

Current Affairs:

SHAHBAZ

Q: Explain the increasing influence of "BRICS".

INTRODUCTION:

It is evidenced that in every century, world has faced shift in its economic, political and social system. Currently, in this century, the world is facing rise of the Asia. As the Asian Development Bank (ADB) said, "21st Century is the Asian century." Hence, there are several institutions and alliances are emerged and threatening the influence of Western power. BRICS is one of them, an increasing multilateral cooperation of emerging economies from the South. It puts a major impact on the international financial system by introducing own currencies, development of a new bank and also by bilateral trade agreements. Hence, the increasing influence of BRICS becomes crystal clear in recent years.

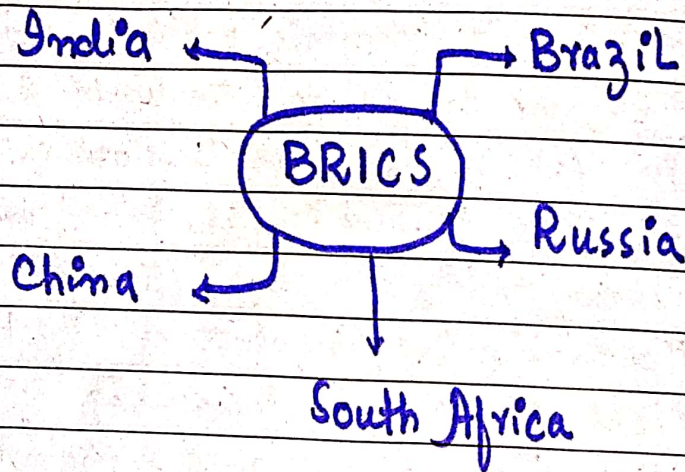
BRICS: MODEL OF MULTILATERAL

COOPERATION IN A MULTIPOLAR

WORLD:

BRICS is an acronym of Brazil, Russia, India, China and South Africa. These countries are emerging economies in the South part of the world. Despite their political and ideological differences, they are a group of

multilateral cooperation in a multipolar world. There focus is to reduce the economic pressure from the state whenever there will be any global financial crisis. It consists of 42% world



population and 25% of global gross domestic product (GDP). Hence, Brics is a mutual cooperation over the global issues and challenges to resolve the global issues and challenges faced by undeveloped or South countries.

EVIDENCES OF INCREASING INFLUENCE OF BRICS IN INTERNATIONAL SYSTEM:

Following are a few evidences of burgeoning influence of BRICS countries in the international system:

01- BRICS: a competence to G7 countries:

G7 countries are a group of developed and powerful countries in the world. However, as the time passes and advancement increases, other states are also becoming a player of the global great power game. BRICS is one of them. It contributes 31.5% in global GDP, while G7 share has fallen to 30%. Hence, these 05-countries becomes a competent player and a threat to G7 countries.

02- BRICS alternative system to international financing system:

~ New Development Bank (NDB) ~

It is evidenced by the development of "New Development Bank-NDB", that the rise of BRICS is essential in the international financing system. The reason behind the development of NDB is to reduce the imperialistic tactics of International Monetary Funds (IMF) and World Bank (WB) in Southern developing states.

03- Reduces the Impacts of Western Imperialistic Tactics ~ Local Currency usage for Trade ~

BRICS influence is proliferate and it is evidenced by the use of bilateral trade agreements between these five states. For instance, in the wake of Ukraine-Russo war, West putted a plethora of sanctions on Russia and sealed the SWIFT transaction for Russia.

However, Russia moved towards trade in local currency and Yuan. Hence, the western tactics to hinder the trade using sanctions becomes obsolete.

04 - Plethora of countries applied for BRICS Membership due to its benefits:

There are a lot of countries, formally or informally, applied for the membership of BRICS. It will be finalised in the upcoming meeting of BRICS in August 2023 to whom application will be entertained. The reason behind the interest of other states is because of its agenda to resolve the foreign exchange risks and many other.



05 - Collective Bargaining Power in International Issues:

BRICS are the countries of emerging economies in the world. They have a power to influence the international decisions and issues. One of the examples is the China, India instances on the Ukraine-Russia war and West was unable to take their support.

in this matter, when discussing United Nation General Assembly (UNGA)

06- Globalisation Trade Trend is Shifting towards East:

The globalisation trade trend is shifting towards the East part of the world. It is evidenced by the Russian oil trade, despite the sanctions, to India, Pakistan, China, Turkey and many other southern states. Also, China, world's largest economy, becomes a hub of economic partnership in Central Asian states, Middle East and South Asian states.

BRICS ECONOMIC AGENDA'S: A MOVE TOWARDS DE-DOLLARIZATION

In recent summit of BRICS in South Africa, they decided their new and unique economic agenda's. These agenda's is becoming a move towards de-dollarization. The agenda's are discussed below:

01- BRICS Pay: ~ A New Currency ~ Payment System ~

BRICS nations have been developing "BRICS pay", a system of payment for transactions among the BRICS without having to convert local currency into dollars. Resultantly, the influence and hegemony of dollar among BRICS countries reduced.

02- Common BRICS Currency will be launched:

BRICS countries envisaged in their recent summit in South Africa that they these five countries will introduced a new common currency which will be gold backed. The reason behind this is to stable the foreign reserves in their state banks and avoid the chances of default whenever global financial crisis hit.

03- Integration of Russian SPFS system in BRICS:

SPFS is a system for transfer of financial messages, launched by Russia in 2015 as an alternative to SWIFT messaging system. Hence, Putin wishes to integrate this in Bridge prototype backed system in BRICS for trade transactions. Therefore, this is also a move towards de-dollarization.

04- BRICS: Contingent Reserve Agreement (CRA):

Contingent reserve agreement is also an alternative to IMF's special bail-outs when countries are facing economic crisis. In the 7th summit of BRICS in July hence, BRICS countries announced to put US\$100bn in New Development Bank to use whenever, they faced any economic crackdown.

CHALLENGES TO BRICS IN CHANGING WORLD ORDER:

01- China-India Tussle:

The relations among China and India are not good. They have a border dispute. It will become a challenge in the growing influence of BRICS. Also, both the states are in economic competition. As, China is a 2nd largest economy, while India third largest one.

02- Western Hegemony on International financing System:

BRICS can face challenge in launching a common BRICS currency because of dollar hegemony and western power hold in international financing system. Still, IMF and WB have great power to influence the global financial system.

CONCLUSION:

In a nutshell, BRICS is growing in the world sphere. It influenced the southern states with its liberal economic policies. Also, it threatens the hegemony of developed and great powers (G7). Furthermore, BRICS introduced their own economic initiatives that becomes a move to de-dollarization.

Date _____

Day _____

SHAHBAZ

Despite their increasing influence in international sphere, BRICS faced a few challenges due to diverse culture, ideologies and political norms of such countries.

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