

Introduction

Given the rise of emerging multinationals, and their subsequent impact on the global economy, it is important we understand their impact from an environmental footprint, social impact, and governance perspective (ESG); supply chain perspective; economic development angle; and tastes and preferences as an economy.

As emerging economies take a foothold in our global economy and emerging multinationals impact the lives of not just their own citizens but those around the world, we must understand them to shape the future of our world.

Background

My research had five objectives:

- Gaining a comprehensive understanding of the economic databases mentioned above and identifying which databases should be used to support the research behind the 2023 Emerging Markets Report.
- Leveraging these databases to develop graphs and compile data into “vignettes” or profiles on emerging market multinationals.
- Summarizing important economic policies and trends in emerging market economies that the profiles above will be used to support.
- Using my work and what I’ve learned to help develop a ranking system along certain variables, or rank companies based on characteristics such as ESG, economic development, and supply chain volatility.
- Assisting with drafting, editing, and compilation of final 2023 report.

Ultimately, my research was part of the larger aim of providing a comprehensive analysis of emerging multinational corporations’ growth, challenges, and contributions to the evolving global landscape.

One of the main aspects of the annual Emerging Market Multinationals Report is to identify the Top 20 Emerging Economies. We determined this year’s largest emerging economies with the following methodology:

- Excluding countries considered advanced economies by the International Monetary Fund (IMF), countries whose population is less than 1.5 million individuals, and countries for whom Gross Domestic Product (GDP) data, as provided by the World Bank, is older than three years
- Calculating a weighted score for the remaining countries based on the following variables: GDP per capita (weight 0.4), Global trade (weight 0.1), Poverty level (weight 0.2), Extreme poverty level (weight 0.3)

Countries were then ranked based on their weighted GDP. The following 20 largest economies (in addition to China, set aside for its unique position) constituted the EMI’s “E20+1” or “E20+China” list.

1) India	Asia	11) Bangladesh	Asia
2) Russian Federation	Europe	12) Vietnam	Asia
3) Brazil	Latin America and Caribbean	13) Malaysia	Asia
4) Mexico	Latin America and Caribbean	14) South Africa	Africa
5) Indonesia	Asia	15. Philippines	Asia
6) Turkey	Asia	16) Iran	Asia
7) Argentina	Latin America and Caribbean	17) Pakistan	Asia
8) Thailand	Asia	18) Colombia	Latin America and Caribbean
9) Nigeria	Africa	19) Romania	Europe
10) Egypt	Africa	20) Chile	Latin America and Caribbean

Methodology

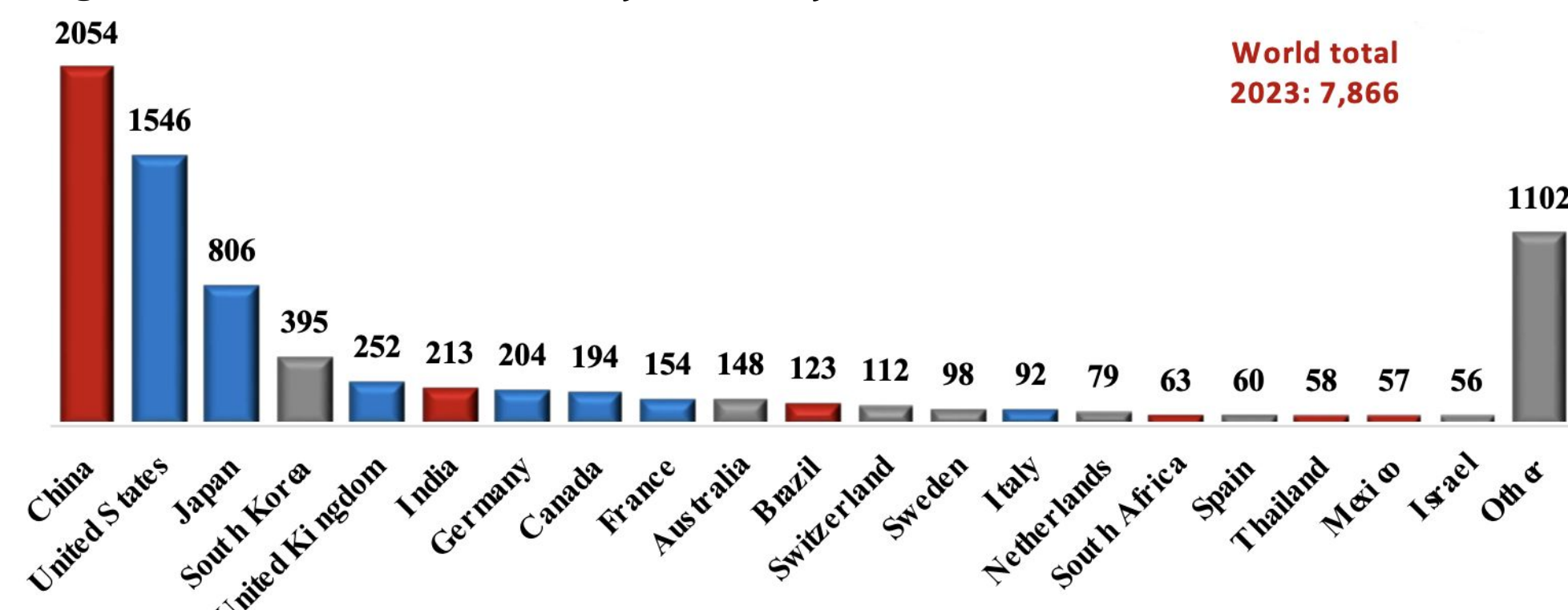
Given that the study was about identifying the impact of emerging market multinational corporations on their regional economies and subsequently the global economy, it was necessary to establish a list of the Top 500 Emerging Multinational Corporations.

This list was built by first obtaining a list of all companies worldwide with revenues greater than one billion dollars from the Capital IQ database. This yielded a data set containing 32,616 companies. Then, all entities that caused errors or miscounts must be removed from the data set – like companies that were not public or private such as governments, duplicates, subsidiaries (grouping by parent company), and outliers or possible mistakes in the database by looking for abnormal revenue growth, mismatch in the date of public filing, and discrepancies between Capital IQ information and company 10-K filings. The final set of data for analysis was then 7,866 active public or private companies with more than one billion dollars in revenue.

The list was then organized by country to identify which countries and regions yielded the highest gross revenue businesses. We found that China led the way, followed by the United States and Japan, as shown in Figure 3.

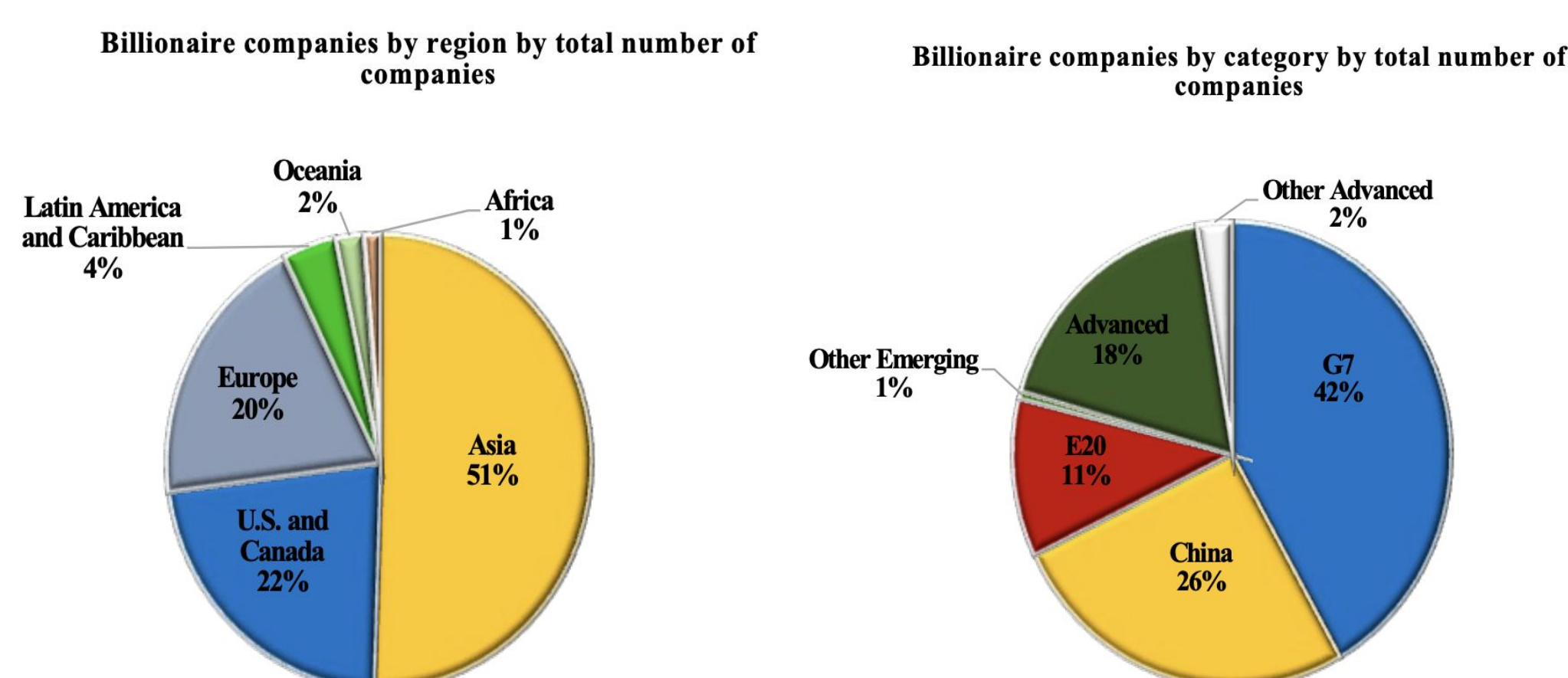
The colors of each country in the figure below shows which development category the country belongs to, with red standing for E20+1 markets, blue for developed countries, and gray for emerging countries that did not make the E20+1 list.

Figure 1: Billionaire Firms by Country



Additionally the data is organized to billionaire companies by region and by developmental category by total number of companies. As shown in Figure 2, Asia retains over half of the world’s billionaire companies, with Europe and the United States and Canada almost completing the other fifty percent. In Figure 3, China alone constitutes over a quarter of the world’s billionaire companies, with the E20 being just over ten percent.

Figures 2 and 3: Billionaire Companies by Region and Category by Total Number of Companies



To finalize the leading billionaire companies, finding which countries and regions yielded higher revenue among their billionaire firms (US\$Tn) was the next step. In this analysis, the US leads in companies by revenue, with China only about 0.6 trillion behind it. In world revenue, the US and Canada and Europe constitute over half of the world’s income, with China at 44% of total revenue. With the US and Canada and Europe in the lead, the G7 accounts for just over half of the world’s total revenue, with the E20+1 making up almost 30% of the remaining.

Analysis

After analyzing data on the world billionaire companies by region, revenue, and category, the next step is finalizing a list of countries that are driving emerging market countries forward.

From the World Billionaire companies lists, the Capital IQ data must be filtered more to show just companies from emerging markets. As expected due to its unique position in size and development in the global economy, China dominates the top ten billionaire EMNCs, making up the top nine, shown in Table 1. Excluding China, shown in Table 2, there is greater variety among the E20 for leading billionaire companies.

Table 2: Top Ten Billionaire Emerging Multinational Corporations by Country and Revenue

Billionaire	Country	Latest Annual Revenue (US\$MM)
1 State Grid Corporation of China	China	\$ 516,912
2 China National Petroleum Corporation	China	\$ 492,955
3 China Petrochemical Corporation	China	\$ 488,150
4 China Construction Engineering Corp.	China	\$ 297,955
5 China Communications Construction Group (Ltd.)	China	\$ 271,652
6 Hon Hai Precision Industry Co., Ltd. (TWSE:2317)	China	\$ 215,716
7 Ping An Insurance (Group) Company of China, Ltd. (SEHK:2318)	China	\$ 176,702
8 China Railway Group Limited (SHSE:601390)	China	\$ 167,366
9 China State Railway Group Co., Ltd.	China	\$ 163,435
10 Public Joint Stock Company Gazprom (MISX:GAZP)	Russia	\$ 160,175

Table 3: Top Twenty Billionaire Emerging Multinational Corporations by Country and Revenue Excluding China

Billionaire	Country	Latest Annual Revenue (US\$MM)
1 Public Joint Stock Company Gazprom (MISX:GAZP)	Russia	\$ 160,175
2 Petróleo Brasileiro S.A. - Petrobras (BOVESPA:PETR4)	Brazil	\$ 121,298
3 Petróleos Mexicanos	Mexico	\$ 116,452
4 HCL Technologies Limited (NSE:HCLTECH)	India	\$ 113,992
5 Reliance Industries Limited (NSE:RELIANCE)	India	\$ 107,094
6 Indian Oil Corporation Limited (NSE:IOC)	India	\$ 102,502
7 PTT Public Company Limited (SET:PTT)	Thailand	\$ 97,405
8 Life Insurance Corporation of India (NSE:LICI)	India	\$ 97,179
9 Oil and Natural Gas Corporation Limited (NSE:ONGC)	India	\$ 83,393
10 Petrolina Nasional Berhad	Malaysia	\$ 76,028
11 JBS S.A. (BOVESPA:JBSS3)	Brazil	\$ 70,906
12 State Oil Company of the Azerbaijan Republic	Azerbaijan	\$ 70,134
13 PT Pertamina (Persero)	Indonesia	\$ 69,004
14 Bhanat Petroleum Corporation Limited (NSE:BPCL)	India	\$ 57,621
15 Raizen S.A. (BOVESPA:RAIZ4)	Brazil	\$ 48,550
16 Koç Holding A.S. (BSE:KCHOL)	Turkey	\$ 48,195
17 AECI Ltd (JSE:AFE)	South Africa	\$ 43,301
18 América Móvil, S.A.B. de C.V. (BMV:AMX B)	Mexico	\$ 43,294
19 Vale S.A. (BOVESPA:VALE3)	Brazil	\$ 42,846
20 Tata Motors Limited (BSE:500570)	India	\$ 42,129

The Top Billionaire EMNCs list reflects the Emerging Market’s Institute E20+1 list; the first four leading billionaire companies are reflective of the first emerging economies in the E20 list. And, of course, China remains the dominating country of emerging markets due to its unique position in the economic and global sphere.

Conclusion

The presence of emerging multinational corporations is growing. China and the US are becoming closer in differences in terms of the number of large companies in the Fortune Global 500 and on the ‘billionaire’ list of companies. By comparing developed and emerging markets, we see that while the U.S. still has the most profitable companies, the gap between the U.S. and China is narrowing.

The past few years – with the pandemic and the Russia-Ukraine war as well as US-China trade sanctions – saw a trend of foreign disinvestment, impacting a substantial share of the global economy. This research compares the performance of emerging market multinationals in this context. It documents the persistence and strength of EMNCs during the crisis, especially the continued dominance of Chinese MNCs.

E20 companies are becoming more internationalized and progressing quickly in the economy, thus we must identify the drivers for

globalization across all firms in various countries.

Tracking the growth of the E20+1 countries and companies allows us to see the driving forcing in the modern global economy, such as investment and innovation. Developing a framework, like this research has, leads us to measure the progress in sustainable development and growth in emerging economies that can be applied to developing economies elsewhere.

Next Steps

This research has many steps that can be taken to continue and fully analyze the contributions and implications of the leading emerging multinational corporations and emerging markets in the global economy.

Next steps may include:

- Analyzing the top emerging multinational corporations by sector – leading sectors by region in terms of number and revenue
- Collecting data and examining how investment in research and development in emerging multinational corporations impacts economic growth
- Identifying policies that may promote maximizing the impact of sustainable finance on inclusive growth and green transition

Furthermore, as companies change, governments must follow. It is necessary to keep asking questions such as:

- How can we adjust to government regulations?
- Where and how should we allocate investments?
- How should we continue to invest in innovation and new technologies?
- How should we answer societal demands, like improving the environment, and address social and governance concerns?

Laidlaw Research Experience

The Laidlaw Scholars Program has encouraged me to develop new and valuable skills through my research this summer, allowing me to become a better leader. Along with strengthening skills such as teamwork, communication, and persistence, I also learned to develop a greater understanding of emerging markets and their interactions in the global economy and gained an ability to research, filter, analyze datasets, organize and present my research findings. In my work, I also collaborated with the 2023 EMI Summer Interns, allowing me to observe and analyze information from different perspectives.

The most emphasized part of being both a Laidlaw Scholar and an intern at the EMI was teamwork. Without collaboration and support of my colleagues, each of our personal developments as leaders and thinkers would have been impossible. The incredible amount of teamwork and communication allowed me to embrace receiving feedback and taking steps further in my analyses. I will apply the lessons learned as I continue my studies at Cornell and in the future.

Acknowledgements

As I continue in my Laidlaw Scholars Journey, I want to focus on emphasizing my skills as a leader in pursuing collaboration, dialogue, and greatness. I am beyond grateful for this experience to work among fantastic faculty, graduate students, and undergraduate students at the EMI and Laidlaw Program. Looking ahead, I hope to use my research and leadership skills in the challenges that await.

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