

ESTABLISHING BRICS

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The international environment today is characterized by increasing threats to the international security environment due to globalization and increased competition, which is a natural consequence of the economic approach between countries. While emerging markets and opportunities are strengthened by cooperation, crises are mitigated by such collaborations. Cooperation models that increase gains and partially mitigate losses are a subject that countries are working on. Various international organizations emerge as a result of these efforts. BRICS is an organization that aims to compete with the countries of the region by using the manpower, underground riches and scientific knowledge of the countries of the region and to increase its regional and global influence. In this article, we will look at the brief history of BRICS and evaluate its advantages and risks.

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BRICS is a formation that offers an alternative to the global system with its constantly developing and expanding structure in terms of economy and geography since its establishment. The name "BRIC" was introduced to the literature by Jim O'Neill years before the emergence of the organization. It was formed with the initials of four rapidly developing countries (Brazil, Russia, India, and China). While discussing the power of these countries, Brazil, Russia, India, and China, to establish an alternative eastern bloc based on development, the leadership of the world's dominant economic system until 2050 has been analyzed. The fact that these four countries account for a quarter of the world's surface and more than forty percent of the planet's population is a point taken into account in these analyses. Before the 2008 crisis, the GDP growth of these countries ranged from 5 to 13 percent per year.

Moreover, the BRIC countries characterize the key to their rapid development as the abundance of energy resources and mineral raw materials in Russia, agricultural products and mineral reserves in Brazil, and the abundance of cheap labor and its contribution to production in China and India. The first step in transforming the idea of "BRIC" into an organization was gathering the leaders of the four countries at the United Nations meeting in the United States in 2006, where they agreed to work together in many areas. A separate dialog between the heads of state and heads of government of the BRIC countries at the G-8 conference in Japan in 2008 followed this. Afterward, they signed a number of fundamental agreements on a number of important economic issues. On 16 June 2009, the four leaders met in Yekaterinburg, Russia. The countries were represented by Dmitry Medvedev (Russia), Luiz Inacio Lula da Silva (Brazil), Manmohan Singh (India) and Hu Jintao (China).

It is not a coincidence that the pronunciation of the word BRIC matches the English word "Brick". In English, the word "Brick" is used in the sense of "mudbrick". On the other hand, BRIC gives the message of being the bricks, yeast and mudbrick of the system to offer an alternative direction and path for growth, contribution to the world economy, the future of stock markets, and diversification of production.

In the early 2000s, it was not assumed that the BRIC countries would form some kind of economic bloc or formal trade union like the European Union. However, the process has evolved towards an "economic alliance" between Brazil, Russia, India and China. Thus, there are signs that their growing economic power is translating into greater geopolitical influence. This is the basic idea behind BRIC's expansion. Hence, the accession of South Africa in 2011. On 12 April 2011, leaders gathered in China and announced the accession of South Africa. The name of the organization was updated as BRICS. With the accession of South Africa, BRICS now has 42 percent of the world's population.

Optimistic calculations suggest that by 2040, the combined GDP of the G-7, which includes the U.S., Japan, Germany, the UK, Italy, France, the UK, Italy, France and

Canada, will be below that of the BRICS countries.

The 2012 BRICS meeting was held in Delhi, India with the theme "BRICS Partnership for Global Stability, Security and Prosperity". One of the most important issues at this meeting was Iran and Syria. It was recommended that Syria's territorial integrity be preserved and be restored as soon as possible. Iran, on the other hand, was emphasized as an important actor in the region and it was emphasized that the positions taken against Tehran were not beneficial. All leaders also discussed the possibility of creating a joint development bank. At the summit, Russian President Dmitry Medvedev spoke about his vision of the strategic goal of BRICS. According to the Russian leader, this is "the gradual transformation of BRICS into a full-fledged mechanism of interaction on the most important issues of the world economy and politics." The idea of creating a new Development Bank implies, first of all, the gradual abandonment of the euro and the dollar in payments between countries and provides for the process of strengthening national currencies.

The sixth BRICS summit was held in Fortaleza, Brazil in 2014 under the theme "Inclusive Growth: Sustainable Solutions". At the end of this meeting, an agreement was signed on establishing the New Development Bank and creating a contingent foreign exchange reserve pool. The authorized capital of the Development Bank was set at 100 billion dollars.¹ It was agreed that the contribution to the Development Bank would be calculated according to the size of the countries.

The seventh BRICS summit was held in Ufa, Russia with the theme "BRICS Partnership - a powerful factor in global development". The summit addressed the issues of Iran and Ukraine. On Moscow's initiative, the BRICS Economic Partnership Strategy until 2020 was adopted, which speaks about the expansion of interaction between states both in socio-economic terms and in foreign policy. The Ufa Declaration and Action Plan were signed at the summit, which set the course for the transition to trade in national currencies within the BRICS framework. One can indeed argue that the Ufa summit was a turning point. The NDB (New Development Bank) was established by a joint decision of the BRICS.

The ninth BRICS summit was held in China under the theme "BRICS: Strengthening Partnership for a Bright Future". China emphasized the concept of "BRICS plus" announced by Chinese Foreign Minister Wang Yi in early 2017, with the intention to attempt to develop BRICS as a global association. Countries such as Egypt, Mexico, Guinea, Thailand and Tajikistan were invited to the Xiamen Summit in the BRICS+ format.

1) "Agreement on the New Development Bank," University of Toronto – BRICS Information Centre. <http://www.brics.utoronto.ca/docs/140715-bank.html>

Moscow, Russia hosted the twelfth BRICS summit on 17 October 2020. The BRICS summit was held via video conference for the first time in history. The summit's theme was "BRICS Partnership in the Interests of Global Stability, Shared Security and Innovative Growth". One of the important discussions at the summit was to review current issues on the international agenda and compare positions on the upcoming G20 summit on 21 – 22 November 2020. At the end of the summit, the five states adopted the Moscow Declaration, as well as the BRICS Economic Partnership Strategy until 2025 and the BRICS Counter-Terrorism Strategy.

South Africa hosted the 15th BRICS summit in Johannesburg. The most important decision of the summit was the invitation of Saudi Arabia, Argentina, the United Arab Emirates, Iran, Egypt, and Ethiopia to BRICS membership.

BRICS Expands Amid Risks

Initiated by Brazil, Russia, India and China, the organization covers 41 percent of the world's population with the participation of 10 countries as of 2040. Moreover, its GDP has reached 56 trillion dollars. China, Russia, India, Brazil, and South Africa have developed a specific algorithm of activities within the organization for fifteen years. They have gone a certain way to unify their positions and interests in the face of global challenges, create and implement common programs. Now, the adaptation of new members to this process and the value of their positions in the international arena may change the balance within BRICS. The organization, which was initially formed based on "alternative to the West, multipolarity", has recently started to evolve towards the "against the West" axis. It seems that hopes for a more emphatic, politicized opposition to the West have created cracks within the organization. Russia, China, and Iran can be categorized with certainty as countries ready to challenge U.S. hegemony. The majority, including India, Brazil, Saudi Arabia, Argentina, the UAE, and Egypt, clearly favor a moderate approach, détente and compromise rather than escalating relations with the U.S. and the G7 group. The increasingly radical positions of the member states not only affect the common economic programs and joint activities within BRICS, but also lead to a change in the character and fundamental nature of BRICS. The main reason for the rapprochement of the BRICS countries was to create a new power capable of changing the global political-economic process in its favor.

One of the main common characteristics of BRICS member countries is their dependence on external demand, whether for traded goods or manufactured products. The export-oriented economic development model inherent in the BRICS countries (except India) is arguably self-defeating. Beijing has introduced a series of measures to balance external and domestic demand. As commodity exporters,

Brazil, Russia, and South Africa need to undertake economic diversification and structural transformation. On the other hand, structural imbalances accumulate in the economies of BRICS countries. Together with these imbalances, household incomes require significant investments in social innovations. China and India have rich experience in implementing these structural reforms. In the Russian Federation, however, making these structural changes and managing the process seems quite difficult in today's conditions. In general, BRICS countries have extreme income inequality, which is a source of socio-political instability that can hinder sustainable development in society. They should implement socially-oriented economic policies that will ensure fair distribution of income in society and reduce income inequality to socially acceptable levels.

In addition to the problems listed above, the future of BRICS is clouded by the problems that countries need to solve. For example, China's main economic problems are excessive production capacity and the creation of high-tech industries. The high debt of Chinese companies is an important factor. It creates macroeconomic risks for the sustainable growth of the Chinese economy. To successfully overcome these risks, state-owned companies need serious modernization—the dependence of the Chinese economy on loans. For several years, the Chinese government has been aiming to reduce the economy's dependence on credit and investment and move towards more sustainable growth based on consumption and services.

India is encountering high levels of poverty as the biggest problem. Analyses show that the situation has worsened with the uncontrolled growth of population and agriculture. Education is very poor, with a significant proportion of the population illiterate, and there is a need to expand the higher education system and improve its quality. The inefficiency of the national innovation system and the low level of investment in the R&D system require a significant increase in investment in education and innovation. On the one hand, India is the world leader in information technology services, accounting for \$60 billion in annual exports and employing more than 2.5 million people, while more than a third of India's population lives below the extreme poverty line.²

Conversely, Russia is facing trade and economic sanctions by the U.S. and its allies, as well as declining household incomes during the crisis years. The result is a decline in aggregate external and domestic demand. The economic sanctions imposed after the war in Ukraine have reduced Moscow's revenues. The balance of exports and imports has deteriorated. Socio-economic problems have become more palpable for households. Against this backdrop, it is argued that the Russian economy finds itself

2) Carl Dahlman and Anuja Utz, "India and the Knowledge Economy," World Bank Institute (Washington, 2005). <https://documents1.worldbank.org/curated/en/375181468041958316/pdf/329240India0Knowledge01not0external1.pdf>

in a stagflation trap. The tight monetary policy of the Bank of Russia is partially helping to overcome the crisis.

Brazil, with the greatest economic potential among Latin American countries, has been experiencing a deep recession in recent years. Data shows that the country's economy continued to contract for the fifth consecutive quarter. They believe that the country is facing the longest recession in the last hundred years. Household incomes are falling, it is difficult to find an exit in the face of inflation. All these processes are leading to a change of governments in Brazil and more radical individuals coming to power. The unemployment rate and the poverty rate have recently emerged as serious problems. In the past, Brazil's economy relied on the crops of its fertile soil as well as the metals and ores of its rich rocks. Failure to make the right investments and attempts to correct structural problems with daily political moves have caused serious cracks in the country's economy. On the other hand, the deterioration in the level of education is also a factor to be considered.

South Africa is one of the largest and most economically developed countries on the African continent. Until 2008, the Republic of South Africa maintained steady growth, but the situation worsened with the impact of the 2008-2009 global financial and economic crisis. The fall in commodity prices has also caused considerable damage to the country's economy. The leading sector of the South African economy is the mining and export of raw materials from minerals. South Africa is one of the world leaders in the production of gold, diamonds, platinum group metals and coal. Unacceptably high chronic unemployment, lack of education, corruption and poverty are among the problems the country needs to address urgently and rigorously.

Conclusions

The politicization and radicalization of BRICS, which aims to create an alternative ecosystem, has begun to disrupt its founding philosophy. Member countries need to be systematic, educated, law-based, sensitive to rights and freedoms, and meticulously address their structural problems. These structural problems blur the future of BRICS. The positions of the new member countries on global issues, their adaptation to BRICS and common economic practices should be carefully monitored. Supporting and implementing a common currency or trade in the countries' currencies is very important. Deep structural economic reforms within the member countries need to be implemented urgently. If the BRICS countries can successfully resolve the above issues, they have a chance to move on a sustainable growth trajectory.