

BRICS : Its emerging challenges

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ABSTRACT

BRICS NATIONS (Brazil, Russia, India, China & South Africa) are considered an important economic grouping, given their tremendous recent economic expansion and at least in some cases, their transition from relative stasis to dynamic growth. Though the five BRICS summit declaration focus on mutual economic & trade co-operation, there have also been considerable attempts to enhance research collaboration. It might run premature to assess the result of BRICS Cooperation, Given its five years, history. However, the analysis of existing literature and the available data sources allow us to assure that language, financial commitment, inadequate regulatory frameworks & diverse interests are amongst the potential challenges, in the last one decade as so, BRICS as per its mandate has tried to articulate on alternative vision of global order, which is multilateral open and inclusive. The establishment of the New Development Banks by the BRICS is a sign concrete achievement. The Books offers soft loans for development on easy terms in comparion to IMF & world Banks. Also, it has promoted multidimensional cooperation among its members. Thus, it is the right time to assess its future opportunities & challenges.

Key Words : BRICS, Brazil, Russia, India, China, South Africa, Challenges, Countries, Potential.

BRICS (Brazil, Russia, India, China and South Africa) group has completed a decade of its existence. The organization of its 9th annual Summit on 3-5 September, 2017 in Ziamen city of China has exposed the long held apprehension of its structural weakness. Just before the Summit, its two leading members India and China were involved in a military stand-off at Doklam in Bhutan. Many observers have predicted war as Chinese government controlled news paper 'Global Times' published threatening write-ups against India, even reminding her of the consequences of 1962 Indo-China war. India was reserved in comments, but resolute in her position. Ultimately good sense prevailed and diplomacy succeeded as both countries decided to take back their armed forces to their earlier positions. Though immediate tensions have subsided, the Indo-China strategic fault lines remain intact and are likely to impact the effectiveness of the BRICS. This is not to suggest that BRICS has become totally ineffective due to internal differences among members.

Evolution of BRICS

BRICS is the newly established group of four emerging economies of the world. With the admission of South Africa in 2010, it has now become BRICS. It came in to being in 2006. Its first Summit was held in 2009 at Yekaterinburg in Russia. The basic idea behind this group is that its members have the potential for economic growth to the extent that it would surpass the present leading economies of the US and other Western countries. The idea of BRIC was given by Goldman Sachs economist Jim O'Neil. He merely predicted about the future growth potential of these nations and his intention was not that these countries should form a separate group. However,

taking a clue from the idea given by Jim O'Neil, these countries organized under the banner of BRIC in 2006. They have taken steps to increase their political cooperation, mainly as a way of influencing the United States position on major global issues. The group appears to challenge the economic hegemony of the US in the management of global economic order. Though, initially BRIC was concerned with economic issues related to mutual cooperation and management of global financial affairs, yet later its deliberations have extended to cover political issues also. The group has become conscious of its distinct identity and its members appear determined to move ahead to realize its emerging goals. In view of the ongoing financial crisis, BRIC has assumed added prominence.

BRIC Thesis

The thesis or idea of BRIC was proposed in 2003 by Jim O'Neill, an economist of Goldman Sachs, which is a financial consultancy company. Goldman Sachs claims that the economic growth potential of four countries- Brazil, Russia, India and China- is such that they could become among the four most dominant economies by the year 2050.

1. Dreaming with BRICs : The Path to 2050 (2003)—The BRIC thesis has been elaborated and explained in a number of reports published by Goldman Sachs from time-to-time. The first in the series of these reports is 'Dreaming with BRICs: The Path to 2050', which was published in 2003. This report argues that Brazil, Russia, India and China have embraced global capitalism and have modified their structures and policies in tune with the global economy. The report also highlights the complementary nature of economies of these four countries. It postulates that China and India are emerging as the dominant global suppliers of manufactured goods and services, while Brazil and Russia will emerge as the dominant suppliers of raw materials. With the exception of Brazil, none of the BRIC member has the capacity to arrange all elements of production cycle namely manufacturing, services, and resource supply at the same time. Therefore, due to the complementary nature of these economies, it would be a logical step for them to cooperate with each other for their growth and development. Brazil is dominant in soy and iron ore while Russia has enormous supplies of oil and natural gas. Goldman Sachs' thesis thus documents- how commodities, work, technology, and companies have diffused outward from the United States across the world. The cooperation among them would exclude the present global economic powers of the world.

2. Follow-up Report (2004)—The first follow-up report to its initial study was published in 2004. This report deliberates upon the nature of internal economic changes, which are likely to occur in BRICS countries in near future. The follow-up report predicts that within a period of three years, the combined number of people with an annual income over \$ 3000, will double in these countries and reach 800 million people within a decade. The report also predicts a massive rise in the size of the middle class in these nations as the number of people with an income of more than \$3000 will reach to 800 million in these countries after a decade or so.

We take the income limit of \$15000, the number of such people would be more than 200 million by the year. This massive increase in the size of middle class in these countries would find the economic growth by raising the demand and production both. However, the report also states that due to less population in the present developed countries, the average level of developed economies would be more in comparison of BRIC countries.

The report also highlights certain potential deficiencies of BRICS COUNTRIES LIKE India's great inefficiency in energy use and likely under-representation of these economies in the global capital markets.

3. Second Follow-up Report (2007) - The second follow-up Report, compiled by Tushar Poddar and EvaYi was published in 2007. It is primarily concerned with the discussion about India's growth potential in coming decades. The reports makes a positive and optimistic note about India's future growth. It will lead to the prosperity of the growing middle class as well as growth of economy. It also predicts that the higher growth potential of India would be realized ahead of the time earlier predicted in the reports. It reveals that India has 10 of the 30 fastest-growing urban areas in the world. The report estimates that 700 million people in India will move to cities by 2050. This will raise demand for urban infrastructure, real estate and services and lead to faster economic growth than earlier predicted.

EM Equity in Two Decades : A Changing Landscape (2010)

The latest report in this series titled 'EM Equity in Two Decades: A Changing Landscape' was released in the year 2010. This report deliberates upon the financial conditions of BRIC countries in coming decades. It says that China might overtake the US in equity market capitalization by the year 2030. China is likely to emerge the single largest financial market in the world by that time. This prediction is primarily motivated by the ongoing financial crisis in the West and the US. It should be noted that both China and India are relatively less affected by this crisis. At present Chinese are the largest investors in US treasury bills. The report also notes that the combined financial strength of BRIC countries will account for 41 per cent of the world's market capitalization by 2030. In 2010, China's GDP surpassed that of Japan and it emerged as the second largest economy in the world after the US. In March, 2011, another report was released by Forbes. It finds that for the first time BRICS countries have surpassed Europe in terms of total number of billionaires. This indicates the 'eve' of wealth generated in emerging BRIC economies. The gist of BRIC thesis is that if the potential of BRIC countries is realized, their economies would surpass the combined economies of The US and The Western countries. There are certain scholars, who are skeptical about the claims and, predictions of Goldman Sachs, as the economies of these countries may not move in the desired 'direction because 'of number of domestic and international factors.

Objectives of the BRICS :-

Though BRICS has not laid down any constitution or treaty which may formally defines its purposes and organizational structure, we can infer its mandate from its activities as well as, the contents of the Declarations issued by its leaders during the Summit Meetings. Accordingly, BRICS tries to pursue the following major objectives:

1. To establish a multilateral global order, which is open, inclusive, and democratic. This means that BRICS is committed to a new global order in place of the one dominated by the US and her Western allies.
2. The democratization of decision-making process in the global institutions particularly World Bank and the International Monetary Fund.

3. To address the contemporary global challenges like climate change, terrorism, food security and others and find their just solution.
4. To promote and strengthen mutually beneficial cooperation among member states to ensure the welfare of the people of member states.

Member Countries of BRICS

It is estimated that the five members of the BRICS have a combined population of 3.6 billion, which is 40 per cent of the total global population. Again, the combined GDP of the five members was 16.6 trillion in 2013, which is 22 per cent of the total global GDP. Thus the population and economies of the member states of BRICS have considerable weight in the global profile. In addition, all the BRICS members are also the members of G-20, which plays a significant role in the management of global economic and financial affairs. A brief profile of the BRICS members is given below:

Member Country	GDP US\$ Million Nominal	GDP US\$ Million IPP	GDP Per Capita US \$ Nominal	GDP per Capita US\$ PPP	HDI Rank	Population
Brazil	2,023,508	2,181,677	10,471	11,289	0.699	193,088,765
Russia	1,476,912	2,218,764	10,521	15,807	0.719	141,927,297
India	1,537,020	4,001,103	1.176	3,250	0.510	1,270,193,422
China	5,878,257	10,085,708	4,362	7,518	0.663	1,338,612,968
S. Africa	354,414	524.341	7,101	10,505	0.597	49,320.500

At present, BRICS summit are the Annual affairs. So far, nine Summits have been held and the 10th Summit is proposed to be held in South Africa in 2018. BRIC became BRICS after the inclusion of South Africa in this grouping in 2010. However, Jim O'Neil, the propounded of BRIC thesis expressed surprise at the admission of South Africa, in view of smaller size of her economy and growth potential. The BRICS Summits are held in member countries in rotation. The Declarations issued during these Summits highlight the activities, programmes and view-points of its members on different global and regional issues. The list of BRICS Summits is given below :

BRICS Summits			
Summit	Host Country	Place	Date
1 st	Russia	Yekaterinburg	June 16, 2009
2 nd	Brazil	Brasilia	April 16, 2010
3 rd	China	Sanya	April 14, 2011
4 th	India	New Delhi	29 March, 2012
5 th	South Africa	Durban	27 March, 2013
6 th	Brazil	Fortaleza	14-17 July, 2014
7 th	Russia	Ufa	08-09 July, 2015
8 th	India	Goa	14-15 October, 2016
9 th	China	Xiamen	3-5 September, 2017
10 th	South Africa	Proposed	2018

Area of Concern and Emerging Issue - Though BRIC is a very new organization with only few years of its existence, it has raised many issues of global, regional and mutual concerns in its Summit meetings and activates in past three years.

The First Summit held at Yekaterinburg on 16 June, 2009 was described as historic event by the Russian President Dmitry Medvedev. He remarked that we want a fair and just world order ensuring security and prosperity of all our people. The joint statement issued at the end of Summit called for a stable, diversified and predictable international monetary system, reforms of international financial institutions, end of protectionism by developed countries, a balanced and comprehensive conclusion of Doha round of trade negotiations, and cooperation in energy sectors to ensure energy security.

Ninth BRICS Summit

The 9th annual summit of BRICS was held on 3-5 September, 2017 in the Xiamen city of China. The summit was held amidst growing tensions between India and China over the Doklam military imposes. The main theme of the Summit was -BRICS Stronger Partnership for a Brighter Future. The leaders claimed that they uphold development and multilateralism, and are working together for a more just, equitable, fair, democratic and representative international political and economic order.

The Xiamen Declaration :

The 70 points Xiamen Declaration contains the following major points:

(A) : New Commitments

The leaders made the following new commitments to strengthen the BRICS.

1. To energize our practical cooperation to boost development of BRICS COUNTRIES,
2. To enhance communication and coordination in improving global economic governance to foster a more just and equitable international economic order,
3. to emphasize fairness and justice to safeguard international and regional peace and stability, and
4. To embrace cultural diversity and promote people-to-people exchanges to garner more popular support for BRICS cooperation from through depend traditional friendships.

BRICS Practical Economic Cooperation

1. The Declaration claims that the BRICS countries continue to play an important role as engines of global growth.
2. The member countries will strengthen their practical economic cooperation through implementing the Strategy for BRICS Economic Partnership and initiatives related to its priority areas such as trade and investments, manufacturing and minerals processing.
3. The members aged to improve and broaden trade and investment cooperation mechanism and scope, with a view to enhancing BRICS economic complementarily and diversification in BRICS countries. They also stressed the importance of enhancing BRICS financial co-operation to better serve the real economy and meet the development needs of BRICS countries.
4. They emphasized that innovation is a key driver for mid and long term economic growth and global sustainable development.
5. BRICS Members resolved to enhance joint BRICS research, development and innovation in ICT including the Internet of Things, Cloud computing, Big Data, Data Analytics, Nanotechnology, Artificial Intelligence and 5G and their innovative applications to elevate the level of ICT infrastructure and connectivity in our countries.
6. They felt that the energy holds the strategic importance to economic development, and com-mitted to strengthen BRICS co-operation on energy.

(C) Global Economic Governance

With respect to global economic and financial management following points were included:

1. BRICS resolved to promote a global economic governance architecture that is more effective and reflective of current global economic landscape, increasing the voice and representation of emerging markets and developing economies.
2. They demanded early completion of Quota review in IMF and shareholding review of World Bank.

3. They emphasized the importance of an open and resilient financial system to sustainable growth and development,
4. They reiterated their resolve to promote an open and inclusive world economy enabling all countries and peoples to share in the benefits of globalization.

(D) International Peace and Security

Under global peace and security, the following points were high-lighted

1. The member's countries of BRICS resolved to enhance communication and cooperation in inter-national fora on issues concerning international peace and security.
2. BRICS believes that development and security are closely inter-linked, mutually reinforcing and key to attaining sustainable peace. Hence, a comprehensive approach to global peace needs to be evolved.
3. The members reaffirmed the need for a comprehensive reform of the UN, including its Security Council, with a view to making it more representative, effective and efficient, and to increase the representation of the developing countries so that it can adequately respond to global challenges.
4. The leaders expressed concern on the security situation in the region (Afghanistan) and violence caused by the Taliban, ISIL/DAISH, Al-Qaida and its affiliates including Eastern Turkistan Islamic Movement, Islamic Movement of Uzbeki-stan, the Haqqani network, Lashkar-e-Taiba, Jaish-e-Moham-mad, rip and Hizb ut-Tahrir.
5. BRICS deplored all terrorist attack worldwide, including attacks in BRICS countries, and condemn terrorism in all its forms and manifestations wherever committed and by whom-so ever and stress that there can be no justification whatsoever for any act of terrorism. They reaffirmed their solidarity and resolve in the fight against terrorism. They called upon all nations to adopt a comprehensive approach in combating terrorism, which should include countering radicalization, recruitment, movement of terrorists including Foreign Terrorist Fighters, and blocking sources of financing terrorism.
6. Among other points, the leaders emphasized the central role of the UN to maintain international peace and security, peaceful use of outer space, equitable access to internet resources, respect for human rights and fundamental freedoms.

"Virtue is its own revenge."

(E) People-to-People Exchanges

While underlying the cultural diversity of BRICS members a precious asset, the members called for enhancing people to people contact and cultural exchanges among members of BRICS.

Critical Assessment

It should be noted that BRICS started as an economic group, but gradually it is expanding its activity to include political issues also. It is viewed as the balancing mechanism against the

hegemony of the US and Western countries in the global affairs. Thus, it has tried to articulate an alternative vision of a multilateral global order, which is more open, inclusive and democratic. Secondly, it has succeeded in its efforts to enhance multidimensional cooperation among its members, which have not only complementary nature of economies, but also a high potential for growth in future.

In spite of the above gains made by BRICS, it has also shown some serious weaknesses.

First, the strategic and bilateral differences among member countries: may create problems in the way of mutual cooperation. The long pending boundary_ dispute between India and China and their contradictory strategic orientations are bound to affect the effectiveness of BRICS.

Second, the actual behavior of its members does not match with the ideal proclaimed by BRICS. For example, China's record in the field of human rights and protection of fundamental freedoms is well known. Also its hegemonic behavior with respect to South China Sea is not in tune with the demand by BRICS of a multilateral global order.

Third, many' scholars are skeptical about the projected growth potential of BRICS countries. In spite of these limitations, BRICS has emerged as the group of emerging economies of the world and is poised to play an important role in global affairs in future.

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