

Exporting within the Commonwealth and BRICS – A Road Map to Business Success

A GovKnow Briefing Event

Professor Sumon Bhaumik

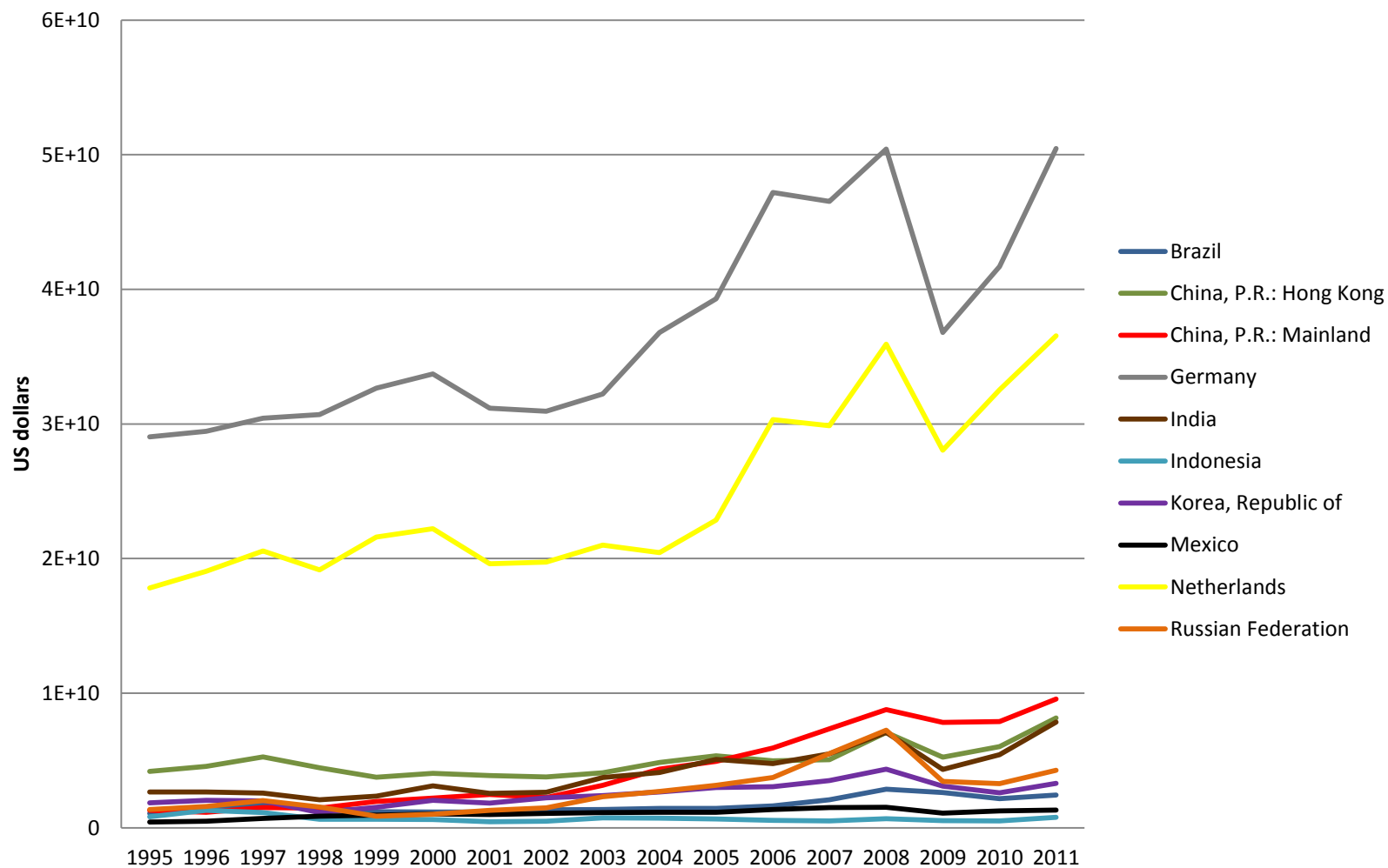
Aston Business School

<http://www.sumonbhaumik.net>

How much does the UK export to the BRICS?

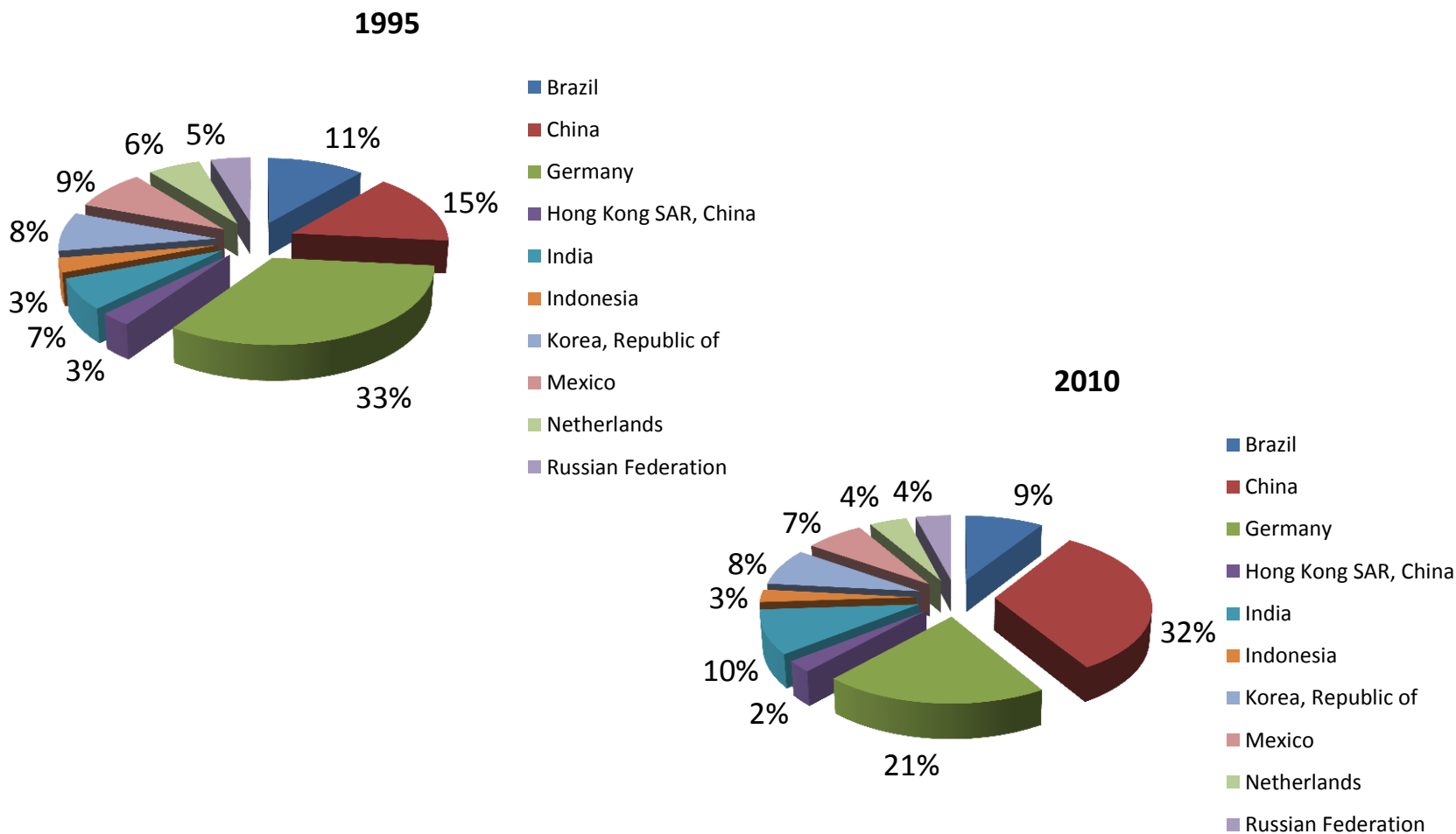
To whom does the UK sell its products?

Annual direction of UK exports (US\$)



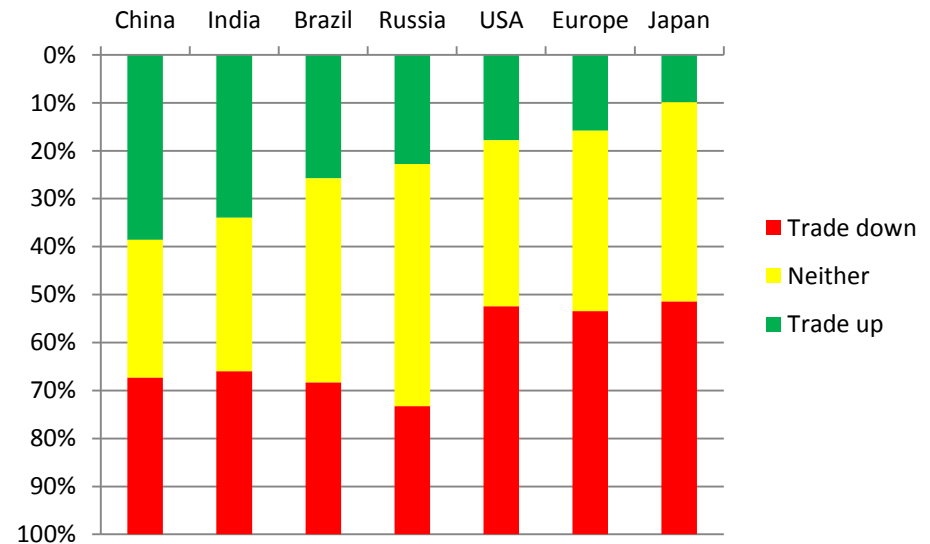
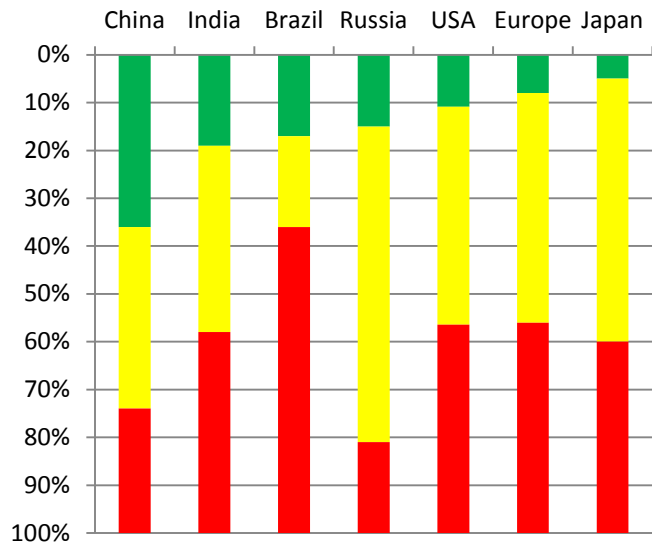
What is wrong with UK's direction of exports?

How the world has changed



What is the market potential in the BRICS?

How much appetite do BRICS consumers have for consumption?



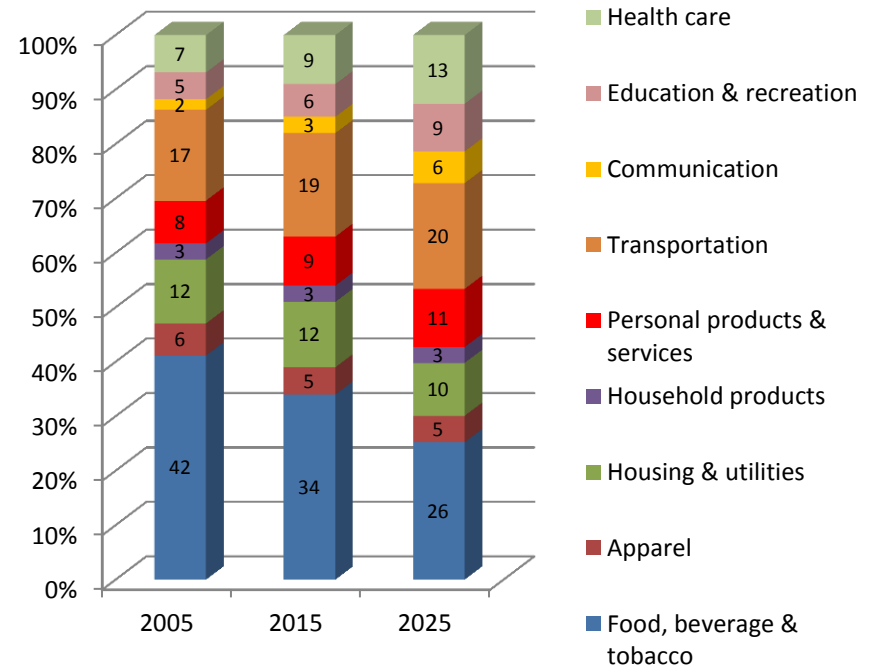
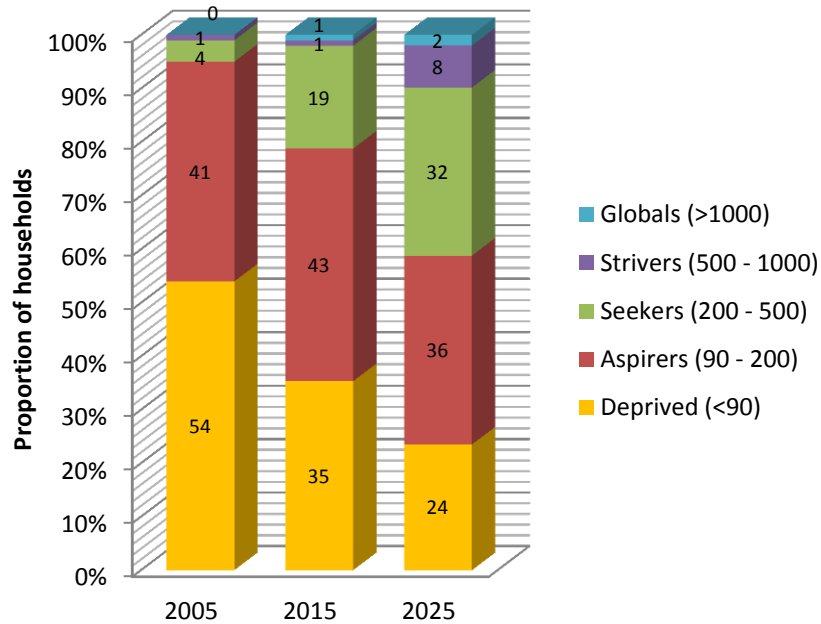
Data source: BCG Global Customer Sentiment Survey 2011 . In: Silverstein, M.J. et al. , *The \$10 Trillion Prize: Captivating the Newly Affluent in China and India*, Harvard Business Review Press;

http://documents.bcg.com/BCG_10_Trillion_Dollar_Prize_Executive_Summary_Booklet_2012.pdf.

What do the BRICS buy?

What do the BRICS consumers buy?

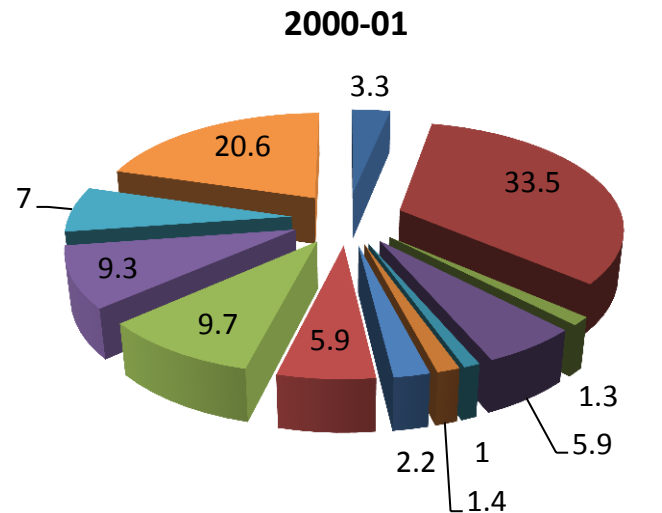
Consumers in India



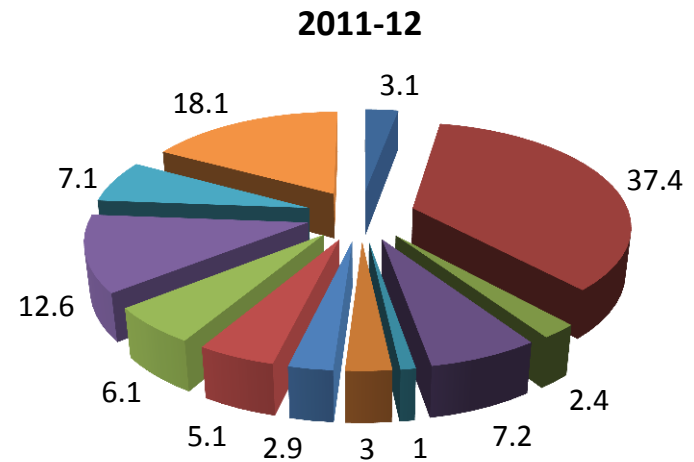
Source: The 'Bird of Gold': The Rise of India's Consumer Market, McKinsey Global Institute (2007)

What do the BRICS import?

Principal imports of India



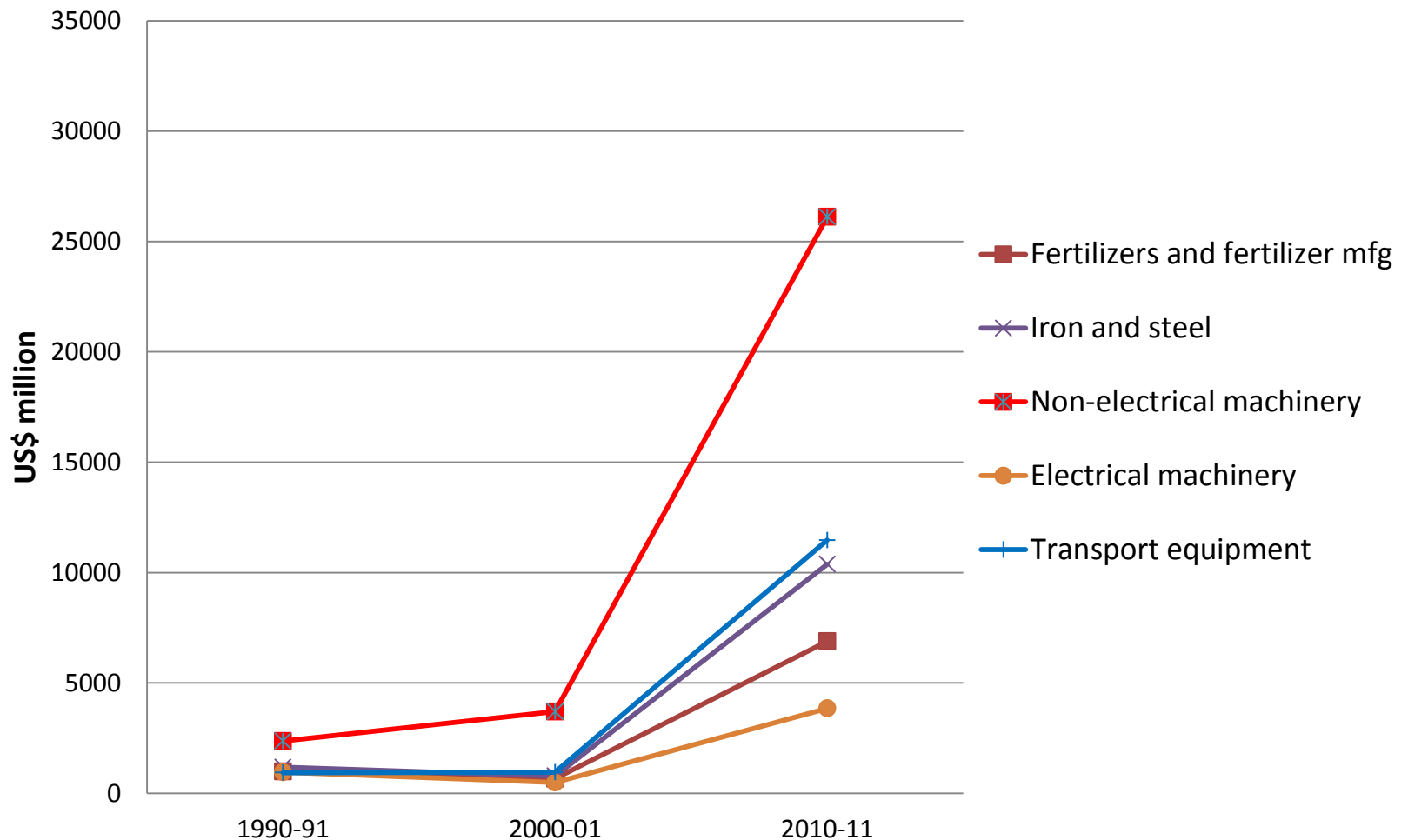
- Food and allied products
- Fuel
- Fertilizers
- Machinery except electrical and machine tool
- Electrical machinery
- Transport equipment
- Other capital goods
- Chemicals
- Pearls, precious, semi-precious stones
- Gold and silver
- Electronic goods
- Others



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What do the BRICS import?

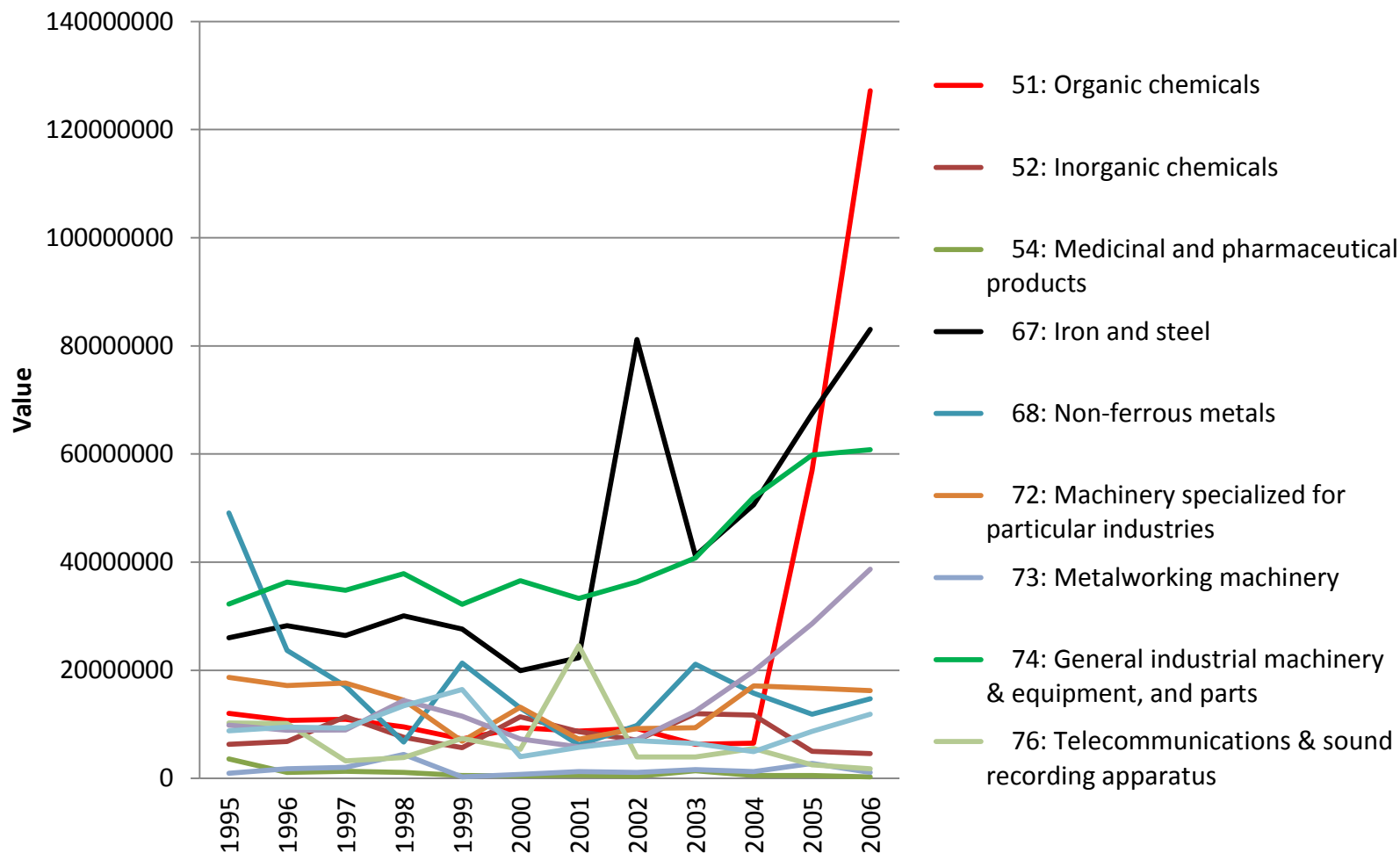
Growth areas of Indian imports – selected items



What can/does the UK sell to the BRICS?

What does UK sell to the BRICS countries?

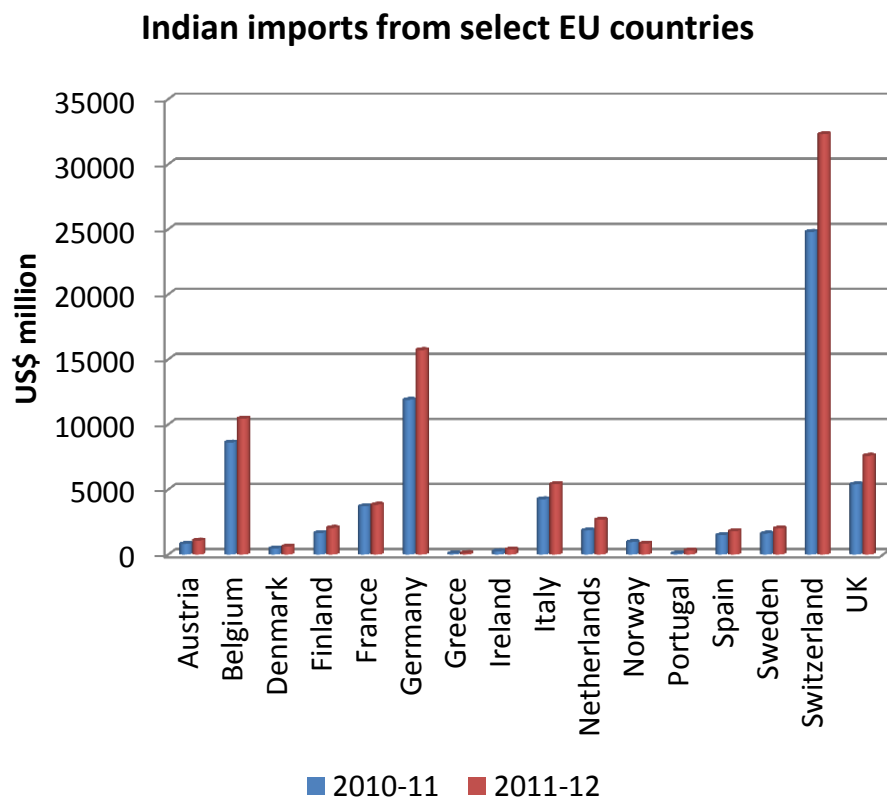
Composition of exports to BRICS



How do Indian imports and UK exports to BRICS stack up?

- 4 principal (non-petroleum) imports of India
 - Machinery except electrical and machine tools (5.9 -> 7.2)
 - Transport equipment (1.4 -> 3.0)
 - Other capital goods (2.2 -> 2.9)
 - Fertilizers (1.3 -> 2.4)
- 3 key exports of UK to BRICS
 - Organic chemicals
 - Iron and steel
 - General industrial machinery and equipment, and parts

How well does the UK perform, therefore, with respect to exports to India?



| | Percentage change | Share (percent) |
|--------------------|-------------------|-----------------|
| Austria | 31.7 | 0.2 |
| Belgium | 21.4 | 2.1 |
| Denmark | 31.1 | 0.1 |
| Finland | 24.1 | 0.4 |
| France | 3.5 | 0.8 |
| Germany | 32.2 | 3.2 |
| Greece | 24.4 | 0 |
| Ireland | 52.1 | 0.1 |
| Italy | 27.2 | 1.1 |
| Netherlands | 44.2 | 0.5 |
| Norway | -12.3 | 0.2 |
| Portugal | 263.9 | 0.1 |
| Spain | 21.1 | 0.4 |
| Sweden | 23.8 | 0.4 |
| Switzerland | 30.3 | 6.6 |
| UK | 40.7 | 1.6 |

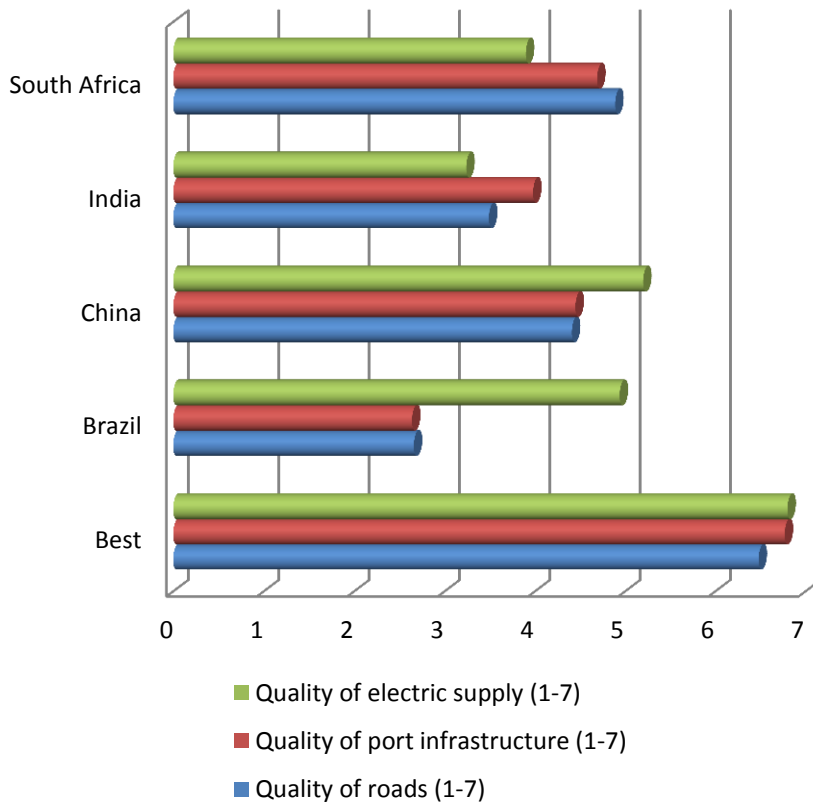
How easy is it to do business with the BRICS?

Snapshot of selected issues

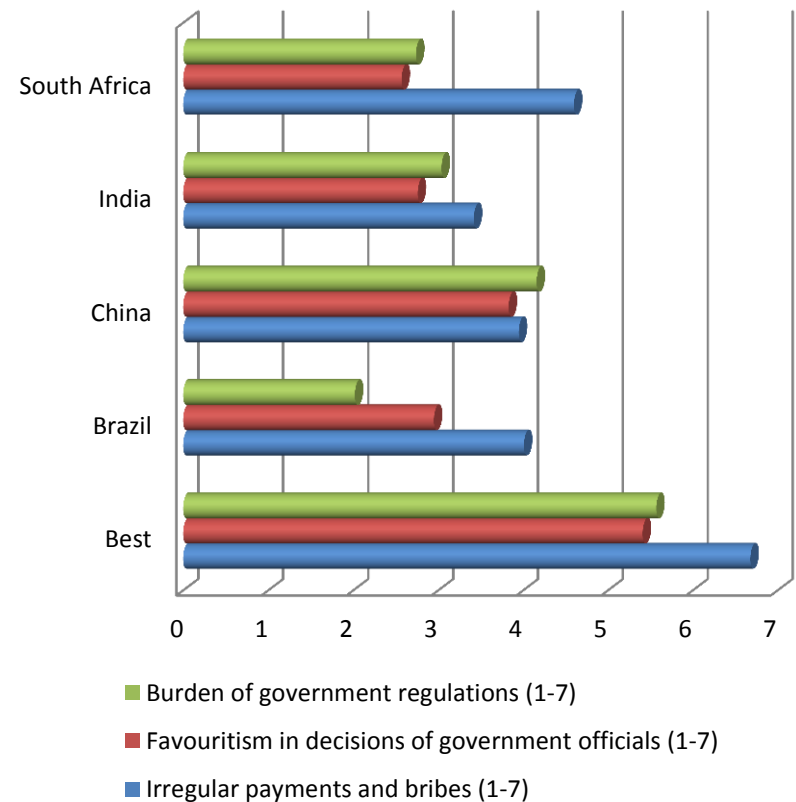
- Cost of doing business
- Law and its enforcement
- Availability of skilled labour

Cost of doing business

Infrastructure quality



Government

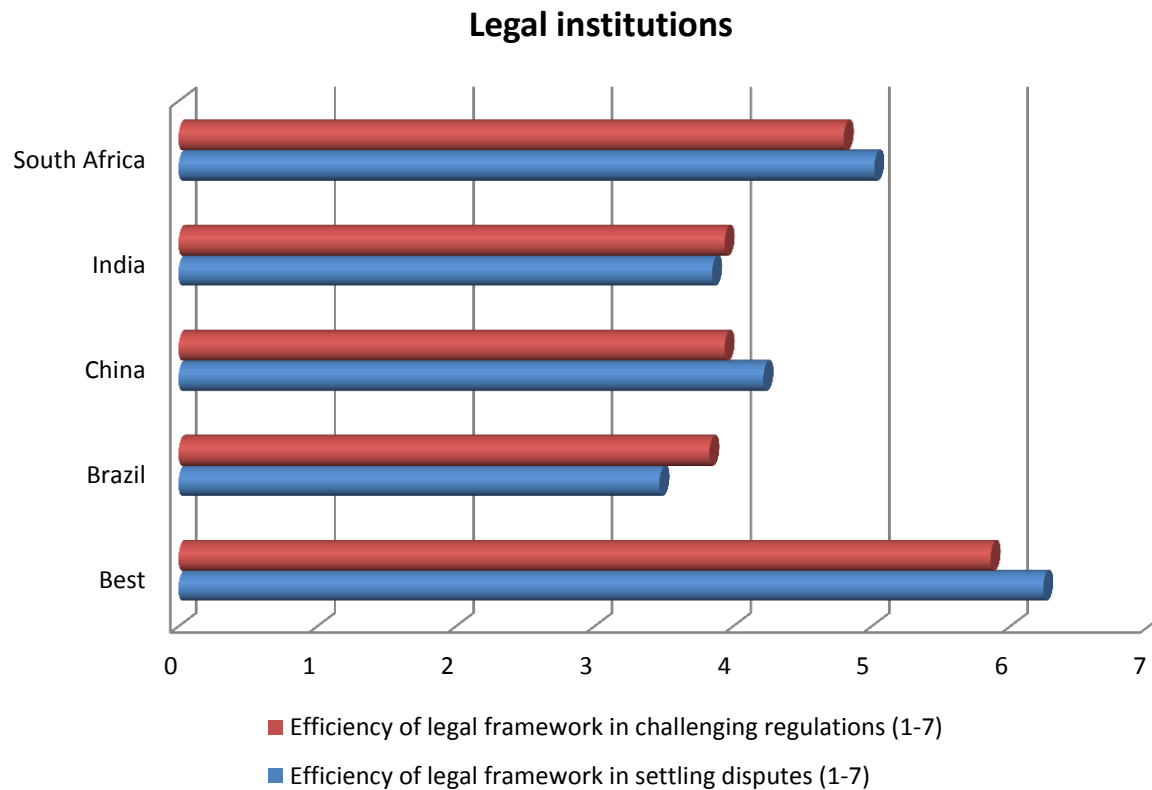


Regulatory issues

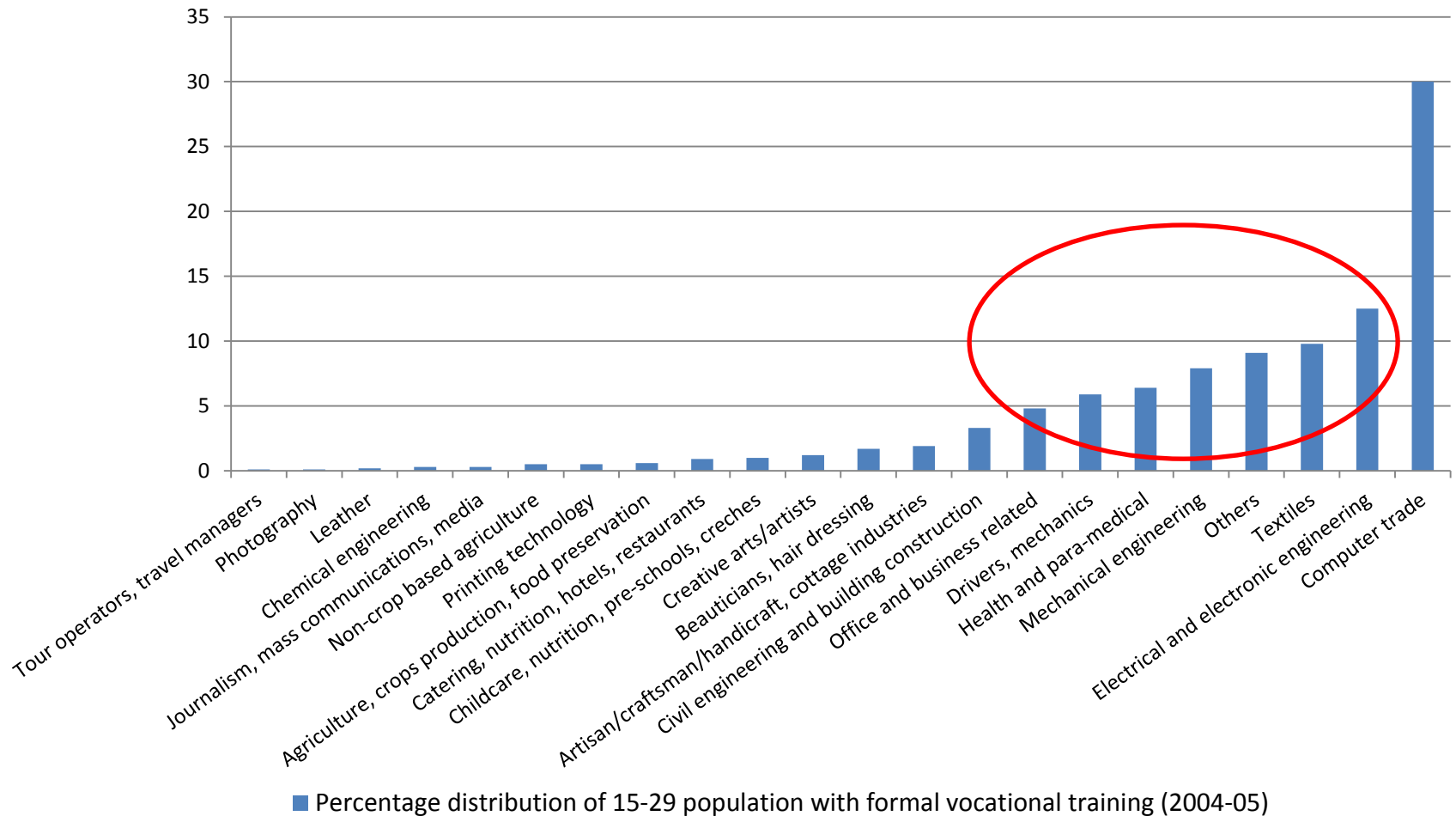
Guidelines for licensing of new private banks in India

- “***Foreign shareholding in the bank***: The aggregate non-resident shareholding in the new bank shall not exceed 49% for the first 5 years after which it will be as per the extant policy.”
- “The bank shall open at least 25 per cent of its branches in unbanked rural centres (population upto 9,999 as per the latest census).”

Legal institutions



Sector-wise availability of skilled labour in India



Where does that leave UK and UK companies?