

ST. PETERSBURG INTERNATIONAL ECONOMIC FORUM

JUNE 20–22, 2013

CNN Televised Debate

**BEYOND BRICS – THE NEXT EMERGING ENGINES IN GLOBAL
GROWTH**

JUNE 20, 2013

11:45–13:00, Pavilion 4, Conference Hall 4.2

St. Petersburg, Russia

2013

Moderator:

John Deferios, Editor, Anchor, CNN International

Panellists:

Hakan Ates, President, Chief Executive Officer, DenizBank

Emilio Lozoya, Chief Executive Officer, PEMEX

Charles Robertson, Global Chief Economist, Renaissance Capital

Vladimir Yakunin, President, Russian Railways

Nikolai Zelenski, Chief Executive Officer, Nordgold

J. Defterios:

Political instability has done no favours for growth in Egypt or Turkey right now, as we have seen with the protests, but even those emerging economies with traditionally solid leadership are slowing down in the current climate. I have just returned from Russia, where business leaders at the St. Petersburg International Economic Forum shared their thoughts on worries about capital flight from those markets, as the US winds down its stimulus from the US Federal Reserve.

E. Lozoya:

We cannot look just at the last two or three years. If we look at the last fifteen years, what some of these emerging markets have done is remarkable. The number of poor people that have been lifted out of that condition is remarkable.

Some other countries, emerging markets, are picking up that slack in my opinion. I see a positive momentum, certainly in Turkey and in Indonesia; in South-East Asia and Latin America, as I mentioned. On a relative basis, we are not as big as some of the countries that are slowing, but we will pick up some of the slack.

Most importantly, I do perceive very positive signs in the US economy. At least, I believe it has bottomed out and the indicators look cautiously optimistic, I would say.

H. Ates:

What I would tell you is that Turkey is an energy-scarce country, we have no commodities, no energy, but we still achieved, on average, growth of 5.2% over the last decade. According to OECD research, it is going to go up to 5.4% on average between now and 2020.

The question is whether this will come true. I guess yes, since all CIVETS countries, including Turkey, the second runners-up after BRIC, I should say, are still good destinations for investment.

J. Defferios:

If you look at what has been built out here in the emerging markets over the last decade, why is global growth not better, and should we be a bit more sanguine about the situation today?

N. Zelenski:

I personally view overall world development as quite optimistic. If you look at governance in many of the emerging economies, you actually see them improving quite significantly. For example, if you look at West Africa, most of the governments are changing democratically themselves: you did not see this twenty years ago.

This is a very mature and meaningful change that creates a much more stable and transparent framework for doing business in these countries, and this is how these countries will grow their GDP.

C. Robertson:

I think the headwinds are real; they are largely to do with Europe. When you look at South African trade data, what you will discover is that there is just a fall in exports to Europe. I think China is suffering from that, the same problems in Europe. That is then knocking on to China, and then on to the rest of the emerging markets.

We have probably had the best of the growth rates in certain countries. China will never grow again at a sustainable 10% a year, partly because it is too big. But with this gently slower growth in China, as yet we have not got India coming up and adding as much to global GDP as China was.

So China, in the last few years, has been adding USD 1 trillion of extra GDP to the world economy. The world economy is about USD 71 trillion. When China adds a trillion, that helps a lot. India, at the moment, is still only adding USD 100–200 billion, so it cannot compensate for the slowdown in China.

V. Yakunin:

As the representative of the real sector of the economy, the infrastructure sector of the economy, I would like to say that without the development of infrastructure it is not possible to develop the economy and the social sphere, not possible at all.

The influence of investment in infrastructure is such that, say in Russia today we were to raise tariffs in the railway sector by 10%, it would add only 0.1% to the inflation rate.