

## **Chindia ahead of other BRIC members**

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LONDON : India and China may be outgrowing the BRIC theory with international investors increasingly reporting more feel-good sentiment towards Chindia than towards Brazil and Russia.

According to a survey of 350 international, mainly expatriate investors, mostly belonging to the US, UK and continental Europe, Chindia make a more compelling proposition than the first half of the BRICs acronym.

The survey by Luxembourg-based broker Internaxx found that 42 per cent of international investors felt positive about China and 32 per cent about India, while only five and six per cent respectively felt positive about Brazil and Russia.

This is the first time Chindia has decisively hit the very peak of international investor confidence, Internaxx general manager Robert Glaesener told TOI on Friday.

The findings come from the broker's fifth annual confidence and sentiment survey and are seen to pinpoint sharp disparities between the two halves of BRIC, notably the Asian and non-Asian ones.

Experts said the two-stroke confidence that appeared to be operating with BRIC might force a rethink on a term first prominently used in a thesis by Goldman Sachs investment bank in 2003 to argue that BRIC economies would eclipse the world's current richest countries by the year 2050.

Glaesener said the survey clearly showed that all the BRIC countries can no longer be lumped together and the locus of investment geography was fast moving east.

He said the survey found that international investors appeared keen to differentiate between the two kinds of economies that make up BRIC - the old-style ones in Brazil and Russia and the new, more avant garde ones, ie India and China.

He said investors appeared focussed on the fact that Asian markets are growing more because they "perform well; have reformed fiscal policies; have the right political background and climate; and have a domestic market that is increasingly inclined to consumption". Glaesener said the survey found that investors appeared less worried than in 2005 about lack of knowledge and poor corporate governance in Chindia.

But investors felt that Brazil and Russia depended for growth on their resources, which is more typical of static old-style economies, he said.

The survey said that despite 47 per cent of investors voicing concern about rising oil prices, energy-abundant Russia was marked down for a lack of transparency, its political climate and unstable governance. Concerns about Brazil are coloured by over nationalization and a risky political situation, it said.

Glaesener said it is revealing that international players with anywhere between 50,000 and one-million euros to invest appeared not to think that Brazil and Russia would be eclipsing the economies of the richest countries on earth any time soon. "Chindia makes for a much more compelling proposition", he said.

The survey also found a huge shift in confidence from developed to emerging markets with confidence in China rising from 38 per cent in 2005, but dropping for Europe from 36 per cent in 2005 to 22%. Confidence in the UK has plummeted from 37% to 14% and in the per cent.

Glaesener said, "In 2005 we were seeing a relatively uniform pattern of sentiment across the main investment centres. Today attitudes have shifted dramatically in favour of India and China, with developed areas comparatively negatively regarded".