

Lands of opportunity

Warren Buckley, CEO Suntec Singapore, takes a close look at India and China, outlining prospects for the meetings industry

With much of the world watching the emerging economic power of China, there are two things often overlooked. The first is that India is undergoing an equally dramatic economic evolution. The second is that this growth will have major implications for the meetings and exhibitions sectors that we all operate in.

There is no doubt that China and India will be dominant economic powers by the middle of the century, but in many key respects, they are quite different from one another. This is reflected in the position each has in the areas of conventions and exhibitions, where the scorecard is continually changing. In fact, the strengths of India are very often the weaknesses of China and vice-versa.

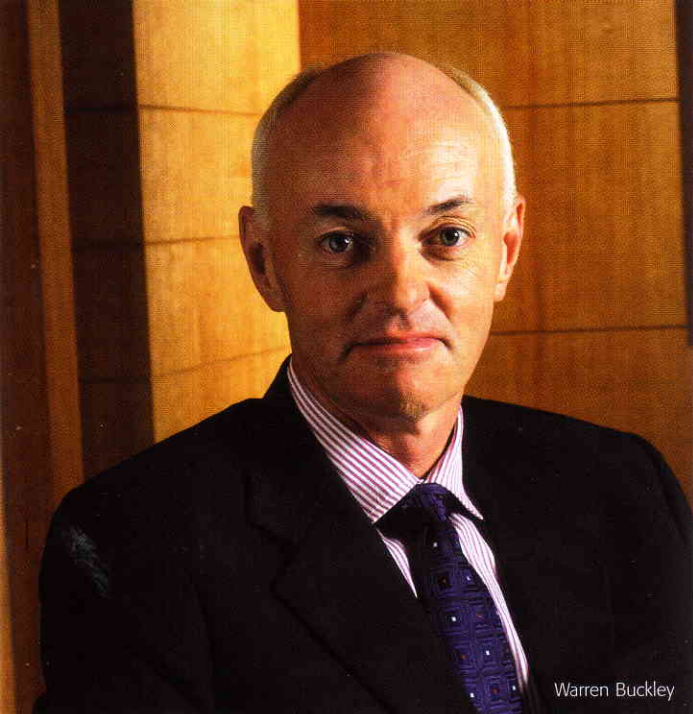
India's population of 1.1 billion is expected to overtake China's 1.3 billion before 2030, while the population in China is actually set to drop in the first half of the century with the gender imbalance caused by the 'one

child' policy combined with the male preference syndrome that was in effect for many years. This will ultimately cause problems of population imbalance when the youngsters resulting from this situation come of age, and will impact population distribution considerably.

In the area of infrastructure, the situation is reversed. China is blessed with many different facilities, which were built throughout the country by central government infrastructure funding over the past 5-7 years. As an example, according to ICCA, there are 120 world-class convention centres expected to be operating by 2040. In addition, the 2008 Beijing Olympics and the 2010 World Expo in Shanghai will leave a venue legacy that will even further enhance China's position in the meetings industry.

While India is emerging with a series of new exhibition and conference centres planned for New Delhi, Kerala, Hyderabad, Mumbai and Bangalore, it still has a long way to go before it catches up with the situation in China.

Above: View from the peak, Hong Kong; India Gate, New Delhi; The Great Wall in China



Warren Buckley

Anyone who has been to both countries will have noticed significant differences in infrastructure such as airports, expressways, rail networks and public facilities that are advancing at a rapid pace in China. In many respects, the development of the meetings and exhibitions industry has been slow in India due to the democratic safety valves that are in place to guide change. While it may take longer to effect change in India, that will likely pay off handsomely in the future.

Clyde Prestowitz, President of the Economic Strategy Institute said that, “although China is far ahead of India with an economy that is twice as large and growing faster, it has vulnerabilities over the long term. The same lack of rule of law and due process that has allowed it rapid development has also led to corruption

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and social unrest. Although India’s democratic system can be cumbersome and slow, it is stable”

More crucial differences are found in social structure and governance. China is slowly evolving out of widespread poverty to a new position with a growing middle class and a more democratic political system. However, it still has a long way to go in many respects.

A good example is the copying and patent problems related to trade shows and products; this has become a serious problem that needs to be resolved before it can expect to interact effectively with the rest of the world. In India, on the other hand, existing regulatory systems are better suited to prevent these kinds of issues and this gives them a distinct advantage in their interface with other economies.

This is to a large extent a product of differences in government. India already enjoys a democratic system with a federal republic and parliamentary system similar to England. As a result, their system and institutions are both more familiar and more predictable in terms of how they operate than those of China, which are still highly centralised and control oriented.

Language is another key difference. Due to better educational programmes and many more overseas graduates, more Indians speak English than do Chinese, giving them a distinct advantage in the international marketplace, particularly in the rapidly emerging

informational sciences and service industries. It also augers well in the meetings business, where the ability to communicate with planners and delegates in what has emerged as the international language of business confers a big advantage.

As any of us who have struggled to make what are often complex arrangements for a major event in an environment where language is an issue knows, this can be the difference between selecting and rejecting a destination. At the same time, outsourcing will continue to develop in India, and this will also support development in the meetings sector – your next online event registration or telephone hotel registration may be conducted in a small but high tech office in Bangalore with your contact speaking with an American or British accent!

English usage is still not widespread in China, and this places a significant restriction on its potential for international meetings and tourism.

There are also major differences in the respective business environments of these two countries. Selling to the Chinese, particularly in their own market, remains a real challenge for most foreigners. The rules are unique, and in many respects the norms or ethics expected by those more familiar with other western economies go out of the window.

To be successful in China, a local Chinese partner is also necessary, and this adds another layer of complexity. Once past this initial obstacle however, the paybacks are exceptional – but it takes a lot of experience and expertise to get it right.

These differences are already giving a hint of what the future holds. For example, it surprised many that in Forbes latest list of the world’s wealthiest people, 12 were from India while only two were from China!

India’s developing industries are in far more profitable sectors and its stock markets are considerably better run and more transparent than those in China. Entrepreneurship reigns in India, and theirs is a system that rewards the brightest and supports the whole idea of taking business risk. This is a combination that obviously benefits business development, and one that is more familiar to foreign investors and welcoming to the meetings industry.

It’s an accepted fact that the success of meetings and exhibitions tracks the economy – and with both these economies on a roll, these sectors are bound to expand as well. What is already clear is that this growth will take very different directions in these two countries due to differences in culture, business practices and where each stands in terms of factors ranging from public infrastructure to government and business practices.

In the meetings area, as in any other sector, the greatest rewards will go to those who recognise the opportunities – and who understand and respond to the differences that will continue to exist as these “giants of the future” evolve.

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