

Q. Six new members being added into BRICS. How do you see the geo-economic and political implications of the expansion? What are the possible huzzles in the way of the organisation?

Ans:

# INTRODUCTION:

The expansion of BRICS has geo-economic and political implications. Currency shift, an enhancement in trade opportunities for member countries, new energy markets and a great enthusiasm in ditching petrodollar ~~are~~ could be geo-economic implications.

The expansion of BRICS is signaling multipolarity, an increase in the influence of the South in the world politics and a challenge to the West hegemonic order. ~~There are~~ These are geo-political implications. However, there are many possible hurdles - the territorial disputes among the member countries of BRICS and the Western sanctions - that hinder the progress of BRICS. Thus, the addition of the new six member countries has geo-economic and political implications, and there are many possible hurdles in the way of

the organisation.

New members: UAE, Iran, KSA, Argentina, Egypt, ↑ Ethiopia

## Geo-economic Implication

### A. Currency Shift:

The expansion of BRICS has significant geo-economic implications, including the potential for a currency shift. As more countries join the BRICS, the group's combined economic power will increase, and members will increasingly conduct intra-member trade in local currencies to reduce dependence on the dollar.

The yuan and rupee are set to be major beneficiaries. For instance, India and UAE has recently signed a deal to do trade in local currency. China and Saudi Arabia have signed a local currency swap agreement worth around \$7 billion. Thus, the expansion of BRICS is a way towards dedollarization.

## Trade Opportunities:

One of geo-economic implication of BRICS expansion is an increase in trade opportunities. China and India are emerging economies and Iran, UAE and Saudi Arabia are the rich in natural resources.

China and India, consequently, depend on the energy rich countries to meet their energy needs and the other countries imports IT products and other domestic goods from India and China. For instance, 2001-22, bilateral trade between India and RSA was valued at USD 42.8 billion. Thus, the expansion of BRICS gives more trade opportunities to member countries.

## Ineffectiveness of the US Sanctions and new Trade Opportunities for Iran:

The United States' sanctions on

Iran have had a significant impact on the Iranian economy. The immediate impacts of sanctions on the Iranian economy are apparent. Oil production and GDP growth are collapsing, Iran's currency is weakening and inflation is picking up. However, becoming a member of BRICS, Iran can get an opportunity to export its crude oil and bring foreign direct investment. For instance, in FY 2021-22, the trade between India and Iran was \$40.8 billion, and \$20.7 billion with between Iran and China. Thus, this trade volume could boost further.

### **New Development Bank and Opportunities for new added BRICS's members:**

The New Development Bank (NDB) can give the new added members

opportunities like <sup>investment</sup> invest for transport infrastructure, environmental protection, social infrastructure and digital infrastructure. So far, the NDB has approved a total amount of financing of USD 39.8 billion for 96 infrastructure projects and sustainable development initiatives. In future, the NDB can invest to install such projects in new-added countries. Thus, the ~~NDB~~ NDB can give investment opportunities to new members countries.

Apart from geo-economic implications, the expansion BRICS has geo-political implications as well.

## Geo Political Implication

A. A significant challenge to the US led world order:

The US is the world economic

power as it control the sea routes, and the the international trade has been done in dollar. However, the swap agreement between china and the Kingdom of Saudi Arabia and local trade currency trade between UAE and India has posed a major threat to the US led world order. With the expansion of BRICS, the influence of China in the world politics has increased and the power is pawns towards the South. Thus, the expansion BRICS posed a substantial challenge to the US unilateral led world order.

### BRICS vs G7 - The Shift of <sup>world politics</sup> ~~World Order~~

BRICS represents 26% of the Global GDP and 40% of the world's population. However, the expansion BRICS represents 36% of global GDP and 47% of the world's population (USIP). G7 represents

10% of the world's population and 45% of the Global GDP. However, according to the World Bank Economic Report, China becomes the world largest economy, India the third world largest economy till 2028. China and India both are the BRICS members. Consequently, in international politics, the BRICS would influence more than G7. Thus, expansion BRICS could change the scenario of the contemporary world politics.

### Global South Representation

The expansion of BRICS has significant geo-political implications, including the representation of the Global South. The BRICS countries are all located in the Global South and have combine population of over 3 billion people. The expansion of the group to



include countries such as Argentina, Saudi Arabia, UAE, Ethiopia, Iran, and Egypt has further strengthened the representation of the Global South. The BRICS countries are increasingly seen as a counterbalance to the Western-led international order, which has traditionally favored Western interests and institutions. The France had sent a invitation to join the BRICS summit. However, France was not invited in the Johannesburg Summit on 22 to 24 August. Thus, BRICS represents the Global South in international politics.

### Signalling Multipolarity

The US-led world order has been challenged through China's flagship project BRI and String of Pearls. Russia foreign policy has been anti America since 9/11. Consequently,

These countries have introduced cooperative model in the South. For instance, Saudi-Iran rapprochement was a major breakthrough for China. Iran will be the member of BRICS due to the request of China and Saudi Arabia due to Russia's. Thus, through BRICS platform Russia and China lead the world ~~towards~~ towards multipolarity. Thus, the expansion BRICS is signalling multipolar world.

The aforementioned geo-economic and political implications of expanded BRICS, there are many possible hurdles in the way of the organization as well.

## Possible Hurdles in the Way of BRICS

### A. Territorial Disputes:

Territorial disputes among the members countries of BRICS can hinder the progress of the organization. Territorial disputes leads the countries towards border border skirmishes which can volatile the situation of the entire region. For instance, India and China have been in territorial disputes. So, to make the BRICS effective, those territorial disputes must be addressed.

### India that Joining Multiple Blocks

India has been playing block politics and the US has influenced India to counterweight China. India is member of G20 and plays positive role in this platform. For instance, India-Middle East-Europe Economic Corridor is originate from India and its is a competitor of BRI. However, in BRICS, India is trying to stop its expansion by

purposing condition like that, to become BRICS member, a specific GDP growth must be required. Thus, the attitude of India for the progress of BRICS is not appropriate.

## Difference in economic and military power

The five BRICS countries have different level of economic development, military power, and political influence. For instance, China and India are two largest economies in the group, while South Africa is the smallest. This could lead to disagreement over issues, such as trade, investment, and security.

## Opposition to US approach in trade and investment agreements.

The opposition of BRICS countries

to the US approach to trade and investment agreement, such as the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP), could be a hurdle to the group's future. The BRICS countries argue that these agreements are designed to benefit developed countries at the expense of developing ones. If the US continues to pursue such agreements, it could lead to disagreement between the US and the BRICS countries, which could affect the group's cohesion and institutionalization.

**Uncertainties about the future of BRICS after the recent expansion:**

The recent expansion of BRICS to include six new members has raised questions about the future of the group. While the

expansion reinforce the recognition and weight of BRICS in international politics, it also challenges the group in terms of its cohesion and institutionalization.

The addition of six members in BRICS has geo-economic and geo-political implications and lead the world towards multipolarity and posed a major challenge to the unilaterally led US world order. The emerging economies has been representing the Global South effectively in the world politics through bringing a peace model to the North on the platform of BRICS. However, BRICS has been facing multiple challenges in the way of its progress.