

# BRICS

Q Why the 15th summit of the BRICS is considered as a shift in world order

## 1) Introduction

BRICS is the acronym denoting the emerging national economies of Brazil, Russia, India, China, and South Africa. The term was coined in 2001 by Goldman Sachs Economist Jim O'Neill in his report, Building Global Economic BRICs, with the admission of South Africa in 2010, the acronym added the letter S, making it BRICS.

### 1.1) 15th Summit of BRICS: Expanded Alliance;

During the 15th Summit held in Johannesburg on 22-24 August 2023, existing members of the multilateral group - Brazil, Russia, India, China, South Africa - agreed to admit new countries in 2024: Argentina, Ethiopia, Iran, Saudi Arabia, United Arab Emirates (UAE), and the Egypt. The inclusion of these countries amplified the group's representation across Middle East, Africa, and South America. Full membership will take effect on January 1, 2024.

## 2) Significance of BRICS Countries

BRICS Countries are emerging economies and many countries may perceive that other groupings have closed doors for them, making BRICS an attracting option. It has many advantages for any country joining it.

## 2.2) Amid inflation it appeared as a relief for developing

**Economics:** Due to dependency on

US dollar many countries are suffering, such as Sri Lanka and Pakistan, in case countries go to IMF the SAPs appear harsh to the people of any country, resulting in internal instability. In the 16th summit many countries show their to build a massive alliance which can beat the west hegemony in world. BRICS trying to introduce a unified currency and an financial platform parallel to the west integration. To reduce the reliance on the west it has introduced Development Bank and Contingent Reserve Arrangement.

### a) Contingent Reserves Arrangement (CRA):

Considering the increasing instance of global financial crisis, BRICS nations signed BRICS Contingent Reserve Arrangement in 2014. The CRA is generally seen as a competitor to the IMF and viewed as an example of increasing south-south cooperation. It provide short-term liquidity support to the members through currency swaps to help mitigating BOP crisis, in case

in case such a situation arises.

**a) NATION Development Bank (NDB)** NDB is a multi-lateral development bank established by BRICS countries with the purpose of mobilising resources for infrastructure and sustainable development Projects in emerging markets and developing countries (EMDCs)

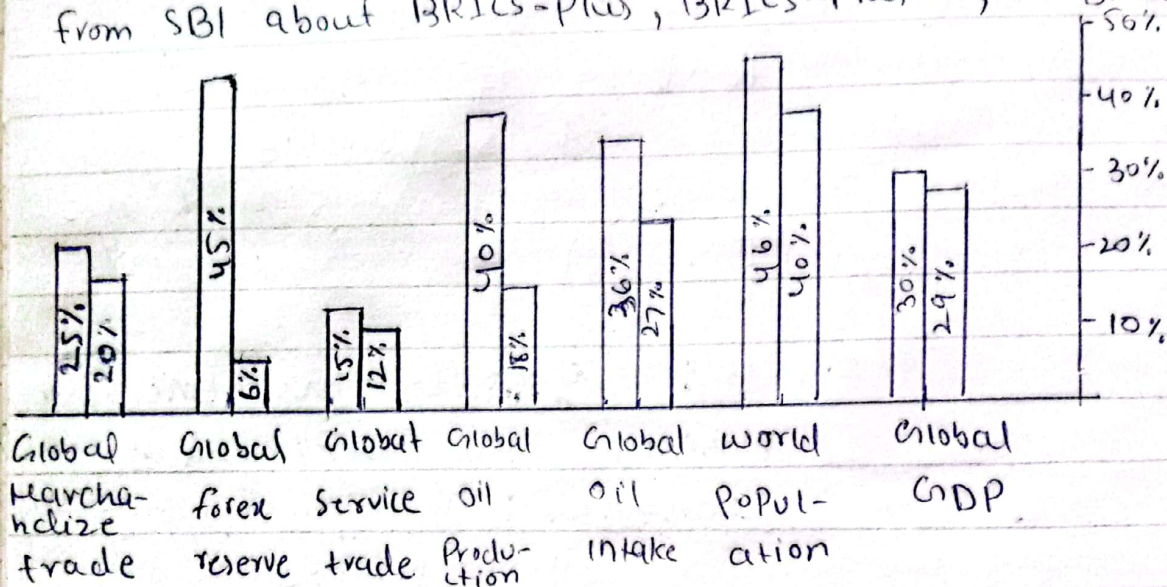
### 2.3) BRICS Countries are Emerging Markets and Developing Countries :

The Brics countries have among the world's fastest-growing economies and account for a sizeable part of global GDP. They have large and growing consumer markets, as well as abundant raw materials, energy, and other resources. This alliance now have 3 largest oil producing countries, Russia, Saudi Arabia, and Iran. These 3 countries together account for around 24% of the world's total oil production. Besides, Brazil has a diverse economy that includes manufacturing, agriculture, and natural resources such as oil, and minerals. India and China are the most populated countries in the alliance. India's economy includes manufacturing, agriculture, and services such as information technology and outsourcing. China is well-known for its exports, manufacturing industry, and technological advances. South Africa's economy includes industry,

tourism, and mining.

## 2.4) Increasing Percentage

in sectors. These statistics are from SBI about BRICS-Plus, BRICS-Plus-6, or BRICS-11



## 2.5) A South-South Alliance

In a world where western-led reforms in global governance have faltered the BRICS alliance have offered a ray of hope to many developing countries. There is no denying that rise of China, India, and other Asian countries has brightened prospects for the Global South to challenge western dominance in the prevailing world order. While G77 and Non-Aligned Movement were unable to accomplish much for the Global South, but expanded BRICS, which presents sizeable percentage of the world's population and economic assets, seems better option to represent the interests of Global South in international forums including United Nations.

2.6) Bigger than G7 on most

Metrics: After merger of six countries, BRICS has become the most important economic and geopolitical bloc in the world. It is significantly bigger than the G7 on most metrics. The G7 is made up of world's seven largest advanced economies: UK, USA, Japan, Germany, and Italy. In terms of political influence, the G7 is still the more powerful grouping. However, the expanded BRICS is growing in influence and is seen as a potential challenger to the G7.

Metrics	G7	Expanded BRICS
GDP (nominal) 2023	\$ 48.3 trillion	\$ 56.2 trillion
GDP (PPP, 2023)	\$ 52 trillion	\$ 61.5 trillion
Population (2023)	7.9 billion	3.21 billion
Military spending (2022)	\$ 1.2 trillion	\$ 2.4 trillion

This is the comparison of the two groupings in terms of GDP, Population, and military spending.

3) Critical Analysis

Different newspapers and analysts attribute different motives behind its

expansion. Additionally, like South Global (expanded BRICS) and North Global (G7), the news-agencies of the regions have conflicted opinions. Newspapers in the Global South might be more positive about the expanded BRICS, as they see it as a way to increase their influence in the economy and politics of world, while news papers in Global North might be more negative about the expanded BRICS, as they see it as a challenge to their own dominance. For instance, a newspaper in Brazil might say that the expanded BRICS is a "historic moment" that will allow Brazil to "play a more important role in the global economy." while a newspaper in America might say that the expanded BRIC is a "threat to America interests" and that it is "time to take a tougher stance to against China." But one cannot deny the harsh sanctions which America has been imposing on China, Russia, Iran, and other Asia countries. Due to these sanctions economy of these countries were not able to gain the track which could match their potential. Expanded BRICS will offer these developing countries a chance for trading in oil, petrol, and other industries in their own currencies, decreasing the value of dollar. Moreover, it will benefit many developing countries who are suffering with BOP crisis due to dollar rapid rise. Dollar can affect economy of any country

the example of Pakistan and Sri Lanka are evident. Another reason is to replace the SWIFT system for bank transfers, further the exclusion of Russia from it has many developing countries to think about it. Furthermore, Russia has already replaced American cards like VISA and MasterCard with its own MIR card. The big motivation to abandon SWIFT system together, is the card issued by Chinese state-owned Union Pay recently surpassed VISA to become the world No-1 debit card for transactions, accounting for 40% of the global total.

## Conclusion

In conclusion, the reasons can be many and can vary between South Globe and North Globe, but the significance of being a member can not be denied. It is an alliance of rapidly growing economies and provides with a big market for import and export. It is no more less than G7 in many metrics. Reasons can be many of its expansion but for now it has become a challenge for west.