

Current Affairs (4)

Introduction:

BRICS is a group of five countries (Brazil, Russia, India, China and South Africa). The "BRICS" label was given by a "Wall" in 2001. The first summit of BRICS was occurred in Russia in 2009, after the 2008 crisis. In 2010, when South Africa became member of this organization it became "BRICS". The BRICS organization had developed its "National Development Bank" in 2014. In 2023, the 15 Summit of BRICS was held in South Africa in which it was decided to add five new members. The Saudi Arabia, Iran, Argentina, Egypt and UAE will officially become permanent members of BRICS after 01 January 2024. After expansion of BRICS, the organization impacts the whole world. It influence the rest of world and decrease domination of west. Politically and economically members of BRICS have special edge because all members are growing economies. However, still they have to face hurdles

from the west in the form of dollarization.
Similarly political rivalry between China and India may become hurdle in the decision process of organizations.

BRICS: An overview:

The concept of "BRICS" was given by "O" Neil in 2001. The first summit of BRICS was held in Russia in 2009 after 2008 crisis. Earlier it was "BRIC" but when South Africa became its permanent member it became "BRICS". In the 5th summit of "BRICS", NDB (New Development Bank) was formed. NDB has initial or \$100 bn initial authorized capital and \$50 bn initial subscribed capital. Similarly \$33 bn was approved for loans. BRICS members contain 41% of population and 32% of contribute 32% of world GDP.

By the expansion of five more countries, the organization would be called as BRICS plus.

Geo. Political Implications of the Expansion of BRICS:

The 15th summit of BRICS was held on 24 August 2023. In the summit key focus was put on the expansion of BRICS. There are some geo political implications of

of the expansion of BRICS.

1. Decreases Influence of west:

The political implications of BRICS expansion is to decrease the influence of west. This was the reason that in 15th summit no western country was invited. Even French president has a desire but is not invited there.

2. Diplomatic Relations strengthen between Rivalries:

BRICS is a platform which can overcome past rivalries among rivals by engaging them on common issues. India and China can resolve their issues on the platform of BRICS. Similarly new members of BRICS, Iran and Saudi Arabia can also engage in strong diplomatic relations.

3. The Expansion of BRICS: A Competitor of G7:

BRICS expansion is direct clash between east and west. By expansion liberalism would decline. Actually BRICS expansion is competitor of G7 in east. So, world order is

Changing in other words.

4- Multi polarity of BRICS Expansion

Expansion:

The leading world economies are members of BRICS. In this way world order is changing from uni-polarity to multi-polarity. Similarly middle eastern countries like Saudi Arabia and Iraq ^{and} UAE also join BRICS. These countries moving towards east & reducing influence of west.

Geo-Economic Implications of the Expansion of BRICS:

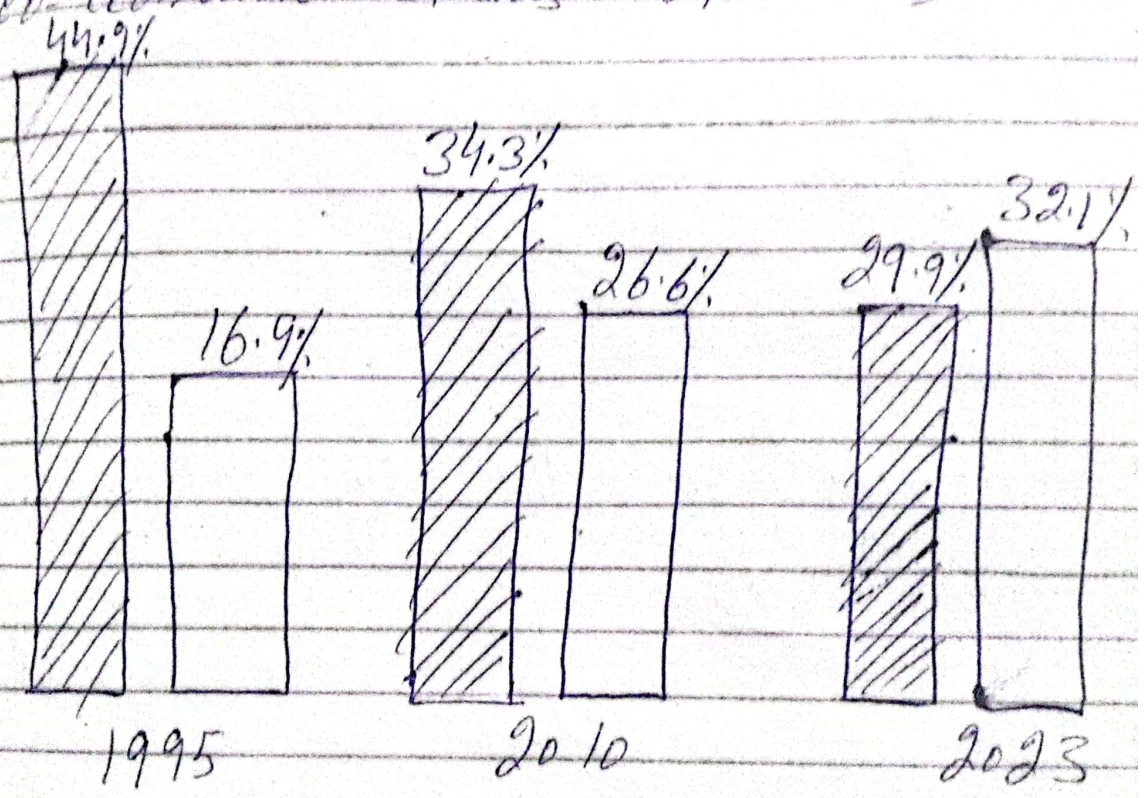
1: De-Dollarization:


The important geo-economic implication of BRICS expansion is "de-dollarization". It means that countries want to de-dollarize their trade and country's reserves. By the expansion of BRICS five countries who are oil rich countries and produce 42% of world oil, they become BRICS' members. So, it is future there would be possibility that these countries regulate their trade in their local currencies. So that they would be able to

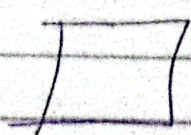
would thus do less dependency on dollars.

2: Contribution in world GDP:

BRICS contribute 32% of world GDP. But after expansion in Saudi Arabia, Iran, UAE, Argentina and Egypt are the oil rich countries. And Saudi Arabia's GDP is \$2 trillion, it definitely impact geo-economic status of BRICS.




G7


BRICS

G7 and BRICS' share of Global GDP from 1995 to 2023

3: NDB against WB:

Bank is found as a competitor of world Bank. The expansion of BRICS make NDB to be able to regulate local currencies so that countries have to stay less reliance on dollars.

4: Economic cooperation and remove trade barriers:

The expansion of BRICS positively impact economic cooperation among member countries. Similarly trade barriers can be remove by active engagement of all BRICS members.

Hurdles in the way of Organization:

The BRICS organization has both geo-political and geo-economic implications but there are hurdles in the way of organization. Some of them are as follows:

1: Challenge of De-Dollarization:

The organization's main focus is towards de-dollarization and to move all trade to local currency. But it seems difficult because 88% of world trade is in dollar. Similarly

56% of dollar reserves are placed in different countries. It shows that to transform trade in local currency is a significant challenge for BRICS organizations.

2: Rival countries and decision making process:

Another main hurdle in the way of organization is rival countries and their consensus on a single point. For instance in the case of expansion of BRICS China favored expansion while India was against expansion. So in future organization may face this hurdle.

Conclusion:

In a nutshell, BRICS is an organization of new emerging economies which take west as challenge. The BRICS organization is expanding and it has both geo-political and geo-economic implications. Similarly the organization has hurdles in the way. Also in the form of challenge of de-dollarization and rival countries consensus.