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A tale of two Asian nations

How China and India compare economically, demographically

By TUO YANNAN
in Bangalore, India

China and India are the two countries most often compared with each other among the economic grouping known as BRIC nations — Brazil, Russia, India and China.

Many are speculating which of the largest and second largest populous nations will become the winner in the information technology era.

Comparing the two countries' gross domestic products, average annual per capita incomes, PC shipments, basic infrastructure and IT spendings, China nearly always comes out on top.

"India's PC market development is at least five years behind China," said Amar Babu, managing director of Lenovo India, who has been working in India's IT industry for more than 23 years.

However, even though the Chinese economy historically has outpaced India's by just about every measure, who will win the IT war in the future?

Similarities

As the only two countries in the world with populations exceeding 1 billion, China and



With an urban population smaller than China and an even sharper gap between rich and poor, the development difference between the two countries is accelerating."

WANG JIPING
SENIOR RESEARCH MANAGER, IDC
CHINA

India share many common points.

Surging GDP growth, an emerging middle class, rising urbanization, increasing small and medium-sized enterprises and the number of female company owners have all provided big opportunities for the two countries' information technology development.

Both of the countries have sustained the world's highest annual GDP growth in the past 10 years — 9 percent for China, about 7 percent for India. After the 2008 financial global crisis,



Lenovo's latest ultrabook is available for customers in a Lenovo exclusive store in Bangalore, India. IDC predicted India's PC shipments will reach 16.78 million in 2016 from 10.6 million last year.

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the two have been said by global financial experts to be "among the world's most successful in weathering the challenges of the global economy's great recession."

According to the most recent censuses of each nation, China's National Bureau of Statistics reported that there were 1.266 billion people in China in 2000 while the Registrar General and Census Commissioner of India said the country had 1.029 billion in 2001.

However, according to the International Monetary Fund, China's GDP was \$6,988.47 billion in 2011 while India's was

only \$1,843.38 billion. The figures and data showed that back in 1990, China and India's annual average per capita income were both around \$350 — with India's slightly higher.

The situation started to change after that. In 2009, the gap increased to \$2,410 per person, but the order was reversed. The annual average per capita income in China reached \$3,590 in 2009, while India's was only \$1,180 in the same year.

Income differences

The economic growth and situation are like barometers to a

country's IT spending and development. Comparing the two countries' economic figures and IT spending, India is far behind the Middle Kingdom.

According to the IMF, India's level of income per capita in 2009 was achieved by China nine years ago. However, the organization did not say Indians will necessarily be as wealthy as Chinese people are now in the next nine years.

China's exports made up about 35 percent of GDP compared with only 24 percent for India in 2008.

Because of the GDP difference and economic gap,

according to the US-based IT research company IDC, China's IT spending is about four times more than India's, at about \$30.2 billion in 2011 and expected to grow at an average annual rate of 21.3 percent to \$65.3 billion by the end of 2015.

In the personal IT market, the gap is even more significant. Taking the PC market for example, China's shipments were about seven times more than India's in 2011. PC shipments were 10.6 million units in India in 2011 and about 73 million units in the Chinese market.

"IDC data indicate that India's PC market size in 2011 is similar to China's in 2002. Even five years later, the India market will still stay at China's 2004 level," said Wang Jiping, senior research manager of IDC China. "In recent years, more and more companies have asked the questions: 'Is India really the next China?'"

In 2004, China's PC shipments were 18.2 million units. The company predicted India's PC shipments will reach 16.78 million in 2016 from 10.6 million last year.

SEE "GROWTH" PAGE 16

Power sports get a grip on China's wealthy fun lovers

By SHI JING in Shanghai
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Staying indoors and playing cards or mahjong are outdated now. Exploring the great outdoors is the new trend among China's new rich.

Bombardier Recreational Products Inc, a Canadian privately held company, has recognized the changing fashion and taken a step into the Chinese market by setting up its first Chinese office in downtown Shanghai.

"BRP is coming to deliver high technology, market-shaping products that are innovative and appealing to the Chinese power-sports community," said Jose Boisjoli, president and chief executive officer of the company.

As a world leader in the design, development, manufacturing, distribution and marketing of motorized recreational vehicles, BRP has a portfolio of brands and products including snowmobiles, watercraft, outboard engines, side-by-side (utility task) vehicles and all-terrain roadsters.

It distributes products in more than 100 countries and has an international headcount of more than 6,000.

"I was told that a group of 15 all-terrain vehicles and side-by-side vehicles left on July 11 for a safari that would take them as far as Inner Mongolia. This is a very exciting thing in such a vast

country as China," said Boisjoli. "In Canada, we know what this means: This is how we built the snowmobile industry 55 years ago."

The market share of Chinese outdoor sporting goods was only around 40 million yuan (\$6.3 million) at the end of 2001 but the number soared to 2.6 billion yuan in 2006, with an average growth rate of more than 100 percent.

The sales grew to 8 billion yuan in 2010 and more than 10 billion yuan in 2011. That is why a large number of overseas companies have come to China to look for opportunities while the economy elsewhere is not as promising.

BRP tested the water in the Chinese market as early as 2001. But during the first several years here, there was little market for such power-sports manufacturers. It was not until the last three years that the company really started to take off. BRP has seen its market more than double this year.

Interestingly, the market boomed for BRP in China both at the time of the global financial crisis and again during the European debt crisis. "The economy in China is aggressive. Meanwhile, we see a combination of a great economy and a very interesting consumer desire, that is, going and trying for new experiences. We think the good combination provides a good reason for us



The Can-Am Spyder motorcycle, produced by Bombardier Recreational Products Inc, costs about the same as a Harley-Davidson motorcycle.

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to have more presence. So for certain we see growth in the next five years to 10 years," said Chris Dawson, vice-president and general manager of the international division of BRP.

"For us it is very interesting to watch. There was no market 10 years ago. But now, people are really coming in, asking for the products and giving us ideas for how to make improvement in our products.

"That's when you really start to know that people are really using the products and are getting excited by that. And we start to see the real sense of

momentum. When they start to give you feedback, you start to provide even better products," said Dawson.

The opening of BRP's Shanghai operation is the company's move to promote its watercraft, all-terrain and side-by-side vehicles.

BRP looked at the motorcycle market in China and saw it starting to grow. Different manufacturers have started to see an increase in sales. There is always a group of people who would like to go for outdoor experiences but they don't want to take risks. They want to have fun.

The company says it started slowly and built up over time. BRP has a very long-range view on this, said Dawson.

Concern over users' safety is one of the reasons for opening a Shanghai operation.

For BRP, the goal is, with whichever market it enters, it will make sure that distributors, dealers and ultimately consumers know how to use the products and how to be safe with them.

With the Shanghai office, dealers will be easily approachable for safety instructions and any other help related to the use

of the company's products.

The Can-Am Spyder motorcycle has a unique and solid "masculine" look and costs about the same as a Harley-Davidson motorcycle. They embody much of the on-the-road spirit and are also appropriate for use by police or border-guards, on and off the road.

Although still awaiting certification from local authorities, BRP has displayed the roadsters at shows over the last few years, garnering a lot of interest.

"We see a mixture of different consumers, business people and professionals. We also have enthusiasts who have a real passion for this sport. They want to join and spend on this, no matter whether they have a lot of money or not," said Dawson. However, be it roadsters, snowmobiles or watercraft, each is fairly expensive and less accessible to ordinary customers. The sports are regarded as "luxury" outdoor activities.

"I never know how to interpret the word 'luxury'. Yes it is a luxury lifestyle. Someone may think that these are things to show off with. But, on the other hand, it actually brings to you inner happiness, that is, you have a chance to go and see different wildlife and get a chance to experience something new. It's indulgent, fun-factor — and I guess that part is expected to be somewhat of a luxury," said Dawson.

"It's getting people out and getting people excited," he added.

Luxury or not, government officials see this new outlet as proof of the two countries strengthening their business ties.

China is now Canada's second largest two-way trading partner after the United States. In 2011, two-way trade between Canada and China amounted to almost 65 billion Canadian dollars (\$64.67 billion). There are more than 220 Canadian companies with a presence in the Yangtze River Delta at present.

"China is one of the fastest growing regions in the world and presents many business opportunities for Canadian suppliers regarding a variety of goods and services. The steady rise in the average standard of living, the expanding middle class with increasingly larger disposable incomes — all mean opportunities for consumer goods," said Rick Savone, consul general of Canada.

In particular, there's an increasing portion of the Chinese population that has acquired not only the means to indulge in high-end products but also the opportunity and leisure time to enjoy them.

The government of Canada is committed to supporting companies such as BRP in their endeavors in the China market, said Savone.