

Emerge, expand, prevail

While many countries in the West struggle to sustain their low annual growth rates, rapidly expanding nations in Asia, Eastern Europe and South America show no signs of slowing. In this issue of *Monash Business Review*, we focus on some of these 'Emerging Economies' and analyse who will be the winners and losers. Successes achieved by both India and China point the way for these emerging nations.

Facilitated by the major economic liberalisation and reforms from local and central governments plus its revolution in the communication and information technology sector, India's economy has continued to grow at around 8 per cent per annum over the past few years. Successful manufacturing industries sit behind the success of China's economy, also growing at the respectable annual rate of around 10 per cent.

Foreign direct investment (FDI) and joint ventures have clearly benefited many emerging economies over the past two to three decades. We are now beginning to witness outward FDI by Indian and Chinese corporations: India's Tata Steel bought Anglo-Dutch steel firm Corus for US\$8.1bn in 2006; parent company, the Tata Group, purchased the UK inventor of the tea bag, Tetley Tea in 2000 to create the second largest tea brand in the world; and China's CHALCO, the world's second largest producer of alumina, has significant investments in Australia and South America.

Most commentators agree that both China and India will be the dominant economies of the world in the 21st century, but other emerging economies in Asia, such as Malaysia, Vietnam and Thailand, are also likely to achieve high growth rates over the next decade.

Many emerging economies have common elements driving their high growth rates – a hardworking labour resource that is prepared to make sacrifices and a rapidly growing domestic demand for world-class housing, automobiles, electronics and all types of consumable products and services.

Migration from rural areas to the rapidly growing cities in all emerging economies continues to increase, bringing with it many challenges for both companies and local authorities. These challenges include the demand for energy, raw materials, housing and other infrastructure, particularly to transport and distribute products and services. Developing the human labour resource with the right skill-set will be an ongoing challenge for education and training providers in most of these economies.

While much research has been done, we need to learn much more about the changes that have taken place in these emerging economies. We need to understand local business practices and other cultural differences. More importantly, we need to understand whether the rapid growth rates seen in emerging economies can be sustained over the coming decade and if so, how this might impact on other world economies. This presents us with considerable opportunity for future research and we invite researchers in the West and in emerging economies to collaborate so that all economies of the world benefit.

Professor Amrik Sohal

Associate Dean (India Development), Faculty of Business and Economics, Monash University