1990 to US $35,530 in 2013 for EU. In the same period of time South Korea quadrupled its numbers from US $6,480 in 1990 to US $25,920 in 2013. Amongst the BRICS, Russian Federation has the highest GNI per capita of US $13,850 in 2013, followed by Brazil with US $11,690. In the classification made by the World Bank in the high-income group of countries besides the United States and most of European Union's Member States out of the emerging economies only the Russian Federation and South Korea fulfil the requirements. Brazil, Turkey, Mexico, South Africa, China and Iran are considered to be part of the upper-middle-income group, while Indonesia, Philippines, Egypt, Nigeria, Vietnam, India and Pakistan are included in the lower-middle-income group of economies.

The Growth Environment Score (GES) is a useful tool developed by Goldman Sachs economists in order to assess the power of emerging economies to achieve the economic growth everyone is expecting of them. GES is using 12 sub-indices divided into five basic areas: Macroeconomic stability (Inflation; government deficit; external debt); Macroeconomic conditions (Investment rates; openness of the economy); Technological capabilities (Penetration of PCs, phones; internet); Human capital (Education; life expectancy) and Political conditions (Political stability; rule of law; corruption). According to their calculated index "Korea is the standout, highlighting how different it is to the rest of the group. But Mexico and Vietnam (and to a lesser extent Iran, Egypt and the Philippines) also score relatively well currently in terms of growth conditions. At the other end of the spectrum, Nigeria, Bangladesh and Pakistan all score poorly." (O'Neill *et al.*, 2005).

The results of the score are presented in Figure 1 – GES Index and Figure 2 – Convergence process GES Index. The figures show how N-11 countries and the BRICS are performing according to the indices mentioned above. The countries that have the highest potential of convergence are South Korea, China, Mexico and Vietnam and the ones with the lowest convergence are Pakistan, Bangladesh and Nigeria. The results are not unexpected and they come in line with other performances of these countries in the past 20 years. In 2007 Sandra Lawson, David Heacock and Anna Stupnytska laid out the performances of the Next 11 in terms of energy, urbanization, infrastructure, health and technology. The most important features are:

> "The N-11, which comprise 7% of the world economy, account for 9% of the world's energy consumption and an equal share of global CO2 emissions […] the N-11 are already highly urbanized […] Some of the N-11 (Mexico, Philippines, Indonesia and Turkey) are attractive destinations for infrastructure investment […] The UN projects that life expectancy rates in the N-11 and the BRICs will converge around the current G6 level (75 years) by mid-century […]The explosive growth story in mobile phones is spreading to the N-11, with the poorest countries posting triple-digit growth in recent years". (Lawson, *et al.*, 2007).

Their assessment project high potential for these countries and European Union should keep up with these changes in international environment as a whole.

As Josef Janning concludes in an article for Deutsche Gesellschaft für Auswärtige Politik "a significant part of Europe's economic future is tied to the development of these countries and to the ways and means by which they will define and secure their role in world affairs. Instability, insecurity and conflict within and around BRICS countries will profoundly impact on Europe with few options for EU leaders to shape events, other than to engage early and by using the assets Europeans hold – economic interdependence and trade, technology and governance skills" (German Council on Foreign Relations). But there is no point in being afraid of this rise of the new poles of growth, as the same author strongly reveals.

In 2014, the newly elected President of the European Commission, Jean-Claude Juncker stated in a report the goals for his presidency. Amongst others he stated that "we need a stronger Europe when it comes to foreign policy […] we need better mechanisms in place to anticipate events early and to swiftly identify common responses. We need to be more effective in bringing together the tools of Europe's external action. Trade policy, development aid, our participation in international financial institutions and our neighbourhood policy must be combined and activated according to one and the same logic" (Juncker, 2014). This is a clear vision of the near future in which the President of the Commission acknowledges the fact that "even the strongest soft powers cannot make do in the long run without at least some integrated defence capacities" (Juncker, 2014).

2. Current trends in the world's economy

The complexity of today's global economy, with a changed cast of actors and an expansive arena is suggesting a shift to a multipolar structure in which many players have to interact with each other. In this regard, a multipolar structure could be considered the logical replacement of the centre-periphery model. However, the current theoretical framework is unsatisfactory for a number of reasons. First, it does not relate to the question of how power is distributed. Secondly, it implicitly assumes that economic power is correlated with the size of the economy of a single country, using real or potential size of GNP (Gross National Product) as a proxy of economic power. Third, the nation state is used as a reference unit in the global distribution of economic power. The reasoning in terms of national economies provides a good visual representation, but today it is inadequate because it ignores the complexity of economic relations (Subacchi, 2008).

> "Generally, in literature, the concept of power is widely used in the field of International Relations, both for the analysis of relations between states, as well as for defining the external policy and conduct of states seen as actors on the international stage, starting with Thucydides, Machiavelli, Morgenthau, Mahan, Clausewitz, Sun Tzu and continuing to contemporary researchers such as Baldwin, Gratzke, Waltz or Cohen. There are several ways in which power may be expressed, for example it may represent: a measure of the degree of influence or control that an actor uses in order to achieve specific goals and expected results; the way in which an actor may

decide or influence the course of events or issues management on the international stage; an ability to control the resources or capabilities or a status that some states or actors possess and others do not" (Simionov, 2014).

Stockholm International Peace Research Institute is making an annual report of measuring international power in terms of population, surface, GDP, GDP per capita, economic growth, military expenditures, military capabilities, and share in the UN budget. China tops the list, with India and Brazil in international power hierarchy. Other countries (such as Mexico, Iran, Pakistan, Indonesia and South Africa) are on the waiting list or the „second" one. Among them, it is important to distinguish between *soft power* and *hard power*, according to the resources used: military, economic, diplomatic or cultural. In line with this, apart from the so-called BRIC (Brazil, Russia, India and China), whose economic base is, other emerging powers with global influence can be identified: in terms of hard power, also known as military power – Pakistan (the only nuclear power in the Islamic world) and Iran (a potential nuclear power) in terms of economic weight – Mexico and South Africa and, for reasons of population – Indonesia, Pakistan, Bangladesh and Nigeria (Table 2 – Measuring global power).

The increasing importance of emerging markets in the global economic landscape is no longer a futuristic idea but a measurable fact. Sustained strong economic growth in the N-11 countries is also creating new consumer markets that can be targeted by businesses.

3. Globalization Era: new poles of economic growth

The N-11 emerging markets have features in common that are believed to single out their high economic potential: all have large and growing populations (between 1980 and 2008, population growth was highest in Pakistan at 110.8%, with the lowest being in South Korea, with 28.4% period growth; of the N-11 countries, Indonesia had the largest population with 228.9 million people, while South Korea had the smallest at 47.6 million); Mexico had the highest sum of private final consumption expenditure, totalling US$567 billion and Vietnam had the lowest, at US$36.8 billion; all 11 countries demonstrate population growth rates above those of Western developed economies, indicating greater consumer market potential over the medium term.

While the N-11 countries share certain characteristics, they are not at the same level of economic development. The N-11 countries can be categorized in two different ways: *developing economies* and *newly industrialized economies*. These are included in the emerging economies, but the latter have greater industrial capacity and are typically beginning to export heavy manufactured or refined products, while the former are still largely reliant on primary exports, with some industrial capacity. Typically, developing economies have lower standards of living than newly industrialized economies. Of the N-11 countries, Bangladesh, Iran, Nigeria, Pakistan and Vietnam can be categorized as developing economies, while South Korea can be categorized as newly industrialized economy. South Korea is the only N-11 economy that could be categorized as a developed economy, owing to its high level of industrialization and relatively stable macroeconomic fundamentals. South Korea is a predominantly technological state, exporting manufactured goods and services expertise. By contrast, Bangladesh is an exporter of primary goods while Nigeria is an oil exporter and an exporter of lower-level manufactured goods (Euromonitor International, a).

These economies have contributed around 9% of global growth over the last few years and could reach two-thirds the size of the G7 by 2050. All have the potential to grow at around 4% annually over the next 20 years. Mexico and Indonesia have the potential to rival all but the largest of the G7, and Nigeria, South Korea, Turkey and Vietnam might all overtake some of the current G7. Although much of the growth of these economies is rising from natural resources such as oil and increasing domestic consumption, the economies of some, such as South Korea, are already competing in many global sectors; all have ambitions to build a critical mass of globally competitive firms in key sectors (asaecenter.org).

Internal and external key factors will definitely influence the growth perspectives in these countries as new growth poles: demand from key export markets (United States and China); stable political environment (the most stable ones South Korea, Vietnam and Mexico); domestic political events may also restrict growth prospects (political instability in Pakistan and Bangladesh, terrorist groups in Indonesia, the Philippines, Nigeria and Turkey) and shifts in global commodity prices (oil price – most of them are oil exporters).

4. Risks and opportunities for EU economic growth in the context of the new rising emerging markets

"The rise of emerging markets has been perhaps the defining feature of the global economy this century. In 2000, emerging markets as a whole accounted for just 37% of global GDP (in Purchasing Power Parity terms); in 2013 this figure is expected to reach 50%. Even as developed economies recover from the recession, and emerging markets enter a period of slower growth, global economic growth will continue to be strongly influenced by emerging markets" (Euromonitor International, b). This assessment made by Euromonitor International highlights the growing influence of the emerging markets in global economy altogether with their key features that the developed countries should take into consideration. EU should cope with these changes in global environment and perceive them both as risks and opportunities to expand its own influence in the emerging markets.

Recently the emerging markets have started to use heavy measures of protectionism in order to defend their domestic markets. "The EU trade's body said 154 new tariffs and restrictive measures have been pushed through over the past year while virtually none has been abolished. This violates a promise by the

G20 bloc of leading powers to dismantle barriers before they become embedded in the global system." (Evans-Pritchard, 2013) .

These abuses do pose a threat to the global recovery from the financial crisis and are promoted not only by the large regional powers such as the BRICS economies but by other emerging powers as well – Indonesia, Argentina and South Korea (Figure 3 – Total protectionism measures by country). "Countries are using every trick to keep goods and services out, going far beyond from tariffs and fees. These include licensing barriers, technical regulations, procurement rules and internal stimulus measures that distort competition." (Evans-Pritchard, 2013) Trade barriers have always been a measure countries would fiercely use in order to keep internal industries on the floating-line. Due to the fact that emerging markets are net exporters of primary goods these measures do not come surprisingly although they are strongly condemned by the WTO (World Trade Organization) itself and could set the way to an "uncontrolled protectionism".

European Union is known to be the world's largest exporter and importer and a major trade partner for all emerging markets thus having a strong stance in international trade flows. The intra-trade between the emerging markets it's on the rise as well.

"Exports from advanced economies would grow at a more subdued pace. Most industrialized nations tend to sell the bulk of their goods and services to other advanced economies, in which demand is set to be weak in the coming years as these nations struggle to recover from the global financial crisis." (Jones, 2013).

The same author highlights in its article the fact that "facing competition from lower-cost producers in the emerging markets, exporters from the advanced economies would need to increasingly focus on high-technology sectors, where they can still command a competitive advantage." (Jones, 2013).

This represents one of the major challenges for the European Union – the need to focus on the high-technology sector in order to sustain competitive advantages against the copycat practices and the shift from basic commodities (raw materials exporters) trading towards high-end sectors such as chemicals and pharmaceuticals (Figure 4 - Growth of high- and medium-high-technology exports, 1997-2007). South Korea, Turkey and Indonesia stand out of the Next-11 succeeding in switching towards medium-high-technology exports between 1997 and 2007 as data from OECD shows in Figure 4.

5. Current global economic-financial crisis implications on EU and The Next 11

In the past decade European Union strengthened its status as an economic powerhouse in terms of trade and international capital flows. In international forums it's perceived as an important voice.

"EU action at the WTO is characterized by power rather than by leadership. In international negotiations the EU is generally seen as a rigid and conservative actor, constrained by the time-consuming procedures for garnering support from 28 Member States and by the institutional complexity of its policy-making apparatus. The period 1990-2010 is characterized by a growing internal coherency but a shrinking external influence of the EU in the world" (Euro Broad Map).

Although its internal market makes it the largest trader taken as a whole its influence on the global arena it's perceived more like a rigid colossus due to its numerous regulations.

> "The world economy reached only subdued growth of 2.1% in 2013. While most developed economies continued to grapple with the challenge of taking appropriate fiscal and monetary policy actions in the aftermath of the financial crisis, a number of emerging economies, which had already experienced a notable slowdown in the past two years, encountered new domestic and international headwinds during 2013." (United Nations, World Economic Situation Prospects, 2014).

The financial and economic crisis of 2007 had major impact not only on developed economies but also on the emerging ones. Financial crises in general tend to affect more emerging markets than advanced economies. Prospects of growth in exports are projected to 5.1% in 2015 showing a slow recovery compared with the past years.

"Some signs of improvement have emerged more recently. The Euro Area has finally come out of a protracted recession, with gross domestic product for the region as a whole starting to grow again; the economy of the United States of America continues to recover; and a few large emerging economies, including China, seem to have at least stopped a further slowdown or will see accelerating growth. World gross product is forecast to grow at a pace of 3.0 and 3.3% in 2014 and 2015, respectively." (United Nations, World Economic Situation Prospects, 2014).

The ATKearney Global Economic Outlook also highlights that "the global economy is finally beginning to stabilize with prospects of average annual growth of 3-4% in 2014-2020." (ATKearney, 2014) According to the same institute the Eurozone will grow only 1% this year with the help provided by the expansionary monetary policies taken by the European Central Bank that should stimulate economic activity. However, financial regulations are still expected as well as the continuity of structural reforms in the other Member States at the periphery of Eurozone. In the emerging markets, we talk also about slowdown but their growth is projected around 5% in the next 5 years. Out of the Next-11 the institute foresees a very high expansion of growth in the Philippines and Mexico due to a numerous reforms that have unlocked these countries growth potential.

Conclusions

European Union is facing major changes in the world's economic environment and Member States economies are forced to adapt fast in both contexts of current global economic crisis and the rising importance of emerging markets. The emerging economies pose both risks and opportunities for the EU in terms of trade and international investment flows. Besides the known BRICS who not so long ago use to think they are the 'new kids on the bloc' other poles of growth emerge from the third world. Moreover, The Next Eleven (Bangladesh, Egypt, Indonesia, Iran, South Korea, Mexico, Nigeria, Pakistan, the Philippines, Turkey and Vietnam) are a prove of the rapid changes in the global economy that affect not only the major Western economies but also the major economies of the newly developed nations, such as the BRICS. EU is an economic powerhouse with an important voice in the international forums such as WTO. However, due to its numerous regulations it's perceived as rigid and unwieldy.

The rise of the rest as Fareed Zakaria referred to the emergence of new poles of growth in different parts of the world is a challenge to come for the EU as a whole. EU should focus on the high-technology output in order to maintain its strong competitiveness in the international trade. This phenomenon is part of the bigger picture – the globalization process of global economic stage.

Acknowledgement: This paper is supported by the Sectorial Operational Programme Human Resources Development (SOP HRD), financed from the European Social Fund and the Romanian Government under the contract number POSDRU/159/1.5/133675.

References

Asaecenter (2014),"Rise of the "Next 11" nations on the global stage", available at: http://www.asaecenter.org/ Education/trends.cfm?ItemNumber=53858.

ATKearney Global Business Policy Council (2014), "Global Economic Outlook 2014-2020, Beyond the Crisis: Sustained Global Economic Growth? ", available at: https://www.atkearney.com/documents/ 10192/5180587/Beyond+the+Crisis-Sustained+Global+Economic+Growth-Global+Economic+Outlook+2014-%C2 %AD 2020/47df1c5c-afd4-455f-91cf-dec2924889c8.

Euromonitor International (2008), "The Next 11 Emerging Economies", available at: http://blog.euromonitor.com/2008/02/the-next-11-emerging-economies.html

Euromonitor International (2013), "Reaching the Emerging Middle Classes Beyond BRIC", available at: http://go.euromonitor.com/rs/euromonitorinternational/ images/Reaching%20the%20Emerging%20Middle%20Classes%20Beyond%20 BRIC.pdf?mkt_tok=3RkMMJWWfF9wsRoivqzBZKXonjHpfsX+7uwpWKa+l MI/0ER3fOvrPUfGjI4CTsZiI+SLDwEYGJlv6SgFQrDAMatv0bgKWhg%3D.

Euro Broad Map (2015), available at: http://www.eurobroadmap.eu/system/ files/documents/WP1/documents/VISION1%20Europe%20as%20economic%20 power_FINAL_ Light_OK.pdf.

Evans-Pritchard, A. (2013), "Europe fears 'uncontrolled protectionism' as emerging markets turn against free trade", *The Telegraph*, available at: http://www.telegraph.co.uk/finance/economics/10282016/Europe-fears-uncontrolled-protectionism-as-emerging-markets-turn-against-free-trade.html.

Fraser, I. (2011), "Fidelity is confident its MINTs won't suck", *QFinance Newsletter*, available at: http://www.financepractitioner.com/blogs/ian-fraser/2011/05/10/fidelity-is-confident-its-mints-wont-suck-emerging-economies.

Janning, J. (2013), "Who's Afraid of BRICS? Can Europe deal with the emerging global powers? ", Deutsche Gesellschaft für Auswärtige Politik (German Council on Foreign Relations), available at: https://ip-journal.dgap.org/en/ip-journal/topics/ who%E2%80%99s-afraid-brics.

Jones, C. (2013), "Emerging markets to transform trade flows", *Financial Times*, available at: http://www.ft.com/intl/cms/s/0/d39237d4-8038-11e2-96ba-00144feabdc0.html.

Juncker,J-C. (2014), "A New Start for Europe: My Agenda for Jobs, Growth, Fairness and Democratic Change", Strasbourg, available at: http://www.eesc.europa.eu/resources/docs/jean-claude-juncker---political-guidelines.pdf.

Lawson, S., Heacock, D. and Stupnytska, A. (2007), "Beyond the Brics: A Look at the Next 11", in *BRICS and Beyond*, Goldman Sachs, New York.

O'Neill, J., Wilson, D., Purushothaman, R. and Stupnytska, A. (2005), "How Solid are the BRICs?", *Global Economics Paper,* No. 134, Goldman Sachs.

Simionov, L. (2014), "The European Union and Russia, Cooperation or Competition?", EURINT Proceedings 2014, Centre For European Studies, p. 231-241.

Subacchi, P. (2008), "New power centers and new power brokers: are they shaping a new economic order?", *International Affairs*, Vol. 84, No. 3, pp. 485-498.

The Canadian Trade Commissioner Service (2014), "Focus on the European Union", available at:http://www.tradecommissioner.gc.ca/eng/document.jsp?did=97445&cid=113&oid=143.

United Nations (2014), "World Economic Situation Prospects 2014", available at: http://www.un.org/en/development/desa/policy/wesp/wesp_current/wesp2014.pdf.

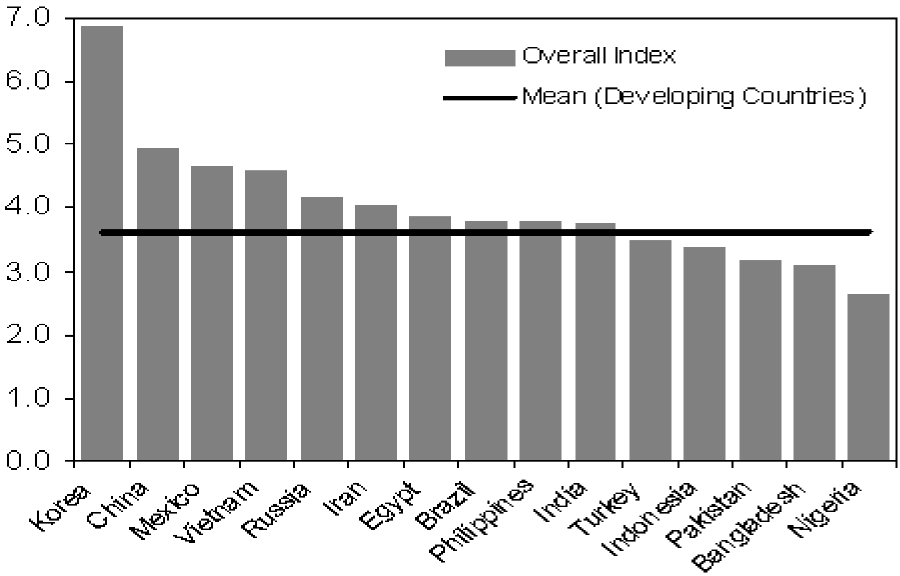
Annexes

Table 1. GNI per capita, selected countries

Country/Year	1990	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013
Bangladesh	**290**	380	470	510	560	650	710	780	870	950	**1,010**
Brazil	**2,700**	3,860	3,960	4,800	6,100	7,480	8,140	9,520	10,700	11,640	**11,690**
China	**330**	930	1,740	2,040	2,470	3,050	3,610	4,240	4,900	5,730	**6,560**
Egypt	**750**	1,470	1,290	1,390	1,620	1,950	2,240	2,510	2,730	2,980	**3,140**
India	**390**	460	740	820	960	1,050	1,170	1,290	1,440	1,530	**1,570**
Indonesia	**620**	570	1,230	1,390	1,610	1,950	2,160	2,500	2,920	3,420	**3,580**
Iran	**2,380**	1,620	2,530	2,920	3,500	3,890	4,330	..	..	6,570	**5,780**
South Korea	**6,480**	10,750	17,800	19,980	22,460	22,850	21,090	21,320	22,620	24,640	**25,920**
Mexico	**2,740**	5,690	7,650	8,240	8,830	9,360	8,530	8,730	9,000	9,720	**9,940**
Nigeria	**290**	270	660	840	970	1,160	1,160	1,460	1,710	2,460	**2,710**
Pakistan	**410**	470	710	800	890	990	1,040	1,060	1,140	1,250	**1,360**
Philippines	**720**	1,230	1,530	1,660	1,900	2,230	2,480	2,740	2,620	2,960	**3,270**
Russian Federation	**..**	**1,710**	4,460	5,830	7,600	9,640	9,290	10,010	10,820	12,740	**13,850**
South Africa	**3,390**	3,140	5,050	5,690	5,970	6,030	5,900	6,240	7,050	7,640	**7,410**
United States	**24,530**	35,740	46,220	47,340	48,690	49,680	48,300	49,110	50,350	51,920	**53,470**
European Union	**14,762**	19,522	29,232	31,275	33,445	35,928	35,419	35,347	35,584	35,215	**35,530**

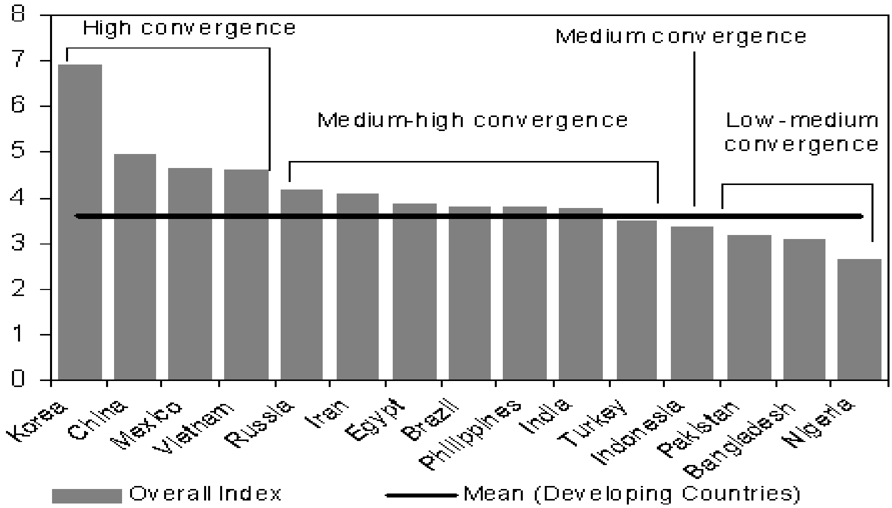
Source: Wolrd Bank, World Development Indicators, Series: GNI per capita, Atlas method (current US$)

Figure 1. GES Index



Source: O'Neill *et al.*, 2005

Figure 2. Convergence process GES Index



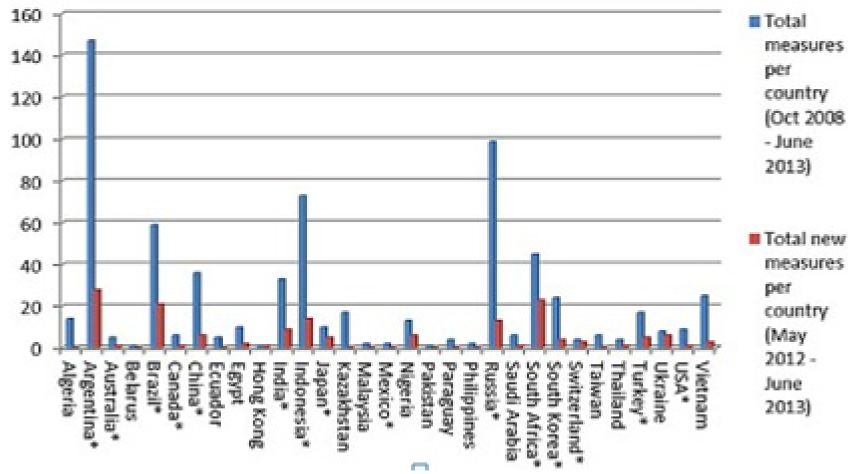
Source: O'Neill *et al.,* 2005

Table 2. Measuring global power

Country	China	India	Pakistan	Brazil	Mexico	Russia	Iran	South Africa
Population	1	2	6	5	11	7	18	27
Surface	2	7	36	5	15	1	18	25
GDP	2	12	45	10	13	11	30	29
GDP per capita	90	110	123	62	57	55	102	51
Economic growth	10%	8.3%	6.2%	3.6%	4%	6.9%	5.4%	4.2%
Military expenditures	2	11	31	9	26	72	12	40
Military capabilities	1	4	5	18	28	2	8	31
Shate in UN budget (%)	(205)	(0.432)	(0.05)	13(1.52)	10(1.88)	(1.1)	(0.15)	(0.29)

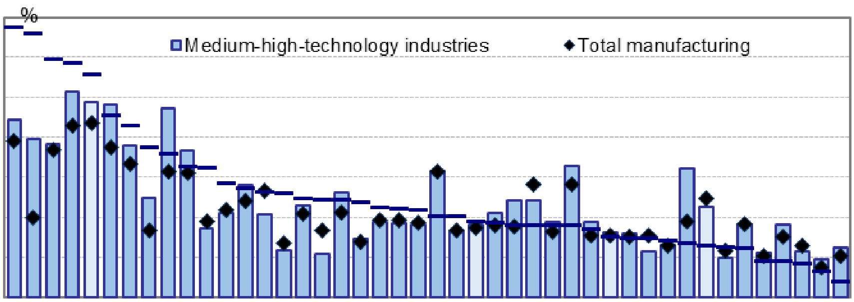
Source: Nationmaster (www.nationmaster.com), IMF, World Economic Outlook, 2007, UN Budget Assesment, 2007, Stockholm International Peace Research Institute

Figure 3. Total protectionism measures by country



Source: Evans-Pritchard, Ambrose (2013) Europe fears 'uncontrolled protectionism' as emerging markets turn against free trade, The Telegraph

Figure 4. Growth of high- and medium-high-technology exports, 1997-2007



Source: OECD Science, Technology and Industry Scoreboard 2009, retrieved from http://www.oecd-ilibrary.org/