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## Looking east for new learning

By K Jayshankar



Those who cannot remember the past are condemned to repeat it', is an oft quoted remark that is portent with deep meaning if carefully considered.

We are now approaching the second decade of a new century. It seems like yesterday that we were talking of how the 21st century would be a brave new world, distinct from the 20th century. So if we look at the decade gone past, do we find that a 'new world' has truly emerged signifying a new century? When one looks around at the emerging world it is evident that not all have learnt lessons from the past.

While bad news continues to hit the headlines - witness new versions of terrorism, the H1N1 pandemic, etc. - surely, hope lingers too with the first 'green shoots' slowly taking firmer roots, and consequent improvement in the economic environment of the world. However, to those who study underlying trends, a distinct change in the emerging landscape is clearly evident: the predictions of an Asian Century are coming true.

While the West has yet to recover from the recession of the past year, China & India, amongst other Asian nations, have come through stronger. Consequent to 8.9 % year-on-year growth in the third quarter of 2009, the State Council Development Research Centre, a leading Chinese Think Tank, has forecast that China's economy is likely to grow by 9.5% in 2010. So also the growth in India, where the third quarter growth of 7.9% was well above expectations & already 9% growth in the next fiscal is being considered par for the course! Contrast this with gloom over the fact that data at the end of the third quarter showed that the UK is still in recession.

Hard aggregate numbers sometime are not as revealing as the constituents therein. Consider some more facts: 2009 has become a watershed in the auto sector as China has overtaken the US as the world's biggest car market! Moreover, tracking global fund flows tells interesting tales & latest reports from Fund tracker EPFR Global indicates that 'BRIC - geared equity funds absorbed almost \$20 billion in January to November 2009, which is double 2007 levels and equivalent to 40% of what was taken by emerging stock funds, some of which also went to the BRICs.' Clearly, the signs are there for those who can read them.

Despite choppy political waters between the two Asian giants, scholars tell us that Chindia is the future and the moot question is whether there are lessons for Africa from the rise of Chindia?

As early as 2006, a World Bank report had suggested that China & India had created a new 'Silk Road' of trade & investment into Africa. While the quest for backward integration in natural resources seems an obvious reason for the increased interest in the African continent, there is more to this new relationship than mere resource garnering. The benefits of course are mutual. Infrastructure investments by the Asian powers will give a fillip for much needed national development and in turn the promise of new markets is an attraction that lures the new global players from Asia, despite prima facie financial & material risks for business operations. What makes this a worthwhile venture for both is the fact that often the solutions developed by the Asian firms are appropriate not just because of its attractive price positioning but also because the innovative solutions that emerging markets have developed are portable to African economies too. While the elite may hanker for the Western goodies reflected in the marquee brand products that high-end shopping complexes offer, this is not within the economic reach of the larger population. I believe that smart local entrepreneurs may recognize that there is untapped wealth at the bottom of the pyramid in the African society too. Remember, the rise of global telecom, emergence of the internet & the explosion of satellite media channels has fueled expectations in citizens like never before in earlier centuries. This layer of presently invisible Consumers also aspires for good quality, cost-effective, and attractively packaged, newer products - which has been the forte of Asian producers. This is a marriage waiting to happen: in consumer goods, electronics, pharmaceuticals, textiles, information technology, automobiles (both two - and four - wheelers), etc. - in short, in almost everything!

A point to ponder is also whether tomorrow's flat world will have African nations as key players? And, if yes, will it only be South Africa, which is the obvious choice of most researchers. Nigeria too figures in the comity of the Next Eleven (N-11) nations but given that macroeconomic stability and political maturity, apart from openness of trade and investment policies, and the quality of education, are key criteria used by the Goldman Sachs report, the jury is still out in this matter.

Like other parts of the world, Africa too is a continuing story. However, too often in the past, the business & political elite of Africa has been dependent on western models of growth. Clearly, the future will not be an extension of the past. The time has come for them to adopt a 'Look East' policy and realize that development of soft power has been neglected, and that a lot can be learned from Asian experiences.

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