



THE RISE OF NEW EMERGING ECONOMIES – MINT ECONOMIES

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ABSTRACT

The new kid on the block MINT- Mexico, Indonesia, Nigeria and Turkey are said to be second cohort promising market pace setters in the international economy. The term MINT is coined by Jim O'Neill recognizing it as emerging economic giant. These economies are linked together by young population, useful geographic placement and most importantly being commodity producers. Moreover they enjoy a combined population of 600million with their collective GDP 5315 billion\$ in 2013 (Source World Bank Report 2013). These countries are expected to surpass G7 economies in the next 20 years. It is considered to be typical regional integration representing an important engine of global economic growth. Thus the study recognizes MINT as an added loom in the comprehensive economy using statistical data and representing the factors favoring the countries as an alternative investment destination in coming years.

Key words –MINT Economies, GDP, Emerging, Global economy, SWOT analysis.

Introduction

In 2001 Goldman Sachs economist Jim O'Neill indentified BRIC- Brazil, Russia, India and China as most promising economies in the world economy. Thirteen years later once again he came up with acronym MINT – Mexico, Indonesia, Nigeria and Turkey all screening the cryptogram of strong GDP growth with potential to turn out to be major players of the world.

The performance of these economies over the last decade has been substantial which are further anticipated to rise in next 20 years, for instance Average Per capita income of Nigeria has rose from 200\$ in 2000to 1400\$ in 2012 while that of Turkey grew from 100\$ to 10600\$ in 2012. All the four economies are blessed with same macro-economic evolutions supported by service, industrial development and young population. The economic potential of these countries is yet to be harnessed. The SWOT analysis of MINT economies brings out a vivid picture of these economies rightly known as powerhouses. The key dimensions of the economies supportive in the line of calling these economies as VIABLE INVESTMENT DESTINATION –

Mexico is located not only adjacent to United States but it close propinquity to Latin America with Free trade agreements for more than 50 countries putting 90% of trade under these arrangements and also largest exporter. Its bustling manufacturing sector is expected to add between 20billion\$ - 60billion\$ to the economy through 2018. The appliances industry and auto industry is anticipated to takeover Brazil’s industries.

Indonesia has a huge “catch up growth” in the near future and is said to be icing on the MINT economies. It is the heart of ASEAN and with close proximity to China leads it to be shipping in bulk coal and oil. At the same time is attractive industry for insurance business with premium income grown to 12.43% in 2013.

Nigeria is proving to be rising sun in the continent of Africa. Strong growth in recent years in the non oil sector. The GDP is growing at above 6.5%- 7%annually. With expanding financial and tele communication sectors it has emerged to be largest in Africa and 26thin the world in terms of GDP at purchasing power parity.

Turkey is situated between Asia and Europe with strong international trade. It is third fastest growing economy in the world with growth rate of 10.3% in 2013. Thus with higher economic and political integration it is expected to astonish the world with its pace of development.

Thus MINT is another rallying point of economic integration in the international economy. In spite of having diverse social and cultural ties they all enjoy commonalities. They all enjoy young growing population and are expediently situated with close proximity to large markets. This paper therefore brings into limelight the facts of MINT economies on their march towards promising international hub for trade and investment.

Review of Literature

Uduak S.Akpan and Simplice A. Asongu(2014) in their study on Determinants of FDI in the Fast growing economies – A study on BRICS and MINT enshrined their role in re shaping the global economy. The significance of both the economies cannot be trivialized as one is blessed with huge market size, infrastructure and trade openness while latter is endowed with natural resources and availability of institutional quality. It further envisaged the MINT economies in order to turn out more brightly need to invest more on human capital in the long run.

Adeoule Durotoye (2014) carved out the need for MINT economies to creatively engage the demographics to actualize their future economic potentials in research study on “The MINT Countries as Emerging Power Bloc- Prospects and Challenges.” The study further looked into the scenario and potentials of MINT economies comprehensively. It brought into focus the major challenging posing these economies is CORRUPTION which needs to curb down drastically.

Asongu Simplice in the study “ Drivers of Growth in Fast Emerging Economies – A Dynamic Instrumental Quantile Approach” assessed the determinants through conditional distributions of the growth rate and real GDP in the Mint economies. He indentified for the first time that Gross FDI impacts the economic growth in a negative way. However Net FDI leads to positive impact on economy. Secondly economies blessed with natural resources have a wider scope for quick economic growth. Thirdly impact of infrastructure and telecommunications is not very impressive. The study also indentified that bank incidence and trade openness have a positive impact in a huge way on economic growth of MINT economies.

Apart from above various news, articles have considered to be MINT to soar higher and turnout to be next economic giants. Therefore an attempt has been made to comprehend an outlook towards the emerging markets in the world economy.

Objectives of the study

1. To bring out the SWOT analysis of MINT economies.
2. To interpret the economic snapshot of the trading blocs using key macro- economic parameter.
3. To fuse the thought of MINT as doable regional economic integration considering the GDP as its determinant.

Hypothesis of the study

H₀ . There is no significant growth in GDP of MINT Economies

H₁ . There is no significant growth in GDP of MINT Economies

Scope of the study

MINT economy being versatile provides various opportunities for the researchers to study every factor responsible for its growth in details. The researchers can also bring out the comparative analysis of the various international treaties. At the same time each economy can be critically evaluated individually to draw inferences and probability of it to meet the expectations of economists worldwide.

Limitations of the study

The study is based on secondary data only collected from various journals and websites. The study also lays in focus on growth in GDP only. The other factors such as role of FDI, human resources etc are not dealt minutely.

SWOT Analysis of MINT economies

STRENGTHS – Enjoys geographic proximity to developed nations as well as vast Asian markets. Large industrial Base Low external debt in Mexican Economy Huge working population expected to outmark US in coming years Cheap labor Rapid urbanization and industrialization.	WEAKNESSESS Excessive dependence on US and European markets Political instability and high crime rate Poor infrastructure and poverty Unskilled labor force
OPPORTUNITIES Huge potential to grab untapped markets of China and India Attractiveness of FDI in the economies to act as support system to build up better infrastructure	THREATS Political Risks due to less developed institutional framework and huge corruption levels Volatility coupled with limited liquidity lowers the capacity to deal in foreign exchange markets like ADR and ETF. High Inflation risk can lead to reduction in real returns.

MINT economies are expected to see a substantial rise in their economy in next 20 years. These economies have turned up to be favorite destination recently for the developed nations. With well positioned growth rates investors are keen to enhance their returns. However to make it a viable option it is imperative to examine other parameters such as GDP annual growth, population growth annually, inflation ,HDI and lastly Manufacturing value added as % of GDP. Given below is the summary of stylized facts of MINT economies.

Table 1 – Economic Parameters of MINT Economies

Country	GDP Growth Annual (%)	Population growth Annual (%)	HDI	Manufacturing value added % of GDP	Inflation
Mexico	1.07	1.221	0.756	17.763	3.806
Indonesia	5.781	1.208	0.684	23.697	6.413
Nigeria	5.394	2.793	0.504	9.031	8.476
Turkey	4.124	1.256	0.759	17.633	7.493

Source – UNDP (2013) and World Bank 2013

Elucidation

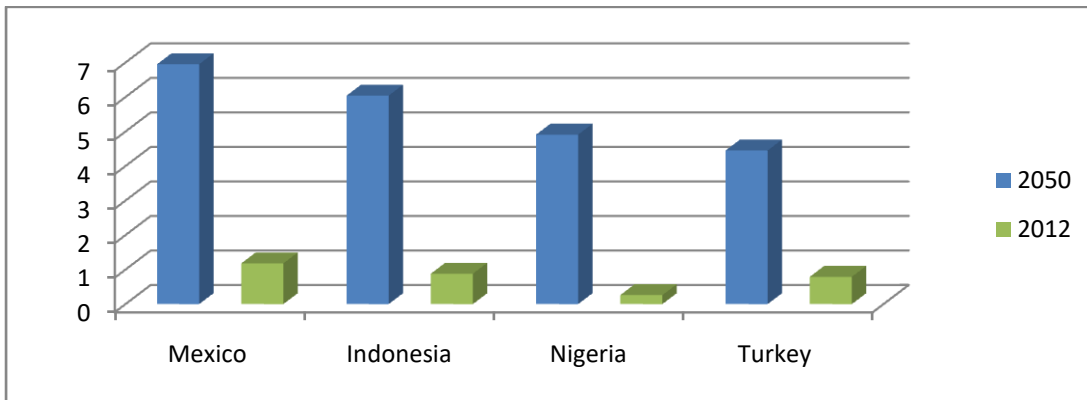
The economies deliver a remarkable progress in last five years creating a strong base for healthy economic growth. All the four economies are characterized with rise in working human capital ie more than 60% of its population lies in age group of 15-64 years. Again manufacturing sector acts as a critical and most impressive sector of the economy. From all the countries only Indonesia lies in medium growth of HDI whereas all three lie in high human development score. Moreover the inflation rate is single digit but to maintain the payback of real terms of GDP, inflation needs to be taken care off in the near future. To infer it is a basket of opportunities when coupled with it strengthens can surpass the developed nations and emerge as powerful trading bloc.

Table 2- Rise in GDP of MINT Economies

GDP (\$ trillions)	Mexico	Indonesia	Nigeria	Turkey
2012	1.18	0.88	0.26	0.79
2050	6.95	6.04	4.91	4.45

Source – World Bank, Goldman Sachs

Graph 1 – Comparative analysis of growth in GDP in MINT Economies



Testing of Hypothesis

ANOVA

Source of Variation	SS	MS	F	P-value
Countries	0.981633	0.490817	1.687525	0.37209
GDP %	30.24015	30.24015	103.9716	0.009481
Error	0.5817	0.29085		
Total	31.80348			

P value < 0.05 leads to acceptance of H_1

Elucidation

The economies are expected to show a remarkable increase in their absolute GDP in 2050. The growth is more than 200% in the forth coming future. Displaying a sharp rise in GDP it leads to rejection of null hypothesis and acceptance of alternative hypothesis that there is significant growth in GDP of MINT economies. To infer MINT is another way to meet the challenges of international crisis and ropes the idea of doable venture in the near future.

Conclusion

MINT is undoubtedly a rising sun in the global crisis and also an attractive investment for developed economies of the world. Huge working population coupled with close proximities to developed nations makes it an efficient cluster in next few decades. However these nations

need to tackle their huge corruption and poor infrastructural facilities to create a niche for themselves on the globe.

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