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Annual Report 2014

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Organized by the Boao Forum for Asia secretariat, the annual E11 Development Report has been compiled by the researchers of the Institute of World Economics and Politics (IWEP), Chinese Academy of Social Sciences (CASS), to help readers grasp the latest developments of the emerging market economies and provide a platform for communication and cooperation across the board among those economies. The report, focusing on the 11 major emerging market economies (E11) in the Group of 20, tries to reflect the latest economic and social developments and cooperation of the E11 economies and their economic and trade links with other parts of the world through accurate data, thorough materials and in-depth analyses.

Prof. Zhang Yuyan, director of the IWEP, CASS, has been in charge of the compilation of the 2014 Annual E11 Development Report and is responsible for its whole chapter design. Exclusive of the preface, the full text of the report comprises nine chapters, with the first one making a review of the overall development of the E11 economies and looking ahead to their development prospect. In its second-sixth chapters, the report introduces economic development conditions of the E11 economies from the perspectives of economic growth, employment, prices, internal and external balance as well as trade and investment. The seventh chapter makes analyses of the economic cooperation among the E11 members and their economic cooperation with developed countries. The eighth chapter analyzes social development of the E11 economies. From the perspective of individual countries, the ninth chapter reviews and analyzes the economic situation and policies of the E11 economies in 2013. Prof. Zhang Yuyan and Dr. Xu Xiujun co-drafted the first chapter while Dr. Huang Wei authored the second, fourth and fifth chapters. Dr. Feng Weijiang undertook the writing of the third, eighth and ninth chapters. Aside from co-writing with Prof. Zhang Yuyan the first chapter, Dr. Xu Xiujun also drafted the sixth and seventh chapters. Besides, Yang Tao assisted the team in collecting part of the report's data. Prof. Zhang Yuyan and Dr. Xu Xiujun collaborated to finalize the report.

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PREFACE

The Boao Forum for Asia, as a non-governmental and non-profit international organization, has become an important and high-profile platform for dialogues on Asian and global issues for government, industrial and commercial as well as academic leaders in Asia and other continents. The forum is committed to pushing Asian countries to fulfill their development goals through furthering regional economic integration. It also focuses on development of, and cooperation among, the emerging-market economies to expand the external communication channels of Asian economies and establish wider cross-regional links among them. The forum has started to organize the compilation of the annual development report for the emerging-market economies since 2010.

In 2010, the forum for the first time defined the term E11 (11 major emerging economies) in its annual development report, which aroused widespread repercussions both at home and abroad. The 2014 report continues to focus on the study of the E11 and introduces the basic economic and social conditions of the E11 economies. It also analyses the development of, and changes in, the economic cooperation among the E11 economies and between the E11 and developed economies before reviewing and anticipating the economic situation and policies of the E11 economies.

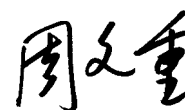
Since the 1980s, the emerging-market and developing economies have seen their status in the world economy improve continually as their economic scale expanded at a fast pace. Representing the emerging-market and developing economies, the E11 economies have aroused great attention from all over the world. Against the backdrop of slowing world economy in 2013, the E11 economies have maintained the growth momentum seen in 2012 and injected fresh blood into the recovery process of the world economy. In retrospect, the E11 economies achieved stable economic growth in 2013, although they differed from each other in economic performance. Their employment situation was largely stable, but some of them suffered from high unemployment rate. Their price levels rose mildly, but remained controllable on the whole. Their external trade and investment growth remained slow and was yet to be improved. Meanwhile, their government debt levels were much lower than those of the developed world and were further lowered in 2013.

In terms of foreign economic cooperation, the E11 economies have had increasingly closer internal trade links. Their economic and trade links with the developed economies have had new characteristics. Regarding trade, the internal trade links of the E11 bloc have been increasingly strengthened, while their trade links with major developed economies have been on the decline. Regarding foreign direct investment, the internal investment cooperation among the E11 economies have deepened and the bilateral investment flows between the E11 and major developed economies have strengthened. Regarding financial cooperation, the E11 economies have become more active, with the BRICS economies, in particular, having played a leading role in pushing foreign financial cooperation of the emerging-market economies.

Looking forward, in 2014, most E11 economies will continue to undergo the process of economic development pattern transformation. Meanwhile, due to the complicated and volatile external economic environment, for the E11 economies, the road leading to recovery will continue to be bumpy. To sum up, mainly

six factors will shape the economic trends in 2014: first, the economic recovery of the developed economies; second, the developed economies' monetary policy adjustment and its spill-over effect; third, the risk of economic hard-landing some E11 economies will face; fourth, the slowing economic growth affecting the internal trade links of the E11; fifth, the public debt risk; last but not least, elections in some E11 economies that should be closely monitored.

Seen from the basic conditions and economic development trends of the E11 and the many risks they will face, in 2014, it is not very possible that the economic fundamentals of the E11 will improve substantially, although on the whole, they will bump along the way of recovery. We still believe that the emerging-market economies will play a more important role in the world economy and push the world to become fairer, more equitable and more balanced.



Zhou Wenzhong
Secretary General
Boao Forum for Asia