



WHAT IS AN EMERGING MARKET?

The term emerging market generally refers to countries that are experiencing rapid economic growth rates and whose economies are undergoing profound industrial transformation. Despite an increase in national wealth, it is possible for an emerging market to experience growth (as measured by Gross Domestic Product- GDP) without a commensurate rise in the general standard of living. A country's GDP is the total market value of its domestic economic output in a given year. However, the GDP figure in no way indicates the manner in which this wealth is distributed. One percent of the population may control 80 percent of the wealth, which is the case in many poorer countries. There is also the problem of population growth. Though an emerging market's total national income may greatly increase, the average per capita GDP may stagnate or decline if population growth is extremely high.

WHY LOOK AT EMERGING MARKETS?

Emerging markets generally require substantial investments in infrastructure in order to facilitate new levels of trade and the increased movement of goods and people. High-growth sectors in many emerging markets include infrastructure development, security, and especially consumer goods as poorer segments gain more purchasing power and disposable income.

Finally, keep in mind that today's emerging markets will not necessarily be considered emerging markets in the future. Classifications change as countries develop their economies and improve standards of living for their people. New emerging markets will continue to appear, and your business needs to be ready for the opportunities these markets will present.

PRACTICAL APPROACH TO EMERGING MARKETS

Market Research: When looking for international markets for their products, companies usually research the market, analyze which markets have the best opportunities for the company's products, and devise a plan to approach one or more of those markets. A company can develop a market plan in-house, hire a consultant, or use the Virginia Economic Development Partnership's Global Network, in which international marketing research is conducted in-country on behalf of a Virginia business. For more information on the Global Network, please see <http://www.exportvirginia.org>.

(See VEDP Fast Facts Export Issues – Developing an Export Plan)

Assess the Market: Participate in a VEDP trade mission or trade show to see what opportunities are there first-hand. Please see <http://www.exportvirginia.org> for detailed information of trade events.

(See VEDP Fast Fact Export Issues – Export Trade Shows)

Test the Market: Set up limited market entry to test demand. See your VEDP Trade Manager for specific ideas and implementation assistance.



EMERGING MARKETS

Dartmouth's Tuck School of Business assessed the openness of emerging markets in 16 areas of market access and intellectual property rights protection. Based on the scores each country received, the countries were divided into three categories: the ten most open, the ten least open, and ten in the middle group.

Ten Most Open Emerging Markets: Singapore, Chile, Hong Kong, Estonia, Peru, Slovenia, South Africa, Lithuania, Venezuela and Taiwan

Ten Middle Ranking Emerging Markets: Kuwait, Latvia, Romania, Israel, Ivory Coast, Mexico, Zimbabwe, Guatemala, Hungary, Argentina

Ten Least Open Emerging Markets: Indonesia, Vietnam, Brazil, Malaysia, Ukraine, Ecuador, India, Saudi Arabia, China and Uzbekistan

(See VEDP Country-Specific Fast Facts for information on some of the above countries)

Profiles of Emerging Markets

Market	GDP (billion US\$) (Purchasing Power Parity)	GDP Per Capita (Purchasing Power Parity)	GDP Growth (2008 est.)	% World Pop.
China	\$7,973	\$6,000	9%	20
India	\$3,297	\$2,900	7.4	17
Russian Federation	\$2,266	\$16,100	5.6%	2
Brazil	\$1,993	\$10,200	5.1%	3
Mexico	\$1,563	\$14,200	1.3%	2
South Korea	\$1,335	\$27,600	2.2%	1
Turkey	\$902.70	\$11,900	1.1%	1
Hong Kong	\$306.60	\$43,700	2.4%	<1

(Source: CIA World Factbook)

Virginia's Top Regions for Exports

Rank	Region	Total US\$	% of Total Exports
1	Western Europe	\$6,221,184,549	33%
2	Asia Pacific	\$3,983,213,430	21%
3	Nafta	\$3,383,456,455	18%
4	South America	\$1,107,423,322	6%
5	SE Central Europe	\$1,043,863,819	6%
6	Africa	\$861,384,312	5%
7	Middle East	\$765,675,510	4%
8	South Central Asia	\$364,187,597	2%
9	Caribbean	\$263,904,920	1%
10	Central America	\$207,363,600	1%

(Source: World Trade Atlas)



VEDP SERVICES

The VEDP offers a number of export-related services to Virginia businesses, including group market visits and market research by our Global Network of in-country consultants. These services are available to all Virginia exporters. For more information, please visit our website: www.exportvirginia.org.

ADDITIONAL RESOURCES

United Nations Statistics Division: <http://unstats.un.org/unsd/default.htm>

The Economist.com. Economic and Financial Indicators:

<http://www.economist.com/markets/indicators/>

Forbes.com. Emerging Markets: <http://www.forbes.com/emergingmarkets/>

Emerging Markets. Analysis of Finance in Developing Economies:

<http://www.emergingmarkets.org/>

Emerging Markets.com Best Emerging Market Sites on the Web:

<http://www.emergingmarkets.com/>

United States Department of Commerce. Foreign Trade Statistics:

<http://www.census.gov/foreign-trade/statistics/state/hs/index.html>

WORKS CITED

Global Trade Information Services. World Trade Atlas. US State Export Edition. Available by subscription at: <http://www.gtis.com>

Tuck School of Business. Dartmouth College. "Tuck Research Center Launches Emerging Markets Access Index". September 22, 2003.

<http://www.dartmouth.edu/tuck/news/newsroom/pr20000525-email.html>

United States Central Intelligence Agency. World Factbook.

<https://www.cia.gov/library/publications/the-world-factbook/>

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