

Q. No: 02

BRICS membership to more than doubles

In late August it was announced that from 2024, the BRICS - a political grouping that currently comprises Brazil, Russia, India China and South Africa - will admit six new members: Iran, Saudi Arabia, Egypt, Argentina, the UAE and Ethiopia. The eleven countries combined represent around 45% of the planet's population, over 40% of world oil production and roughly a third of global GDP. Through our forecast horizon to 2027, the BRICS' average economic growth rate is likely to be notably above the global average. That said, the G7's GDP is still substantially larger at market prices, and should remain so over the

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medium term.

The Geo-Economics And Political Implication of the Expansion:

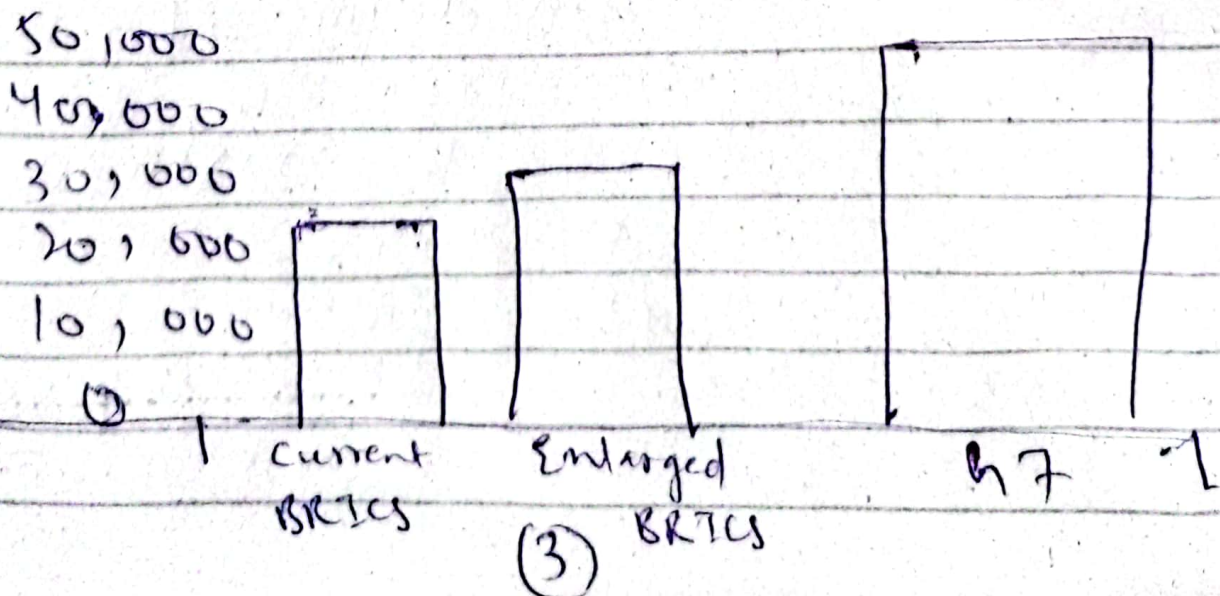
The expansion of the BRICS could encourage greater political overtones and financial generosity from the G7 towards emerging markets going forward; the G20 Summit later this year will be key to watch, with the UN calling on USD 500 billion of annual financing from wealthy nations. More countries are likely to join the BRICS in the coming year, as current members - particularly China and Russia look to bolster an alternative to the G7-led world order. BRICS members will increasingly conduct intra-member trade in local currencies to reduce dependence on

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the dollar, with the yuan and
 Rupee set to be major benefici-
 aries. That said, the dollar
 will remain the global reserve
 currency for the foreseeable
 future. Incumbency, dollar
 liquidity, the strength of the
 U.S. economy, and the reliability
 of the U.S. government as a
 debt issuer are key advantages.
 As for the BRICS grouping, the
 U.S. government as a debt issuer
 are key advantages. As for the
 BRICS grouping as a whole, it
 is likely to remain more of
 a political than an economic
 force.

Nominal GDP In 2023

USD billions at market prices.



Emerging Economic Market.

Economist Jim O'Neill created the term BRIC in 2001 (for Brazil, Russia, India and China) with the belief that these economies would dominate global growth by 2050. The BRICS nations offered a source of foreign for firms and strong for institutional investors.

Economics Explains Geopolitics.

Globalization theorists, especially globalization ideologues, for whom the planetary expansion of the capitalist system, the virtually instantaneous circulations of capital, and the acceleration of transportation and its rapidly decreasing cost would inexorably

lead to a new and essential step in the economic and social development of humanity. Rivalries between states, religious conflicts, and military issues would suddenly lose all importance in the face of the world market. In short, geopolitics would soon be supplanted by a new paradigm, namely geo-economic.

BRICS+ and Symbolic Endorsement to the Global South.

Global South countries are showing pathways in reforming multilateralism, advocating better sustainability policies, and expressing their avid interest in reforming global governance in the form of the United Nations. BRICS' first phase of

expansion through inducting six new members has shown that the grouping that first expanded in 2009 through South Africa is not a locked moment in foreign affairs. The add'l admission of new members show how BRICS is not a group that deals with global affairs in closed rooms, without hearing the voices from outside. Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and UAE are the new members of the BRICS + formulation. Pre BRICS + represented 42% of the global population, 29% of the global GDP (around \$ 27.6 trillion), and 18% of the global trade. So, even before expansion, 1/3rd of the growth and development of the world was coming from the global South. BRICS + makeup 46% of the global population, 37% of the global GDP, and 25% of the global trade.

Politics Behind Indonesia's Seeking membership In BRICS And OECD.

BRICS, as generally known as China - Russia led initiative was an acronym for its incorporated members containing countries such as Brazil, Russia, India, China, and South Africa. The bloc was fierce stereotyped as the competitor against the liberal order institutions led by western economics such as G7, the multilateral financial liberal order like IMF and the world bank, as well as contemporary expanded and transformed European economy group - OECD. While it was clearly written on its official websites that BRICS adopted the principles of non-bloc nature; in reality it is hard

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to avoid the assumptions of international society that the group is standing by Russia and China. BRICS was proposed moreover, by Russia under President Vladimir Putin in 2006 at the sidelines of the UN General Assembly meeting. The fact that increasingly strengthens the nature of anti-western camp.

Thus by joining the OECD, Jokowi's desire was indeed to foster a mutual understanding that can ease Indonesia's objective to mitigate the recent tension becomes intensifying. In addition, Indonesia government also want to invite as much as OECD countries to invest in the country and conduct further industrial cooperation with their advanced economies counterpart. As remarked by Agus Hurniwaning Kartayasmith

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a minister of industry
"Indonesia's membership in
the OECD is also an
opportunity for us to expand
cooperation in the industrial
sector with developed countries
in the OECD"

The Implications of Expansion of BRICS.

Global trade - with the
proposed BRICS expansion the
global exports and global
imports will be boosted by
3.7% and 3% respectively.
Energy sector - The global
output will increase from
20% to 42% geo-strategic
value - It will bring consid-
erable geo-strategic value to
the grouping

New Development Bank (NDB)

It is established in

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2014 by Fortaleza declaration.
It is framed to provide develop-
ment assistance. The NDB has
already financed 96 Project
valued at 33 billion dollars.

Contingent Reserve

Arrangement: It is establish-
ed to support countries facing
short-term balance-of-payment
pressures.

BRICS Expansion: It was
reported that 40 countries
have shown interest in BRICS
membership, with 22 having
submitted formal applications.
However, the 5 member grouping
had invited 6 new members.

Region	Countries
- West Asia	Iran, Saudi Arabia & UAE
- Africa	Egypt and Ethiopia
- Latin America	Argentina

The Need For BRICS Expansion

• Dominance of western BRICS is formed with the west-dominated international institutions that had emerged after the Second world war. It includes.

- world bank
- International Monetary Fund,
- United Nations and its various bodies, particularly the United Nations Security Council.
- world Trade Organization.

• Future Dynamics - At Johannesburg, the UN (Secur.) Secretary General Antonio Guterres described those institutions as reflecting "yesterday's world". The United States has led the western alliance in both the political and economic areas.

Against west led world

Order: BRICS Challenges west-led world order. It promotes.

- Intra-BRICS economic and political cooperation.
- Builds institution outside western control, and
- Robustly for wide-ranging reforms to accommodate interests of emerging economies.

Fair International order:

The Johannesburg declaration asserts that the members' strategic partnership will be directed at achieving a more representative fairer international order.

Wider Coverage: The proposed BRICS expansion will have 46% of world population, while its share of the global GDP will

go from 31.5% in PPP terms to 37% far ahead of the GDP of 30.7% of the G-7

• Global Trade with the Proposed BRICS expansion the global exports and global imports will be boosted by 3.7% and 3% respectively.

• Energy Sector: The global output will increase from 20% to 42%

• Geo-Strategic Value
It will bring considerable geo-strategic value to the grouping.

Countries	Importance
- Saudi Arabia	35% of the oil production goes to China and India

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Countries	Importance
- Iran	Increased oil production despite US Sanction; most of it goes to China.
- Egypt & Ethiopia	They are an important presence in the strategically important Horn of Africa and the Red Sea.
- Argentina	2nd largest economy in Latin America
- Russia	Major oil supplier to China and India now looking at Brazil as market.

Share of Global

(GDP 2023) 25%. Saudi Arabia is the only trillion-dollar economy being added to

BRICS

- 46% Adding high-population-growth countries like Ethiopia means BRICS could soon represent over half the world's population.
- 43% The addition of Saudi Arabia, Iran and the UAE will more than double BRICS share of global oil production.
- 25% BRICS share of global exports will increase slightly continuing to be led by China.

Outlook for Global

Abbaire: From 2020, both Saudi Arabia and the UAE have shrugged off the U.S. yoke and shaped independent foreign policy

Path for themselves.

• Diplomatic Relations:

Saudi Arabia has pursued de-escalation and dialogue, ending the Qatar blockade in January 2021, engaging with Turkey, and opening interactions with Iran from April 2021.

These regional engagement culminated in the China-brokered accord with Iran in March this year.

• UAE-Iran: The UAE has also normalised ties with Iran and is focusing on expanding its maritime footprint across the Gulf, the Gulf of Aden, the Red Sea and the Horn of Africa.