

## The new Orient express

Leo Abruzzese

Smaller, faster, odder

Asia's biggest emerging economies, China and India, are not as dynamic as they used to be, but the region will still have star performers in 2014. Three of Asia's more exotic economies—Mongolia, Macau and Bhutan—will be among the world's fastest growers.

Many Mongolians are herders, but much of the country's cash now comes from mining. The first full year of output at Oyu Tolgoi, a giant copper and gold mine, will push GDP growth to

15% in 2014. It might have been faster but for the slowdown in China, Mongolia's biggest export market.

Macau, Asia's playground and politically part of China, will grow by 14%. Gambling is Macau's lifeline: punters will wager around \$50 billion in 2014, nearly ten times more than a decade earlier and far more than in Las Vegas. Much of the money will come from high-rollers from mainland China.

Bhutan, inventor of "gross national happiness", sends plenty of hydroelectric power to India. Several new hydropower projects are on the cards, which will help push GDP growth—a very un-Bhutanese concept—to 9% in 2014. Poverty remains high, so efforts to channel more of the hydro income to the poor should make a few more Bhutanese happy. ■

Leo Abruzzese: global forecasting director, Economist Intelligence Unit

### 2014 IN BRIEF

South Korea's government completes its move from Seoul to **Sejong**, a new administrative capital city



## Jokowi's the man

Richard Cockett JAKARTA

A new president, representing a new generation, could reinvigorate Indonesia

By any standard, South-East Asia's biggest country has enjoyed a great run. With GDP growth at over 6% a year since 2007—apart from a small dip in 2009—Indonesia's economy has purred along, fuelled by the voracious appetite of China and India for the country's reserves of oil, coal, copper and other minerals, as well as a consumer boom. The country barely paused for breath after the 2007-08 world financial crash. The only question anyone seemed to ask was why Indonesia, a country of 250m people, was never included as a second "I" in the BRICS.

In 2013, however, the shine came off. The stock-market tumbled (by over 20% just between June and August), the currency slipped, inflation rose and after years of surplus a yawning current-account deficit opened up. The government's 2013 growth target of 6.3% will be missed.

In part, investors have been getting out of Indonesia for the same reason that they have been fleeing other emerging markets: in anticipation of an easing of the United States Federal Reserve's programme of quan-

titative easing. But Indonesia is also being punished for reasons that are specific to the country. President Susilo Bambang Yudhoyono, who will end his second term in 2014, has lamentably failed to grapple with all the old problems of awful infrastructure, foot-dragging bureaucrats, rampant corruption and ill-organised political decentralisation. When the going was good, such negligence seemed not to matter. Now, with a fall in commodity prices and the prospect of an end to cheap money, Indonesia's failure to revamp its economy is laid bare. Investors have little confidence that it can find new sources of growth.

But in 2014 the Indonesians have an opportunity to reboot their country. Parliamentary elections are due in April, followed by a presidential election in July. Most of the likely presidential candidates inspire little confidence, at home or abroad. They are throwbacks to the era of President Suharto, deposed in a popular uprising in 1998, and they all have strong ties (often familial) to the ruling elites. Prabowo Subianto, leader of his own party, Gerindra, for example, headed the army special forces under Suharto and was married to the president's daughter. The clear front-runner, however, is unlikely to declare himself until May, or even June: Joko Widodo, since 2012 the governor of the capital, Jakarta.

Mr Joko, known to all by his nickname Jokowi, could be the man to give Indonesia a new sense of purpose after the years of drift and missed opportunities under the dithering Mr Yudhoyono. Jokowi, by contrast, has been lauded for his "decisiveness" in his running of the central Javanese city of Solo, during which he pushed through innovative policies. And in a land of often pompous, corrupt politicians, Jokowi has an open style—posting recordings of his meetings with city officials and residents on YouTube, for instance.

He also represents a clear break from the Suharto generation. He is relatively young (52), and he doesn't come from the army or a political dynasty. All this makes him popular with younger voters, who are the bulk of the electorate. If only the leader of Jokowi's party, Megawati Sukarnoputri, a former president herself from 2001 to 2004 but then twice defeated by Mr Yudhoyono, could be persuaded to step aside and give Jokowi a clear run, it would be his race to lose. ■

**Indonesians have an opportunity to reboot the country**

Richard Cockett: South-East Asia correspondent, *The Economist*



Yes he can