

THE PC 16

CHINA'S MOVE AWAY FROM LOW-END MANUFACTURING AND THE 16 COUNTRIES READY TO TAKE ITS PLACE

Much like the U.S. in the early 1900s and Japan in the 1970s, a maturing China is moving beyond the low-end manufacturing and export-led model that defined its dramatic three-decade rise. With China leaving garment, footwear and electrical assembly production, the question is, what country will take its place? We believe no single country can replace China. Instead, it will be replaced by a group of 16 smaller countries that we call the Post-China 16, or "PC16".

► *This infographic is based on a report released in 2013.*

WHY THESE COUNTRIES?

- They have begun the process of absorbing much of the manufacturing that would have gone directly to China in the past decade
- They have lower wages than China, Shanghai workers earn about \$237 per month
- Infrastructure is sufficiently robust to support exports
- Several years of operation indicate enough dynamism and order in the society and government to recruit and retain workers

MEXICO

- Strategically positioned to access the U.S. market, the world's largest importer
- 14th largest economy and 11th largest population in the world
- Although the political climate has sometimes been volatile, government is consistently pro-business and has recently enacted a range of reforms

NICARAGUA

- Cheapest labor force in Central America
- Has one of the highest foreign direct investment/gross domestic product ratios in the world

DOMINICAN REPUBLIC

- Foreign direct investment increased by 67% between 2009 and 2012
- Participation in the Dominican Republic-Central America Free Trade Agreement has enabled exporting to the U.S. with reduced tariffs
- Minimum wage is \$162 per month

PERU

- Has the deepest port on the Pacific coast of South America, Port of Callao
- Currently enjoying a period of economic stability and prosperity
- Has a number of free trade agreements with the U.S., Japan, China and the European Union

UGANDA

- Foreign direct investment tripled to \$1.7 billion between 2010 and 2012
- Mobile phones and mobile phone parts are now the country's second-largest export.

TANZANIA

- Large labor pool: population 47 million, wages as low as \$44 per month
- Dar es Salaam is an international bulk and container port on the Indian Ocean

KENYA

- Foreign direct investment doubled between 2009 and 2013
- South Korea's Samsung Electronics is opening a television, laptop and printer assembly plant in Nairobi

SRI LANKA

- Unparalleled position along the major trading corridors of the Indian Ocean
- Minimum wage about \$60 per month

ETHIOPIA

- Between 2011 and 2012, GDP grew by an average of 7.8%, more than twice the global average
- Notable increase in textile and footwear exports since 2010
- Foreign direct investment increased by 338 percent from 2009 to 2012

BANGLADESH

- Textile market well established
- Average minimum wage less than \$40
- Easy access to water-based export routes

MYANMAR

- Population of 59 million, with higher literacy rate than nearby Bangladesh, Laos and Cambodia
- Minimum wage of \$32 per month

LAOS

- 55% increase in foreign direct investment between 2009 and 2012
- Has market access to China, the world's second-largest economy

VIETNAM

- 70% of its 89 million population is working age
- Average minimum wage is about two-thirds of China's

CAMBODIA

- Economy has grown at an average of 8.1% per year since 2003
- Minimum wage in the garment sector is \$80 per month, about a fourth of that in China

PHILIPPINES

- Straddles some of the world's busiest sea-lanes
- Population is 97 million, most under 30
- Robust domestic consumption and room for continued urban and industrial growth

INDONESIA

- Easy access to some of the world's busiest sea-lanes
- Proximity to consumer markets in Japan, South Korea, China and India
- 307% increase in foreign direct investment between 2009 and 2012

The PC16's combined population exceeds a billion people. We selected these countries without taking population into account, only to later notice the similarity with the population of China.

