

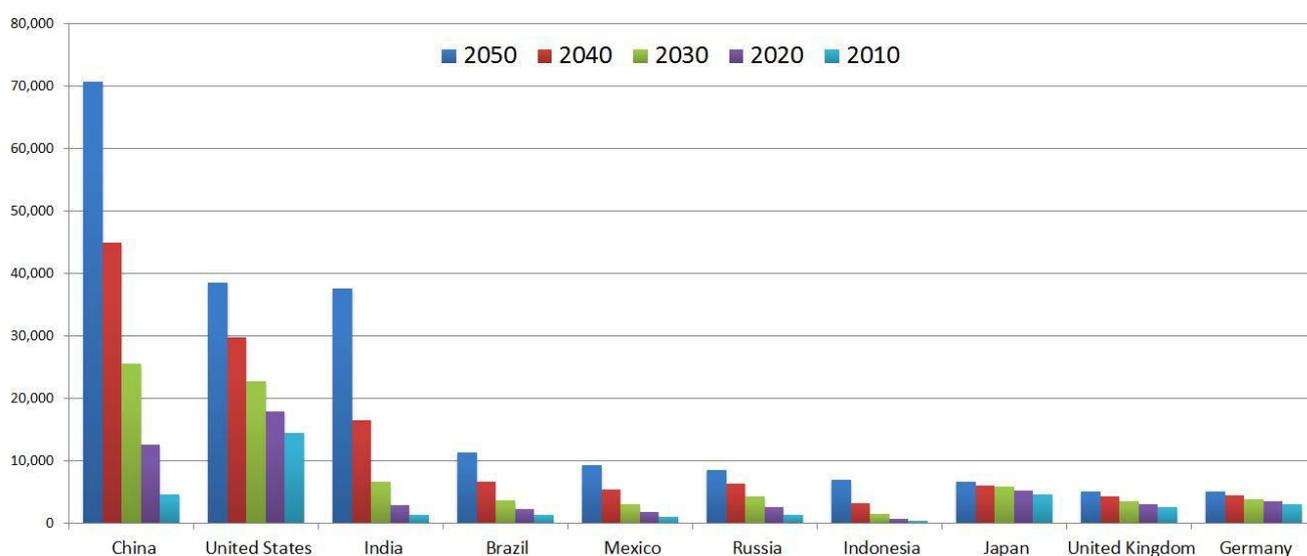
## SEMIV GEOA09T –Economic Geography

### BRICS

**BRIC** is a grouping **acronym** referring to the **countries of Brazil, Russia, India and China**, which together represent about 42% of the population, 23% of GDP, 30% of the territory and 18% of the global trade. They are deemed to be **developing countries** at a similar stage of newly advanced **economic development**, on their way to becoming **developed countries**. The term was coined by **Jim O'Neill** in 2001 as an acronym for four countries that were all deemed to be at a similar stage of newly advanced economic development, but in 2009 the leaders of BRIC countries made the first summit and in 2010 BRIC became a formal institution. South Africa began efforts to join the BRIC grouping and on December 24, 2010, was invited to join BRICS. The original term was BRIC in 2003; **South Africa was later added to the list in 2011 creating BRICS**. The original aim of BRIC was the establishment of an equitable, democratic and multi-polar world order, but later BRIC became a political organization, especially after South Africa joined. The **main objectives** of **BRICS**, Headquartered in Shanghai, China, are to cooperate between the member nations for **development, provide financial assistance, support various projects, infrastructure etc.** It has also agreed to provide financial assistance, support to countries other than members.

The acronym BRIC was coined by **Goldman Sachs in 2001** to indicate the emerging powers that would be, **alongside the United States, the five largest economies of the world in the 21st century**. In 2006, BRIC countries started their dialogue, which since 2009 takes place at annual meetings of heads of state and government. In 2011, with South Africa joining the group, the **BRICS reached its final composition, incorporating a country from the African continent**.

### Goldman Sachs prediction



The ten largest economies in the world in 2050, measured in GDP (billions of 2006 USD), according to [Goldman Sachs](#)

Since the beginning of their dialogue, in 2006, **these countries have sought to establish fairest international governance, one that would be more suitable to their national interests.** This goal would be achieved, for example, through the reform of the International Monetary Fund quota system, which came to include, for the first time, Brazil, Russia, India, and China amongst the top ten largest shareholders.

Throughout its first decade, **BRICS has developed sectorial cooperations in different areas, such as science and technology, trade promotion, energy, health, education, innovation and fight against transnational crime.** Currently, sectorial cooperation, which covers more than 30 subject areas, brings important concrete benefits to the populations of the five countries.

At the Fortaleza Summit (2014), in Brazil, important institutions were created: the **New Development Bank (NDB)** and the **Contingent Reserve Arrangement (CRA)**. So far, the NDB has approved more than 8 billion-dollars in infrastructure and renewable energy financing projects in the BRICS countries. The CRA is operational and is an important financial stability mechanism for countries affected by crises in their balance of payments.

In addition to presidential meetings (summit and the informal meeting in the margins of the G20), BRICS organizes, through its rotating chairship, nearly 100 annual meetings, including about 15 ministerial meetings and dozens of gatherings with official seniors, technical events, as well as meetings on culture, education and sport areas.

Unlike the European Union, these countries are not a political alliance or a formal trading association, instead, they are a **powerful economic bloc owing to low production and labour costs.**

According to a report that was published by Goldman Sachs in 2001, it was predicted that by 2050, India and China would become the world's dominant suppliers of manufactured goods and services; Brazil and Russia would similarly dominate as suppliers of raw materials.

To further the economic alliance, the **BRICS Business Council (BBC)** was established in 2013 at the 5th BRICS Summit in Durban, South Africa, bringing together the private sector of Brazil, Russia, India, China and South Africa.

The council is organized into five national sections. Each section has five leading CEOs, a secretariat and a set of members, including companies and business organizations, led by a chairperson. The chairmanship of the BBC is rotating and

annual. BBC presidency would be rotating to India in 2021. One of the most important advances for the bloc was the establishment of the New Development Bank – a response to slow reform of the IMF and the World Bank, and of course the dominance of the G7 countries (France, Italy, Japan, the UK, the US, West Germany, Canada and EU as a “non-enumerated” member)

Moreover, the BRICS countries recognise the importance of **international trade as a powerful tool for achieving a system that ensures effective participation of all nations, specially the LDCs** (Least Developed Countries), and agree to maintain the momentum on areas agreed on this year under the Brazilian presidency .

At the outset of BRICS 2019, it is important to mention that **Invest India signed an MoU for multilateral cooperation and sharing best practices with the stakeholders for South Africa (InvestSA), Brazil (ApexBrasil), China (Trade development Bureau, IPA), and Russia (Ministry of Economic Development).**

Here are **some recommendations proposed** and discussed during the BBC session at **BRICS 2019**, hosted by Brazil:

1. Cooperation on modern biotechnology and harmonization of regulatory rules.
2. Establish a network of innovation hubs to share experiences and to strengthen the BRICS Partnership on New Industrial Revolution.
3. Establish Mutual Recognition Agreements on Authorized Economic Operator Programs
4. Promote connectivity in remote areas for digital inclusiveness and initiatives on digital education and literacy.
5. Promote energy integration among BRICS and bordering countries via the New Development Bank.
6. Improve public private partnerships in infrastructure projects implementation and investments.
7. Increase logistics connectivity between the BRICS countries and within their regions to foster trade and development.
8. Introduce a BRICS countries’ Inventory of International Best Practices in Aviation Products and Services.
9. Adopt a common curricula basis for future skills development, and waste management

Given the global economic outlook facing a grave challenge amongst growing protectionism and rising trade tensions manifested in unilateral measures, backed by a WTO 2019 report of downgraded global growth to 2.6% for 2019 from 3% the previous year; yet, the BRICS nations continue to offer economic opportunities.

## **Some New Developments:**

### **BRICS CCI starts women's wing to support entrepreneurs and professionals-**

The BRICS Chamber of Commerce & Industry (BRICS CCI) announced the launch of the BRICS CCI Women's Wing with focus on women empowerment initiatives and policies across geographies.

The objective of the women's wing is to create an enabling support system for women entrepreneurs and professionals across geographies, according to a release. Founded in 2012, BRICS CCI is empanelled with NITI Aayog and recognized by the United Nations.

### **China welcomes support from BRICS to its efforts to combat coronavirus -**

China on Wednesday welcomed the support extended by the BRICS countries in its efforts to combat the deadly coronavirus epidemic that has brought the country to a virtual standstill, describing it as an epitome of the support Beijing has received from the international community. Russia, the current chairman of the BRICS (Brazil, Russia, India, China, South Africa) on Wednesday issued a statement extending support of the BRICS group to the firm commitment and decisive efforts of the Chinese government to combat the novel coronavirus pneumonia epidemic.

### **Proposed inclusions -**

**Mexico** and **South Korea** are currently the world's 13th and 15th largest by nominal GDP just behind the BRIC and G7 economies. Both are experiencing rapid GDP growth of 5% every year, a figure comparable to Brazil from the original BRICs. Jim O'Neill, expert from the same bank and creator of the economic thesis, stated that in 2001 when the paper was created, it did not consider Mexico, but today it has been included because the country is experiencing the same factors that the other countries first included present. While South Korea was not originally included in the BRICs, recent solid economic growth led to Goldman Sachs proposing to add Mexico and South Korea to the BRICs, changing the acronym to BRIMCK.

### **Cooperation on developing high-end technologies –**

This shall become an important point of the agenda for BRICS countries during Russia's presidency, says a report of Zyfra Company, a digital solutions vendor in the growing market of **Industrial Internet of Things (IIoT) and Artificial Intelligence (AI)**. BRICS countries need to promote networking between chambers of commerce and industry, business councils, professional associations and unions, intensify collaboration between business entities through joint projects, trade fairs and exhibitions

in the hi-tech sector. According to the report, the countries shall consider the opportunities to jointly implement **digital solutions** for mining industry, machinery, oil and gas and metallurgy, as well as share their best practices, such as implementation of robotic mining equipment and real-time machine monitoring and manufacturing data collection systems.

<http://brics2019.itamaraty.gov.br/en/about-brics/what-is-brics>

Website of BRICS <https://infobrics.org/>

<https://www.investindia.gov.in/team-india-blogs/brics-2019-economic-growth-innovative-future> DECEMBER 05, 2019

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