

THE EMERGING ECONOMIES CLASSIFICATION IN TERMS OF THEIR DEFINING, GROUPING CRITERIA AND ACRONYMS USED FOR THIS PURPOSE

Daniela-Neonila, Mardiros¹
Roxana-Manuela, Dicu²

Abstract:

The starting point of this paper is represented by an evolutionary approach of the terminology used to define the term of emerging economy, of the review of the acronyms used for the purpose to group some of these economies in relation to certain criteria. The approach of the emerging economies is followed by the presentation and the systematization of some of the definitions that, during the time, was given by certain personalities, groups and international organizations to this concept. Talking about economies, some of the important indicators in the award of the emerging economy status are those who take into consideration the income and the economic growth rate illustrated in this paper by GDP. Subsequently of the screening realized for the mentioned characteristics set was taken into consideration the mode how they are manifested in a number of emerging economies of Europe.

Keywords: terminology, emerging economies, middle class, GDP

JEL Classification: H10, H61, H72.

1. Introduction

The starting point in the introduction of the term of emerging economy or emerging market was constituted by the term of developing economy used in the 70s to characterize the less developed markets. Because of the fact that the attribution of this term had at basis both objective and subjective value judgments, its utilization was considered not properly adequate. So appears oportune the replacement of it with an other term which characterize properly the economies above considered as doing part from this category. Thus was born the term of emerging market that was introduced in the category of the economic terms in 1980 by the World Bank economist Antoine van Agtamael to characterize the economies with a middle status between the developing countries and the developed countries. Inside the researchs on emerging economies an important place was occupied by authors such as: CK Pralad George Halez, Hernando de Soto, Usha Haley and Several professors from Harvard Business School and Zale School of Management. From the term of emerging economy/emerging market were derived over time a number of new concepts such as the rapidly developing economies (used in markets such as UAE, Chile and Malaysia), BRIC (Brazil, Russia, India and China), BRICET (BRIC countries plus Eastern Europe and Turkey), BRICS (BRIC countries plus South Africa), BRICM (BRIC countries and Mexico), Next Eleven (Egypt, Indonesia, Bangladesh, Iran, Mexico, Pakistan, Nigeria, Philippines, Turkey, South Korea, and Vietnam) and CIVETS (Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa).

Another term that can be added to the previous list is the "newly industrialized country", referring to emerging markets whose economies have not yet reached the status of developed economies but at the macroeconomic level, are situated before their counterparts developing. Despite the fact that these countries have not a common agenda, most experts have a convergent opinion in terms that their role becomes bigger and bigger in the global economy and on the world political stage. At the end of 2010, BBVA Research has introduced the term of EAGLEs markets (Emerging and Growth - Leading

1 Associate Professor PhD, "Alexandru Ioan Cuza" University of Iași, mardirosdaniela@yahoo.com

2 Lecturer PhD, "Alexandru Ioan Cuza" University of Iași

Economies) and, respectively, the term of NEST markets. The first of the above terms is considering the systematization of the emerging economies whose contribution to the world GDP will be, in the next 10 years, superior than the average contribution of the G7 countries excluding the USA from this last category. At the opposite pole are the NEST countries whose contribution to the World GDP will be, in the next 10 years, below the average contribution of the G7 countries, excluding the USA from this last category. The characteristic followed for the case of the economies which belongs to some of the acronymes previously presented (table nr. 1).

Table 1. Characteristics of the emerging economies groups

| Acronym | Based on | Comments |
|--------------------|---------------------|--|
| BRIC | Absolute size | The criterion is not very significant because the attribute of "more" is not necessarily a determinant of market potential; the criterion is static because it does not allow any prediction having in view the time horizon which is too long to track these economies (at least 20 to 25 years); at the same time proves to be a subjective one because it only included four economies. |
| N-11 | Population/GDP size | Are included here the economies with large populations, this fact not representing, as in other cases, a determinant of market potential. It is a static concept including a number of countries characterized by political instability, covering a too big time horizon of 20-45 years and based on absolute values or sizes. |
| CIVETS | Young population | Are missing from here the "key economies" (Mexico and Korea) and several of other "major economies", the time horizon beyond 2020 is not very clear in terms of economic development for the countries which belongs to this group and another aspect which must be taken into consideration is the one that over 20 years, the average growth will be above 4.5%. |
| BBVA EAGLES | Absolute Growth | Is grouping the large enough economies and with fast enough economic growth. It is a dynamic concept that allows the anticipation of economies evolution and the time horizon taking into consideration is a reasonable one (10 years). The number of the countries admitted into the group is flexible, the accession criterion of the memberships being that of performance. |

Source: BBVA Research, <https://www.bbva.com/>

2. Certainty, probability and impossibility of assigning definitions for emerging economies

Parts in the great puzzle of the global economy, emerging economies have raised, over time, the attention of many specialists concerned with defining their economic formation and grouping them into a series of lists and in relation to certain criteria.

2.1. Promoters of defining emerging economies

To give for a country the emerging economy label seems to be a rather complicated process, because of the fact that, all those who have and who had concerns in this direction are bombarded by a multitude of statistics and studies which are not just real, result of certain unintentional creations, emerged precisely as a result of the lack of a precise definition of the term. As a result of this reality appear contradictory statistics on emerging economies, which differ, in certain respects, from an international body to another (IMF, World Bank etc.). Another undesired effect of losing consistency in term of emerging economy is represented the continuing and general trend to increase the number of the countries included in this category and which, often, have not the same characteristics (South Korea, Singapore and Taiwan versus India, Mexico, Argentina, Indonesia, Poland etc.). According to this idea we propose an overview of some of the definitions associated with the term, in an attempt to capture the main connotation of the concept of emerging economy (table nr. 2).

Table 2. Promoters of defining emerging economies

| Author | Characteristics |
|---|---|
| General views | Economies in which the social and business environment is in a rapid growth and industrialization process. According to the "The Economist" there are a multitude of opinions that consider the term as obsolete. The term is used due to the fact that currently, there is not another term to characterize these economies. |
| Center of Knowledge Societies, Emerging Economy Report, 2008 | Regions which are experiencing a rapid informationalization under the conditions of a limited or partial industrialization. Emerging markets were positioned at the confluence of non-traditional user behavior and we can also talk here about the rise of new user groups and about the adoption by the community of products and services, and about innovations in product technologies and platforms. |
| Barron's Finance & Investment Dictionary | Foreign economies that are developing and which, to meet the capitalism have created their own market value. Are also economies marked on the one hand by the existence of a high potential for business environment and, on the other hand, by the existence of a risk as high. They have large territories, large populations, opportunities for achieving significant development projects requiring new infrastructure, such as power supply and telecommunications systems. Promotes economic policies whose effects translates through faster economic growth and expanding trade and investment worldwide. |
| Saxo Bank | Emerging economies are those with strategies oriented to the incomes, value and to the increasing of the capital investments on markets from Asia, Latin America, Eastern Europe, Africa and Mediterranean economies less developed. |
| TD Waterhouse | Developing countries with relatively low income per capita, and in most cases have an above average growth potential. |
| Soundinvesting Organization | Developing foreign markets involving a volatility and an increased risk compared with the stable markets. |
| Morgan Stanley Capital International | Relatively risky markets, with additional risk factors of political, economic and monetary nature and for which the safety and security is not the primary objective. |
| Vladimir Kvint | A society in transition from dictatorship to a free market-oriented towards economy and on which the economic freedom is manifested in increasing sense; there is a concern of gradual integration into world markets, promotes the expansion of a middle class, improving living standards, social stability, tolerance and put an emphasis on cooperation with multilateral institutions. |
| Vital Wave Consulting | <p>According to it, the economies can be divided into the following categories: Strategic Opportunity Markets: the largest and most attractive emerging markets, with a population exceeding 40 million, with strong growth in the GDP's real terms, with an income per capita higher than \$ 2,000 in PPP terms, rapid integration of ICT and improving of the living standards. Examples of such countries: China, Indonesia, Vietnam, Philippines, Thailand, Russian Federation, Turkey, Ukraine, Brazil, Mexico, Colombia, Egypt, Iran, India, Pakistan, South Africa.</p> <p><i>Niche Opportunity Markets:</i> smaller, growing economies, population under 40 million, GNI per capita over \$2000 in PPP, strong real GDP growth, improving standard of living, rapidly integrating ICT, some risk from political or economic instability (Malaysia, Poland, Uzbekistan, Romania, Kazakhstan, Belarus, Azerbaijan, Serbia and Montenegro, Bulgaria, Turkmenistan, Croatia, Georgia, Moldova, Bosnia and Herzegovina, Lithuania, Albania, Armenia, Argentina, Peru, Venezuela, Chile, Guatemala, Ecuador, Cuba, Dominican Republic, Bolivia, Honduras, El Salvador, Paraguay, Nicaragua, Costa Rica, Panama Uruguay, Algeria, Morocco, Iraq, Yemen, Syrian Arab Republic, Tunisia, Libya, Jordan, Lebanon, Occupied Palestinian Territories, Sri Lanka, Cameroon, Angola, Congo, Mauritania).</p> <p><i>Long-term Opportunity Mark:</i> GNI per capita under \$2000 in PPP, very low ICT integration, low income and standard of living, high risk. Putem menționa aici: Myanmar, Cambodia, Papua New Guinea, Lao People's Dem. Rep., Tajikistan, Kyrgyzstan, Haiti, Bangladesh, Afghanistan, Nepal, Nigeria, Ethiopia, Congo Dem. Rep., Tanzania, Sudan, Kenya, Uganda, Ghana, Mozambique, Madagascar, Côte d'Ivoire, Burkina Faso, Niger, Malawi, Zimbabwe, Senegal, Mali, Zambia, Chad, Rwanda, Guinea, Benin, Burundi, Togo, Sierra Leone, Eritrea, Central African Republic, Liberia.</p> |
| World Bank | Countries that have a gross national income (GNI) of \$11,456 or less per capita. |

| Author | Characteristics |
|----------------------------|--|
| Business Dictionary | Market new structures arising from the phenomena of digitization, deregulation, globalization and destandardization and which tilts the economic balance from sellers to buyers. In such markets the information is free and widely available on large scale and can be accessed instantly. Competitors in these markets must always be preoccupied about adopting of new processes based on informational technology, keeping under attentive supervision of the prices, quality and market trends. |
| Pearson Education | Consider emerging economies all the countries that have not the status of developed economies. This can be achieved by monitoring and assessment of key attributes such as: <i>the income level</i> (GDP per capita USD \$): Low < 755; Lower Middle 755 < 2995; Upper Middle 2995 < 9265; High >= 9265; <i>the economic growth rate</i> : high; <i>stage of development</i> : the economic openness (economic size and the condition of the financial markets); the maturity and the volatility of the financial markets. |

Source: own processing using the data provided by <http://data.worldbank.org/indicator/NY.GNP.PCAP.CD>.

2.2. Emerging economies of Europe inside the classification of certain international groups or bodies

Talking about the main characteristics, in this paper, we focused on the following aspects: have large territories; have large populations; promotes of economic policies whose effects translate into faster economic growth, expanding trade and foreign investments; favoring the expansion of a middle class, the improving of the living standards, social stability and tolerance and also, put an emphasis on cooperation with multilateral institutions; level of the income and growth rate (in terms of GDP). According to the Emerging Markets Index 2008 (compiled by MasterCard), for Europe we can talk about the following countries: Bulgaria, Hungary, Poland, Romania, Russia, Turkey and Ukraine. A retrospective look on the mentioned territories, in terms of lists drawn up by the major international groups and bodies concerned with the classification of emerging economies look like (table nr. 3).

Table 3. Emerging economies of Europe inside the classification of certain international groups or bodies

| Emerging economy | Classification according to the FTSE, MSCI, S&P, Dow Jones, BBVA research and MasterCard lists |
|------------------|---|
| Bulgaria | FTSE - not included in the classification for 2014 of the emerging economies; MSCI - not included in the classification for 2014 of the emerging economies; S&P - not included in the classification for December 2014 of the emerging economies; Dow Jones - emerging market (2014); BBVA - not included in the classification for March 2014 of the emerging economies; MasterCard – emerging economy. |
| Hungary | FTSE – advanced emerging market (according to the 2014 classification); MSCI – emerging market (2014); S&P - emerging market (2014); Dow Jones - emerging market (2014); BBVA (Banco Bilbao Vizcaya Argentaria, a multinational Spanish banking group formed in 1999) – not included in the classification for March 2014 of the emerging economies; MasterCard – emerging economy. |
| Poland | FTSE - advanced emerging market (according to the 2014 classification); MSCI - emerging market (2014); S&P - emerging market (2014); Dow Jones - emerging market (2014); BBVA - NEST market (March 2014) which mean that, for this country, the Expected Incremental GDP in the next decade to be lower than the average of the G6 economies(G7 excluding the US) but higher than Italy's; MasterCard – emerging economy. |
| Romania | FTSE - not included in the classification for 2014 of the emerging economies; MSCI - not included in the classification for 2014 of the emerging economies; S&P - not included in the classification for 2014 of the emerging economies; Dow Jones - emerging market (2014); BBVA - not included in the classification for March 2014 of the emerging economies; MasterCard – emerging economy. |
| Russia | FTSE – secondary emerging market 2014; MSCI - emerging market (2014); S&P - emerging |

| Emerging economy | Classification according to the FTSE, MSCI, S&P, Dow Jones, BBVA research and MasterCard lists |
|------------------|--|
| Turkey | market (2014); Dow Jones - emerging market (2014); BBVA – EAGLEs (Emerging and Growth – Leading Economies) market (2014) which mean that, for this country, the Expected Incremental GDP in the next 10 years to be larger than the average of the G7 economies, excluding the US; MasterCard – emerging market. FTSE - advanced emerging market 2014; MSCI - emerging market (2014); S&P - emerging market (2014); Dow Jones - emerging market (2014); BBVA - EAGLEs market (March 2014); MasterCard – emerging economy. |
| Ukraine | FTSE - not included in the classification for 2014 of the emerging economies; MSCI - not included in the classification for 2014 of the emerging economies; S&P - not included in the classification for 2014 of the emerging economies; Dow Jones - not included in the classification for 2014 of the emerging economies; BBVA - not included in the classification for March 2014 of the emerging economies; MasterCard – emerging economy. |

Source: own processing by FTSE, MSCI, S&P, Dow Jones and BBVA Research, provided from:
<http://www.ftse.com/products/home> http://www.msci.com/products/indexes/country_and_regional/em/
<http://www.standardandpoors.com/>
<http://new.dowjones.com/>, <https://www.bbvarsearch.com/>.

To motivate below the status of emerging economies for the countries systematized in Table 3 we propose, further on, an analysis of how the characteristics of such economies are in a smaller or greater measure fulfilled for the case of the specified European territories. Thus, if we take into debate the first feature that is represented by the territory size (tables nr. 4 -5).

Table 4. The territory owned by some of the emerging economies of Europe

| Emerging economy | Territory size |
|------------------|---|
| Bulgaria | With a territory of 110,994 square kilometers, Bulgaria is the 15 th largest country in Europe. |
| Hungary | With a territory of 93,030 square kilometers, Hungary is the 109 th largest country in Europe. |
| Poland | With a territory of 312,685 square kilometers, a Poland is the 69 th largest country in Europe. |
| Romania | With a territory of 238,391 square kilometers, Romania is the 82 nd largest country in Europe. |
| Russia | With a territory of 17,075,400 square kilometers, Russia is the 1st largest country in Europe. |
| Turkey | With a territory of 783,562 square kilometers, Turkey is the 18 th largest country in Europe. |
| Ukraine | With a territory of 603,628 square kilometers, Bulgaria is the 46 th largest country in Europe. |

Source: own processing using data provided by
http://en.wikipedia.org/wiki/List_of_sovereign_states_and_dependent_territories_in_Europe

Table 5. The population of some of the emerging economies of Europe and its evolution

| Emerging economy | Population and evolution | | |
|------------------|--------------------------|----------------|--|
| | 2001 (persons) | 2014 (persons) | Comments |
| Bulgaria | 7,930,000 | 7,167,998 | place 98 in Europe; decreasing population trend; with a density of 65 people it /square miles ranks place 139 in Europe. |
| Hungary | 10,198,315 | 9,933,173 | place 83 in Europe; decreasing population trend; with a density of 107 people it /square miles ranks place 94 in Europe. |
| Poland | 38,635,000 | 38,220,543 | place 34 in Europe; decreasing population trend; with a density of 118 people it /square miles ranks place 83 in Europe. |
| Romania | 21,681,000 | 21,640,168 | place 52 in Europe; decreasing population trend; with a density of 91 people it /square miles ranks place 104 in Europe. |

| Emerging economy | Population and evolution | | |
|------------------|--------------------------|----------------|--|
| | 2001 (persons) | 2014 (persons) | Comments |
| Russia | 145,105,000 | 142,467,651 | decreasing population trend; with a density of 8 people it /square miles ranks place 217 in Europe. |
| Turkey | 71,158,647 | 75,837,020 | place 18 in Europe; decreasing population trend; with a density of 97 people it /square miles ranks place 108 in Europe. |
| Ukraine | 48,457,102 | 44,941,303 | place 28 in Europe; decreasing population trend; with a density of 74 people it /square miles ranks place 115 in Europe. |

Source: own processing using the data provided from <http://www.worldometers.info/world-population/population-by-country/>

Looking the middle class of some of the emerging economies of Europe, this can be characterized as follows:

Bulgaria is marked by the existence of a stable and urban middle class. The economic strength and the country's future depends on the existence of this middle class. The fact that almost all businesses in Bulgaria are small or medium size is an important factor in the development of the middle class but not sufficient to increase the competitiveness of this country. The Bulgarian middle class includes almost 40% of the active population and consists of young educated (in secondary or higher education) aged between 15-40 years. They have well-paid jobs in private companies or even their own private business. Some of them works in public administration. The Bulgarian middle class is underrepresented in terms of political parties. Though the country's living conditions are substantially lower than other EU economies, the Bulgarian government is making significant improvements to meet the high standards set by the other EU states. Looking the living standards, according to the CIA data, the percentage of population living on less than \$ 1.25/day is smaller than 2% and the percentage of population living on less than \$ 2/day is about 02.4%. The population living below national poverty line is about 14% (2008; after that there are no available data).

Hungary's middle class is characterized by insignificance and fragmentation. The low rate of employment remains the main impediment in the acquisition of high standards of living. Looking the living standards, according to the CIA data, the percentage of population living on less than \$ 1.25/day is smaller than 2% and the percentage of population living on less than \$ 2/day is also smaller than 2 %. The population living below national poverty line is about 12% (2014 data).

In Poland exists a larger middle class characterized by the fact that now can afford some luxury goods and is more familiar with established brands as a result of travel abroad. Looking the living standards, according to the CIA data, the percentage of population living in this country on less than \$ 1.25/day is smaller than 2% and the percentage of population living on less than \$ 2/day is also smaller than 2 %. The population living below national poverty line is about 17% (2008; after that there are no available data).

Romania has growing middle and upper classes with relatively high per capita incomes. The net average wage was 1,192 lei (roughly 380 USD) in March 2008, rose to 1,352 lei (430 USD) in 2009 and is expected to reach 1,819 lei (570 USD) by 2013. The income from salaries in Romania had the highest growth rate in the region during 2006. Although the wages have seen an increase, Romania is placed on an unwanted place 2 in the top of the countries with small earnings from European Union, on first place being situated Bulgaria. Looking the living standards, according to the CIA data, the percentage of population living on less than \$ 1.25/day is smaller than 2% and the percentage of population living on less than \$ 2/day is about 04.1 %. The population living below national poverty line is about 25% (2005; after that there are no available data).

Russia's middle class can be characterized by elements such as: the domain of activity (a rate of over 50% works in the public sector, industry, and only very few persons carrying out activities by agricultural type, forest management, science, research and science service); specific features (which makes the difference between this and other social groups); increasing tendency of the middle class, willingness to work in the interest of democracy and modernization. The recent increase in the middle class percentage is seen by experts as a trend which inspires optimism and guarantees sustainable growth. Looking the living standards, according to the CIA data, the percentage of population living on less than \$ 1.25/day is smaller than 2% and the percentage of population living on less than \$ 2/day is also smaller than 2 %. The population living below national poverty line is about 13.1% (2009; after that there are no available data).

In Turkey, economic growth has led to the emergence of a “new middle class.” whose members have a different approach to ideology and life but who have, as common point, a liberal and pluralist mindset. The urban middle class includes groups which are orientated to the Turkish culture (civil servants, proprietors of medium-size businesses and industries, many persons in service occupations, some skilled workers, and university students). The composition of the middle class includes, virtually, the entire upper strata of the provincial cities. Looking the living standards, according to the CIA data, the percentage of population living on less than \$ 1.25/day is smaller than 2% and the percentage of population living on less than \$ 2/day is also smaller than 2 %. The population living below national poverty line is about 17,11% (2008; after that there are no available data).

Ukraine’s middle class is more sober and practical, if equally misguided about their social identity. They likely have a university education and quite possibly greater sensitivity to culture than their Anglo counterparts. But they often miss the mark when it comes to middle class values. Looking the living standards, according to the CIA data, the percentage of population living on less than \$ 1.25/day is smaller than 2% and the percentage of population living on less than \$ 2/day is also smaller than 2 %. The population living below national poverty line is about 35% (2009; after that there are no available data).

The income levels of the emerging economies of Europe took into discussion in this paper is presented in table nr. 6. Its importance lies in the fact that, for operational and analytical purposes, the World Bank uses, as main criterion for classifying the economies, the gross national income (GNI) per capita in which has been transformed, according to the new terminology, the older gross national product or GNP (according to the 1993 System of National Accounts (SNA)).

Table 6. The income level in some of the Europe's emerging economies

| Emerging economy | Income level | Comments |
|------------------|---------------------|--|
| Bulgaria | Upper middle income | GNI per capita between 3,976 - 12,275 USD \$. |
| Hungary | High income: OECD | GNI per capita more or equal with 12,196 USD \$. |
| Poland | High income: OECD | GNI per capita more or equal with 12,196 USD \$. |
| Romania | Upper middle income | GNI per capita between 3,976 - 12,275 USD \$. |
| Russia | Upper middle income | GNI per capita between 3,976 - 12,275 USD \$. |
| Turkey | Upper middle income | GNI per capita between 3,976 - 12,275 USD \$. |
| Ukraine | Lower middle income | GNI per capita \$1,006 – 3,975 USD \$. |

Source: own processing using the data provided from <http://data.worldbank.org/indicator/SI.DST.04TH.20>

The last, but not the least, between the indicators meet in the definition of the emerging economies make the object of the data from the table nr. 7.

Table 7. The economic growth rate for some of the Europe's emerging economies (GDP – real growth rate %)

| Emerging economy | Year | | | | | | | | | |
|------------------|------|------|------|------|------|------|------|------|-------|------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Bulgaria | 5 | 4.8 | 4.3 | 5.3 | 5.5 | 6.3 | 6.2 | 6 | -5 | 0.2 |
| Hungary | 5.5 | 3.2 | 2.9 | 3.9 | 4.1 | 3.9 | 1.3 | 0.6 | -6.3 | 1.2 |
| Poland | 4.8 | 1.3 | 3.7 | 5.6 | 3.4 | 5.8 | 6.6 | 4.8 | 1.7 | 3.8 |
| Romania | 2.2 | 4.8 | 4.5 | 8.1 | 4.1 | 7.7 | 6 | 7.1 | -7.1 | -1.3 |
| Russia | 6.3 | 4.2 | 7.3 | 6.7 | 6.4 | 6.7 | 8.1 | 5.6 | -7.9 | 4 |
| Turkey | 6 | 7.8 | 5.8 | 8.2 | 7.4 | 5.3 | 4.5 | 1.1 | -4.7 | 8.2 |
| Ukraine | 9 | 4.1 | 9.4 | 12 | 2.6 | 7.1 | 7.7 | 2.7 | -15.1 | 4.2 |

Source: own processing using the data provided from <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>

3. The emerging economy status in terms of causal aspect, advantages and disadvantages of this status

Seen on a middle path between developing economies and developed one, emerging economies are due on one hand, of the the failure of centralized economy, in the effort to ensure sustainable economic growth and of the negative impact it has had. On the other hand, we talk here about the need for capital investment. Even if, thanks to the contribution they have and the status of key actors on the stage of the global economy, emerging economies would seem to have an enviable position compared to the other partners, their associated characteristics revealing also a number of issues which make less attractive their status.

Thus, in the "advantages" category the discussion focuses on the following: due to the structure of population and size, the public policies adopted by emerging economies can make poignant mark on the market; these economies are characterized by changing the source of funding, replacing foreign assistance with foreign investment as an engine for economic propagation; trade and capital injections are the consequence of the existence of an open market rather than political considerations reflecting, on the emerging markets - industrialized countries axis, the transition from dependence to global interdependence; gains tax is on average, lower than in developed countries; advantages of geographic, demographic and economic are primarily responsible for the inflow of FDI in these countries; offers attractive investment opportunities because they have a high level of GDP, foreign exchange reserves, a relatively low level of debt and provides large gains compared to the corresponding rate in the banking market (assuming creation of bank deposits as a way of capitalizing financial resources); not confronted with developed economies problems in terms of meeting their citizens' needs related to health care and unemployment rate, issues that put extra pressure on their treasuries and so exhausted.

Regarding the disadvantages of this type of economy that faces: their economic and political system continues to raise traditional, especially in terms of redefining the state's role in economic growth and reduce its undue interference; the control of corruption and the negative impact of this phenomenon on the business environment and thus on economic development; the need for structural reforms in the financial system, legal and political, as the basis of a disciplined and stable economy; high level of risk compared with developed markets; exchange rate fluctuations (monetary instability); inflation, as factor for diversion of economic growth; the economic growth cost becomes prohibitive in the situation where the ignoring of the environmental problems associated to this growth have negative effects on neighboring countries.

4. Conclusions

The criteria for grouping under various acronyms the emerging economies are not homogeneous because some of these are based on the size of the economy and others are

based either on the economic growth or a number of other values. However, the differentiation of these criteria is given by their static or dynamic character, by the time horizon to which they refer in the analysis.

Although the term of emerging economy was defined in different ways over the time and by many individuals, groups or international organizations, an analysis of these definitions highlights a number of common characteristics such as: the possession of vast territories and large populations; the promoting of economic policies whose effects leads to the economic growth acceleration, the expanding of the trade and investments; the favouring of the middle class growth whose primary objective is the good evolution of the economy both in terms of production and consumption; the existence of continuous concerns about the improving of the living standards, social stability and tolerance. In terms of economic indicators, the economic growth rate of the analyzed emerging European economies, during the 2005-2014 period of time, had the following evolution: in 2005 the minimum level of the economic growth was recorded in the case of Romania and the maximum level for Ukraine. In 2006 was placed on the first place, in terms of economic growth, Turkey and, at the opposite pole, Poland. For 2007 and 2008, the lider position is occupied by Ukraine and the last place belongs to Hungary. In 2009 the ranking is led by Turkey and ended by Ukraine. The 2010 and 2012 brings on the first place România and on the last place Hungary. For the year 2011 the biggest rate of economic growth was registered in the case of Russia and the lowest rate of economic growth belongs, also as in 2012, to Hungary. In 2013, with the exception of Poland, all the economies analyzed faced with economic loss. In 2014, the one of the analyzed economies which not recorded economic growth was Romania. Regarding the income level, the majority of economies under consideration register a Gross National Income per capita under the value of 12,275 USD \$.

References

1. Antoine Van Agtamael, A., 2007. The Emerging Market Century, Free Press
2. Lieras, P., 2003. Investing In Emerging Markets, Research Foundation of AIMR (CFA Institute).
3. Montiel, P. J., 2011. Macroeconomics in Emerging Markets, Cambridge University Press; 2 edition.
4. Banerjee, A., Duflo, E., 2007. "What is middle class about the middle classes around the world?", Centre for Economic Policy Research Discussion Paper, No. 6613
5. FTSE Country Classification 2010, retrieved from http://www.ftse.com/products/downloads/FTSE_Country_Classification_Paper.pdf
6. The S&P Global Broad Market Index, 31 December 2010, retrieved from <http://us.spindices.com/index-family/global-equity/global-bmi>
7. IMF GDP (PPP) Data, April 2014, retrieved from <http://elibrary-data.imf.org/DataReport.aspx?c=1449326&d=33061&e=169393>
8. IMF GDP nominal (PPP) Data (April 2011), retrieved from <http://elibrary-data.imf.org/DataReport.aspx?c=1449326&d=33061&e=169393>
9. GDP (real) growth rate list by the CIA World Factbook, retrieved from <https://www.cia.gov/library/publications/the-world-factbook/docs/profileguide.html>
10. Countries in the world (ranked by 2014 population), retrieved from <http://www.worldometers.info/world-population/population-by-country/>
11. List of countries and territories, retrieved from http://en.wikipedia.org/wiki/Lists_of_countries_and_territories
12. Emerging Economies Classification, retrieved from <http://www.ftse.com/products/home>, http://www.msci.com/products/indexes/country_and_regional/em/, <http://www.standardandpoors.com/>,
13. <http://new.dowjones.com/>, <https://www.bbvarsearch.com/>
14. GDP – real growth rate %, retrieved from <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>.