



WORLD TRADE CENTER



ALASKA

# Passport to Profit

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## The “Chindia” Phenomenon

Exploring new markets for Alaskan exports

By Zoe Durner-Feiler and Greg Wolf

For the past decade, the world has watched in awe as the two most populous countries in the world have started down a road toward becoming two of the most economically powerful nations in the world. India and China, the only two countries with populations exceeding 1 billion, are also countries with two of the highest average annual GDP growth rates, at 6% and 8% respectively over the last 10 years. Though they currently represent only 6% of the world’s GDP combined, by 2050, India and China are expected to account for almost half of the global economy, according to BusinessWeek.

But China and India, for all that their rapid progress seems similar, follow very different paths. China’s growth is cultivated mainly by foreign direct investment as it works toward becoming a manufacturing powerhouse, while India is mostly consumption driven as its Information Technology and services industries flourish. China has the hardware, India, the software. They complement each other even as they compete for resources. From this phenomenon came the word “Chindia,” coined by Indian politician Jairam Ramesh. It has been used to describe the amazing economic progress of these two countries.

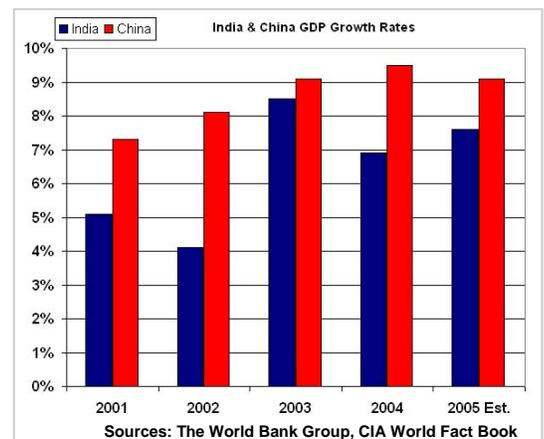
According to U.S. News & World Report, China boasts over 100 million people in its middle class, India over 60 million. Each year both countries graduate about 2.5 million students from college to join the ranks. The new generation of young Chinese has known nothing but economic prosperity and political stability. So, for the first time in China, people are spending more of their excess than past generations, rather than saving it all. And India isn’t far behind. For the past decade, India’s consumption has been increasing at an average rate of 5.3% a year and China at 6.4% and rising.

The rapid development of India and China has been compared to the economic miracles of Post-War Japan and South Korea. However, neither of those countries had the population that India and China have, and thus it is predicted that if Chindia continues to prosper, it may be prime to dominate the global market in the mid twenty-first century. Looking at Alaska’s trade history with Japan and Korea, Alaska’s exports to those countries grew dramatically as they rose to economic prominence. Alaska is well situated to benefit from trade with India and China, and with Chindia’s progress mimicking the historical path of Alaska’s top two trading partners, trade relations with Chindia may very well surpass Alaska’s previous successes.



*Above: Shoppers crowd onto Nanjing Road, Shanghai. Chinese consumption is expected to continue to increase.*

*Below: A department store in Mumbai, India. More Indians are visiting stores like this as the number of those with discretionary purchasing power rises.*





The trade relationship between China and Alaska has already borne fruit in response to China's dramatic economic growth. Since 2001, Alaskan exports to China have grown by more than 200%. Last year, Alaska's exports to China reached a record \$337 million, a rise of 40% over the previous year. This increase enabled China to displace Canada from its long held position as the state's third largest export market.

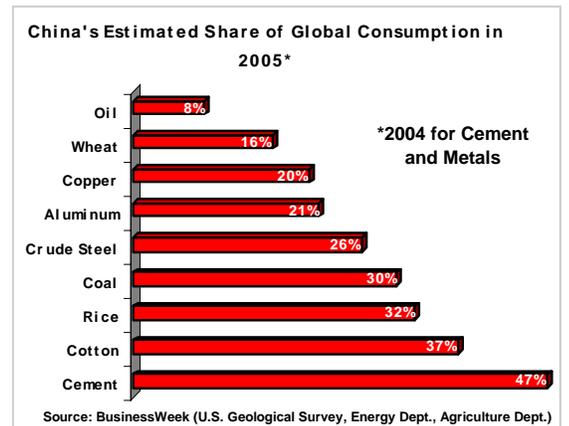
As China's demand for natural resources continues, we expect Alaska's exports to the country to continue to expand at a healthy pace. So far this year, through April, exports from Alaska to China are up more than 16% compared with the same time period a year ago. World Trade Center Alaska (WTCAK) has made China a major focus of our efforts. Through our "China Calling" program, we have conducted a trade mission to Shanghai and Beijing and organized the 1<sup>st</sup> Alaska-China Business Conference, among other China-related activities and programs.

India, on the other hand, is not currently a significant export market for Alaska. As of April this year, India ranked 44<sup>th</sup> among Alaska's overseas trade partners, with exports last year totaling less than \$100,000. But historically over the past decade, trade with India has been more significant, primarily in the area of forest products. It is unlikely that India is familiar with what Alaska has to offer, and equally true that Alaskans are unaware of the opportunities provided by India's growing economy.

This situation, however, is about to change. In May, WTCAK conducted the Alaska-India/Singapore Business Conference and, in September, WTCAK will lead the first Alaska trade mission to India, with an intermediary stop in Singapore. Mission participants will get a "first-hand" look at these two fast growing markets and will make valuable contacts as they meet with U.S. and host country government trade officials and private sector executives. Participants will learn about potential business opportunities, gain a better understanding of the economies and business climates in these countries and get advice on how to avoid the pitfalls. The conference and mission are part of WTCAK's "New Markets-New Customers" program designed to help Alaskan companies identify and pursue opportunities in emerging markets for Alaskan exports. For more information about the trade mission, or this program, please contact us at 278-7233 or visit our web site: [www.wtcak.org](http://www.wtcak.org)



China and India's economic progress has captured the headlines of several major magazines.



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World Trade Center Alaska will lead a Trade Mission to India and Singapore, September 23 - October 5, 2006

If you are interested in receiving details about the trade mission, please call us at (907) 278-7233 or send your name, address, phone number and e-mail address to: [info@wtcak.org](mailto:info@wtcak.org) or fax us at (907) 278-2982

### What Others Say...

*"China and India are setting the stage for the greatest period of discovery, invention, and technological change the world has ever known."*

—Jeremy Siegel, Ph.D., Wharton School

*"The Indian market, and its one billion plus population, presents lucrative and diverse opportunities for U.S. exporters with the right products, services, and commitment."* — U.S. Commercial Service

*"The likely emergence of China and India, as well as others, as new major global players will transform the geopolitical landscape."*

—National Intelligence Council, 2020 Project