

World Knowledge Forum 2012

**9 October 2012, Ruchir Sharma and J. Michael Evans: Next Emerging.
World Knowledge Forum 2012, Seoul South Korea.**

In the afternoon session of the opening day of the World Knowledge Forum, Michael Evans, Vice Chairman and Global Head of Growth Markets at The Goldman Sachs Group, noted that "Growth markets, or emerging markets, are entering a new and important era. The age of BRICs is over, and other groups have arrived."

Mr. Evans explored emerging trends as well as the question of which countries will be the focus of future growth with Ruchir Sharma, Managing Director of Morgan Stanley Investment Management.

"Growth markets are more mature, more sophisticated, and much more resilient – more focused on rebalancing initiatives to achieve sustainable, high-quality growth," said Mr. Evans in reference to the evolution of emerging economies.

While the optimism surrounding new-growth economies was shared by both panelists, Mr. Sharma took a pragmatic approach with respect to identifying which market economies will be successful, but noted that the growth models of the last decade will not serve for the future.

"Very few economies in the world will sustain economic success decade after decade. What is happening now is a new phase: the 'Third Coming'," said Mr. Sharma. He explores the details of the 'Third Coming' in his book, *Breakout Nations*.

One criterion for quality growth is a country with low per-capita GDP. "A poorer country has the potential to grow much more quickly in order to keep the populace happy," said Mr. Sharma.

Mr. Sharma also urged avoiding the idea of bunching such developing countries as the BRIC nations with one another, as well as with other developing economies. "It worked well in the last decade, but that notion doesn't work now because (the countries) have greater divergence. India may want higher commodity prices, but Brazil, Russia, and China may want lower commodity prices. Interests are diverging."

Based on the guidelines of the "Third Coming," Mr. Sharma predicted that South Korea, Turkey, Poland, Chile, Thailand, Peru, India, Indonesia, the Philippines, Sri Lanka, Nigeria, and the Czech Republic will be among the most dynamic emerging markets in the next decade.

In addition, he focused on the changing models of emerging market growth. Rather than follow the model of the United States, Europe, or BRIC nations, new growth markets are finding more appropriate models, like Turkey in the Middle East and Chile in Latin America.

Mr. Evans concluded that "a rising tide floated many boats, but as the tide went out in 2008, many had trouble maintaining their growth."

He concluded, "In the next decade, the BRIC nations, Indonesia, South Korea, Mexico, and Turkey will add approximately \$15 trillion in terms of world GDP, twice the growth contribution of the United States and Europe combined."