

Jakarta likeliest global emerging city, Kearney says

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By Sharon Chen, Bloomberg

Jakarta is the likeliest emerging city to gain a global role as a young workforce attracts foreign companies, according to a ranking by A T Kearney Inc.

Indonesia's capital led 34 cities in low and middle-income countries in a survey released today by the Chicago-based consulting firm that measures the likelihood of an improved global standing over the next 10 to 20 years. Citing metrics such as business activity, human capital and innovation, the survey ranked Manila second. Addis Ababa, the capital of Ethiopia, was third.

Cities in emerging Asia made up half of the top 20, reflecting the potential of a region the Asian Development Bank predicts will grow 6.2% this year. With half of its population under the age of 30, Indonesia has lured companies such as L'Oreal SA, the French cosmetics company, which opened its largest factory worldwide there in 2012.

"Jakarta's demographic advantage is quite significant," John Kurtz, A T Kearney's Asia-Pacific head, said in a phone interview on April 11, 2014. "Indonesia in general has been increasingly recognized by both companies and their counterparts in foreign governments as a rising influence in regional and global politics and regional and global business."

Infrastructure Development

Jakarta and Manila are benefiting from the emergence of the Asean Economic Community, according to Kurtz. Officials from the 10-member Association of Southeast Asian Nations are working toward allowing the free movement of goods, services, investment, capital and skilled labor as part of a European Union-style integration plan, without the common currency, by the end of 2015.

Indonesia ranked 114 out of 177 countries in Transparency International's corruption perceptions index last year, compared to 118 in 2012. Jakarta governor Joko Widodo, frontrunner to become the nation's next president, has addressed traffic and flooding

while making infrastructure development and streamlined tax collection centerpieces of his governance.

“The real challenges for Jokowi and for Jakarta are the same challenges that face the country: to have a coherent long-term plan” to develop infrastructure and combat corruption, Kurtz said, referring to the mayor by his nickname.

The Emerging Cities Outlook ranked five Indian cities including New Delhi, Mumbai and Bangalore among the top 20. Kuala Lumpur ranked 10th and Beijing 12th, ahead of Johannesburg and Caracas.

Developing Asia’s economic growth will probably accelerate next year, helped by increasing momentum in developed nations, the ADB said this month. The region is forecast by the Manila-based lender to grow 6.4% next year.

“Incomes could keep rising, people have a lot more spending power,” said Euben Paracuelles, a Singapore-based economist at Nomura Holdings Inc. The ranking “is definitely a ‘look East’ kind of indicator, that people are increasingly seeing the prospects of Asia in the longer term,” he said.

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