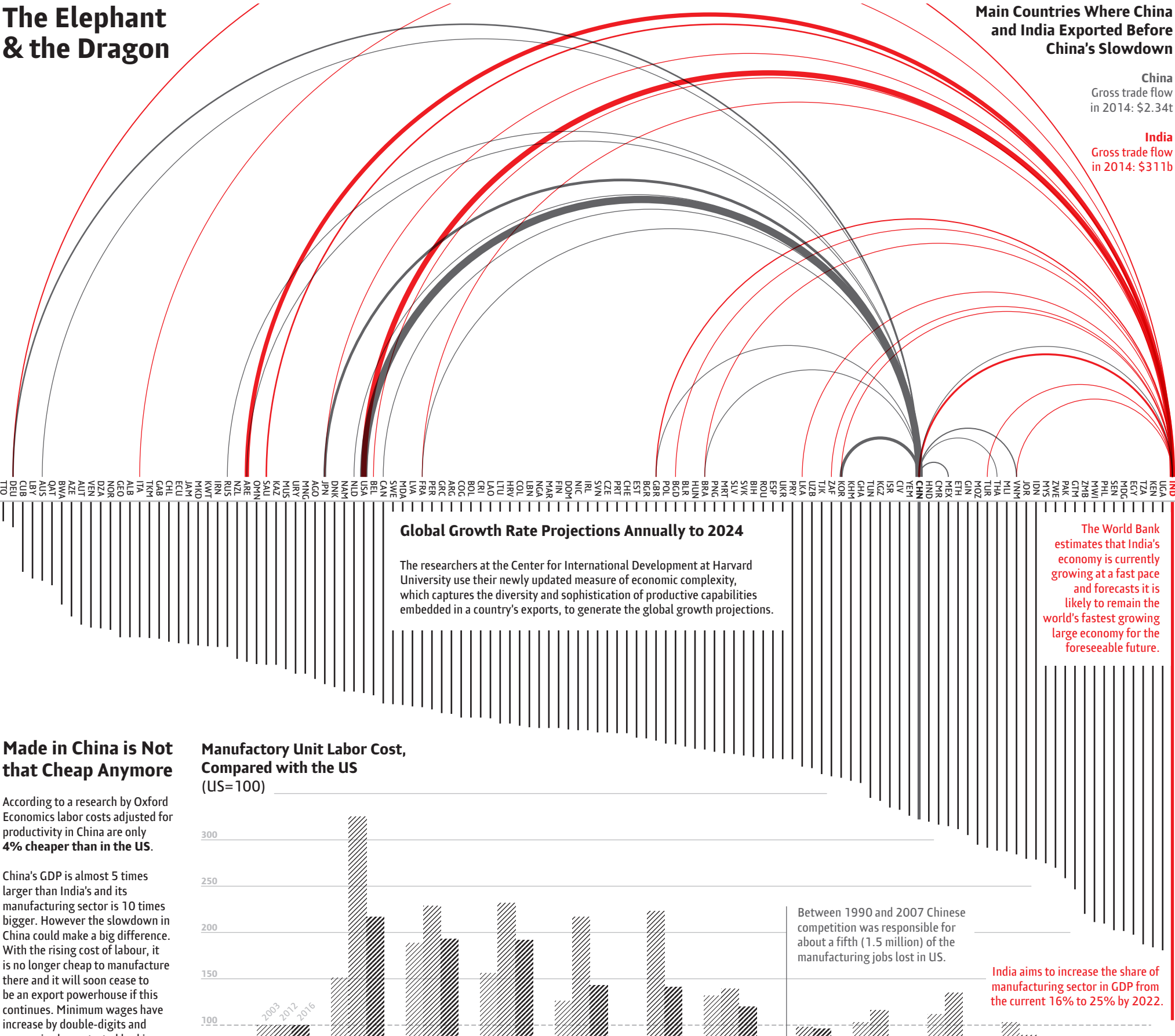


The Elephant & the Dragon

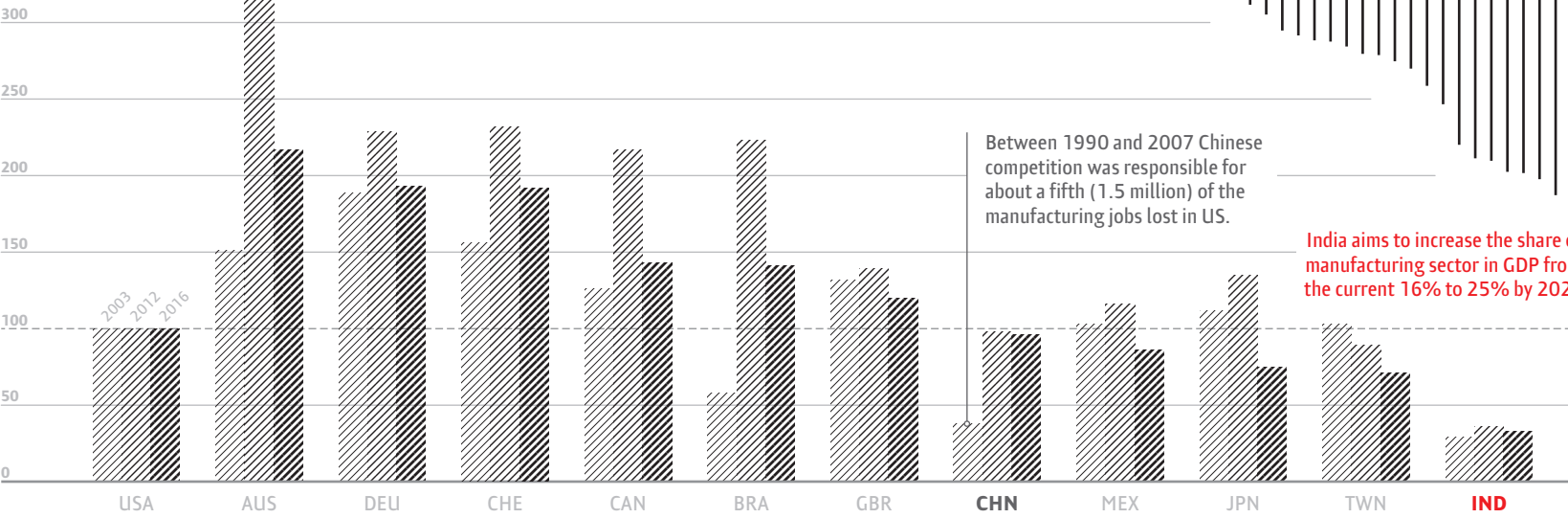


Made in China is Not that Cheap Anymore

According to a research by Oxford Economics labor costs adjusted for productivity in China are only 4% cheaper than in the US.

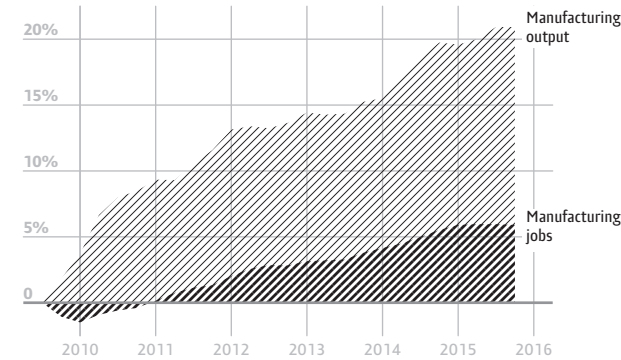
China's GDP is almost 5 times larger than India's and its manufacturing sector is 10 times bigger. However the slowdown in China could make a big difference. With the rising cost of labour, it is no longer cheap to manufacture there and it will soon cease to be an export powerhouse if this continues. Minimum wages have increase by double-digits and companies have started looking for alternatives. For example, companies like Godrej, Micromax and Bosch have started expanding or shifting manufacturing operations to India.

Manufactory Unit Labor Cost, Compared with the US (US= 100)

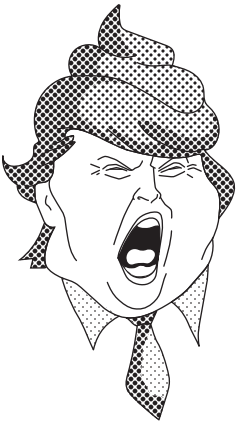


Manufacturing Jobs Are Never Coming Back

Because of rising wages in China, the need for shorter supply chains and other factors, a small but growing group of companies are shifting production back to the US. But the factories they build here are heavily automated, employing a small fraction of the workers they would have a generation ago.



Just Another Trumpsh\*t



None of that, though, stops Donald Trump from promising at every debate and campaign to "take our jobs back from China and all these other countries."

MEANWHILE...

Hollywood on the Yellow Sea

王健林, one of China's richest men, is creating a rival to the American dream factory, from scratch. The Dalian Wanda Group, China's biggest commercial real-estate developer and the world's largest owner of movie theaters, has committed \$8.2 billion to the project. China is becoming a nation of moviegoers. With North American box-office receipts essentially flat in recent years, some analysts expect that within five years, China will be the world's box-office king (it is now No. 2). In 2012 alone, the country added 10 theater screens a day; it now has more than 28,000. Only the U.S., with close to 40,000 screens, has more, and Wanda owns more than 5,000 of those.

Chinese Cinemas

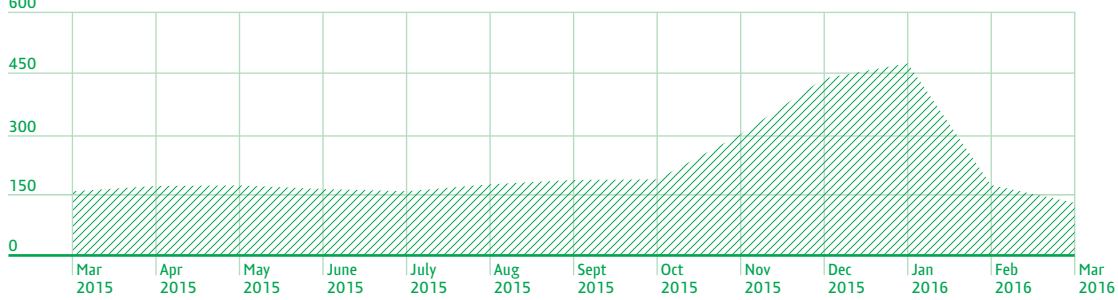
东方影都

Tickets sold (million)  
1.5 —

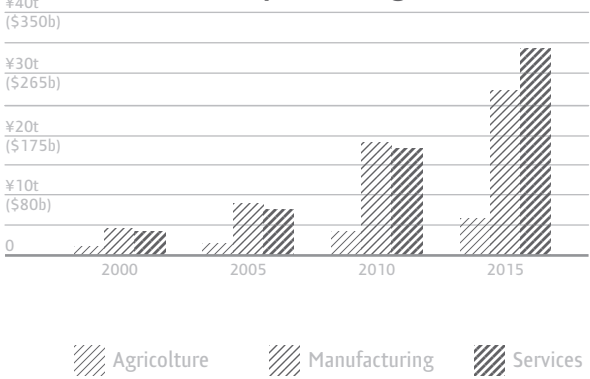
Theater screens (thousand)  
— 35

# Things Are Changing

Number of Chinese protests from March 2015 to March 2016



GDP by Industry: Chinese Economy Is Shifting to Services



## Chinese Infrastructure

Over the last 35 years, China has spent about 8.5% of GDP on infrastructural development. It has the reputation of being the world's most aggressive investor in domestic infrastructure – be it roads, rail, waterways, power, ports, airports or telecom.

## Indian Infrastructure

India has spent only 4.7% of GDP on infrastructure over these years. Its physical infrastructure today is quite similar to that of China in the early 1990s.

**21 Mar 2016**

**1** Workers at a machine manufacturer in Shanghai strike over wage reductions.

**Participants**  
100-1,000 persons

**Worker Actions**  
Strike

**22 Mar 2016**

**2** Workers at a flame retardant materials factory protest wage arrears in Yangquan.

**Participants**  
1-100 persons

**Worker Actions**  
Protest / Demonstration

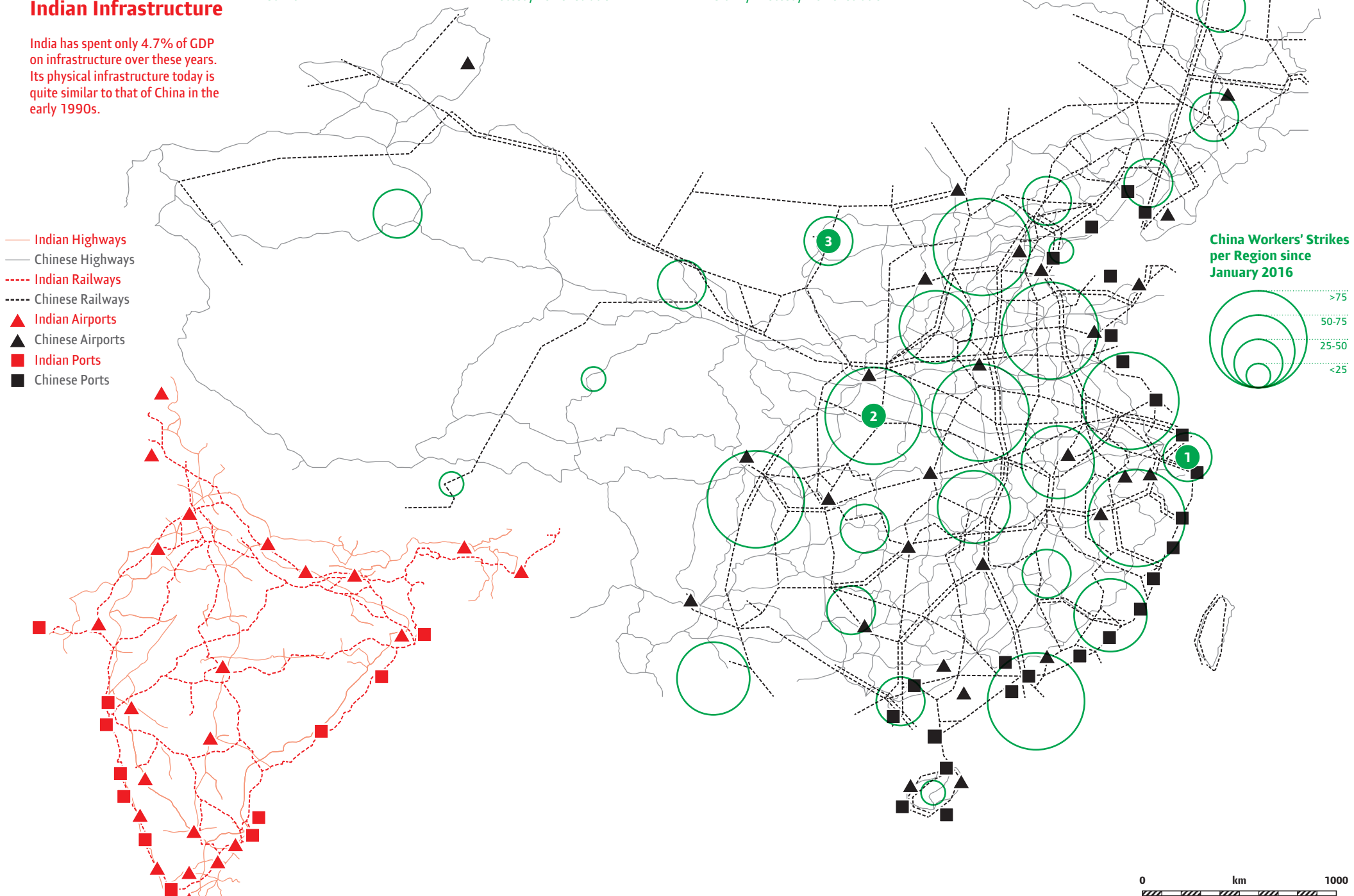
**22 Mar 2016**

**3** Retired workers demand retirement benefits at government building in Hinggan.

**Participants**  
100-1,000 persons

**Worker Actions**  
Sit-in / Protest / Demonstration

Cheap labor, vast factories and a building spree without parallel powered China's economic miracle. Times are changing. Services today make up more than half of the nation's economy.



## The Indian Speed-Up

### India's 2016-17 Budget

At the beginning of this month, Prime Minister Narendra Modi's government released its budget for 2016-17. Budget Day in India is met with intense scrutiny and heightened chatter among the pundits and political class in New Delhi.

Let's see some of the main points.

#### • A fresh emphasis on start-ups

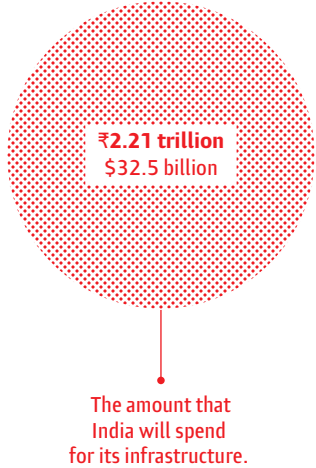
the budget wants to place special emphasis on **manufacturing sector** nurturing India's ecosystem for start-ups.

#### • Helping companies pay for pensions

**₹10 billion**  
\$150 million

to pay 8.33% for new employees' basic salary towards pension and provident fund contributions.

#### • Betting on the long-term dividends of infrastructure



#### ₹0.40 trillion \$6 billion

The initial corpus for launching the National Infrastructure Investment Fund (NIFF).

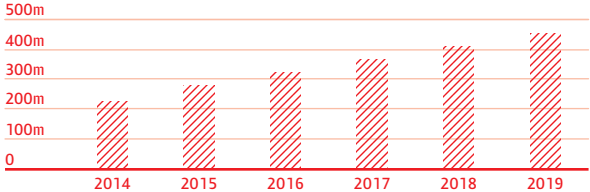
#### 10,000km

The roads that will be built, beside the upgrading of state highways.

### Facebook and Google's Expansion: a New Colonialism in India

Silicon Valley companies, led by Google and Facebook, are arriving in India with the key to a vital resource of the 21st century: connectivity. Indian critics have dubbed the US companies "digital colonialists". The heightened tone of the debate reflects how much is at stake: with a population of 1.2 billion, India has the potential to be the largest open internet market in the world.

### Internet Users in India from 2014 to 2019



## Impressum

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