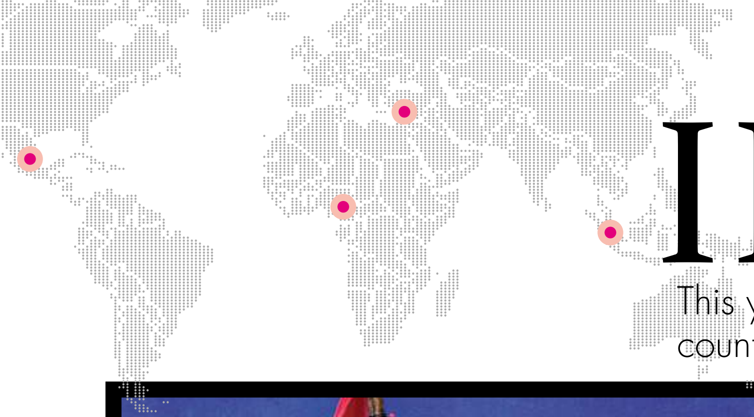

IN MINT

This year former Goldman Sachs Chief Economist
countries which will hopefully become the world's

Despite MINT boasting huge population sizes, rapid urbanisation and some of the most positive growth projections from the World Bank, there's more than meets the investment eye in each of these regions.

John Foster, Senior Africa Correspondent at Debtwire CEEMEA, points out that regardless of the recent focus on them, the MINTs aren't actually the new kids on the bloc.

"It's not a new phenomenon. There's been a lot of research coming out recently [on MINT]. It's very important to see, when the global economy's recovering, where the next developing market story might alight," he says.

With the four economies boasting growth rates of 4-10%, the optimism's been so intense that the BRICS countries (Brazil, Russia, India, China and SA) are being regarded as almost anachronistic.

"The MINT bloc has a compelling argument. There are opportunities for private investors, venture capitalists, private equity and development finance in all these places," says Foster.

Nevertheless, BRICS remain a dynamic group of economies and, according to a 2012 *World Investment Report*, have absorbed over $200 billion worth of foreign direct investment (FDI).

"Brazil, Russia, India and China aren't going to disappear overnight. [However], the next level – the MINT countries – is a more interesting story because they don't have the [same] infrastructure," says Foster.

From 2002-2011, China received the highest FDI inflows, at over $800 billion. Russia was close behind, with just over $400 billion and India came in third, with just over $200 billion. From 2006-2011, FDI inflows to SA have fluctuated between $6 billion and $11 billion.

The MINT countries have been catching up steadily. According to the World Bank, Mexico expects more than $30 billion net FDI inflows this year. In 2009, its net FDI inflows amounted to $16,1 million.

Indonesia was close behind, with $4,8 billion worth of net FDI inflows in 2009 and $19,6 billion in 2012. Turkey received $8,6 billion worth of inflows in 2009, which increased to $12,4 billion in 2012.

Nigeria, the game-changing nation in the bloc, recorded $8,5 billion in 2009, although this amount dwindled to $7,1 billion in 2012. Nevertheless, the country remains the leader of the African growth story, with a projected gross domestic product (GDP) of 6,8% by 2016. Indonesia runs a close second, with a 5,3% GDP growth projection for this year, while Mexico anticipates 3,4% and Turkey 3,5%.

"In the next 15-20 years, Nigeria will be the third-most populous country in the world, after India and China – and that's where the challenges come in. [Will these people have] jobs and, if they do, how will economic power come [about]?" asks Foster. "Economic power is just a basic calculation of the number of people working in a country [multiplied] by their amount of productivity. The challenge for the MINT countries [lies in] increasing that productivity, increasing education and investing in their infrastructure."

BRICS countries, by contrast, have much lower World Bank GDP projections for 2014. Brazil's at the bottom, with 2,4%, followed by SA, with 2,7%. Despite Russia's World Bank GDP projection of 3,1%, its Economic Ministry expects no more than 2,5%. China continues to lead the bloc with a GDP forecast of 7,7% for 2014, despite experiencing slower economic growth since 2012.

For all their contrasts, the MINT and BRICS blocs have several things in common. "There are a lot of real political problems in these countries. Although

CONDITION

Jim O'Neill coined the word "MINT" (Mexico, Indonesia, Nigeria and Turkey), the four next economic giants. But will they? By Wilhelmina Maboja

Nigeria has democracy, it's not really working, because in [both] the north and down south, there's fighting and insurgency. In Mexico, even with security there, they're fighting narco-terrorists and there's a lot of political corruption," says Foster.

"The challenges these countries face are governance, infrastructure and the creation of jobs."

Dr Álvaro Méndez, research fellow at the London School of Economics and Political Science, agrees that poverty and unemployment will remain thorns in the side of the MINT countries, despite their economic prominence. "Internal dynamics and inequality, one of the most important things, are ignored in the equation of these emerging countries. Who's actually emerging? Is it the elite, the [citizens] of these countries or certain individuals?" he asks.

"Internal dynamics and inequality are ignored in the equation of emerging countries. Who's actually emerging? Is it the elite, the [citizens] of these countries or certain individuals?"

"We're constantly looking for new acronyms. The one in fashion now is MINT, more than BRICS or CIVETS [Colombia, Indonesia, Vietnam, Egypt, Turkey and SA]. We often put a lot of weight on these acronyms without thinking about what's behind them."

Fears of the effects of the US Federal Reserve's quantitative easing on emerging markets, as well as the strengthening of developing market currencies, have fuelled speculations of an emerging market sell-off. A number of emerging market currencies have had to weather weak exchange rates and growing current account deficits, due to their battered exchange rates.

In an effort to stabilise its currency, Turkey recently hiked its interest rate from 7,75% to 12,5%. SA, too, hiked its interest rate by 50 basis points to 5,5%. Indonesia, likewise, is battling a high current account deficit, recorded at 4,4% of its GDP in the fourth quartile of last year.

Méndez, however, is quick to point out that gaining and losing have always been ongoing features in markets. "Egypt, for example, was very promising before the Arab Spring, but the internal dynamics can change very rapidly," he explains.

"You have politicians running for office, [but] not thinking of the long term. It's fundamentally important that countries which are rising come up with a strategic agenda to ensure they look at the long-term issues of their emerging economies. Do you really care what's going to happen in 16 years, or tomorrow, on election day?"

In spite of the problems and deficiencies in each of the MINT economies, positive sentiment is expected to keep fuelling their buoyancy and Foster's optimistic that they'll succeed and act as key indicators of the direction in which emerging markets grow.

"These four countries will probably be the ones that win the race because they've already got a lot of pieces in place that will make them economic powers in the 21st century. I think what we'll see, especially in the next five to 10 years, is an emergence of blocs in Africa, with wealth influenced by trading skills, money and ideas with each other."