



BRICS: Underlining the prospects and growing challenges

Kumari Anupama

Ph.D. Scholar, Centre for Russian and Central Asian Studies, School of International Studies, Jawaharlal Nehru University, New Delhi, India

Abstract

The purpose of this paper is to throw the light on the formation of the BRICS its relevance and challenges are arising in front this international forum. This paper examines the circumstances under which this group was emerged. After the demise of the Soviet Union At the end of the Cold War the world system was completely being transformed. It was believed that world was moving towards unipolarity. America had become the supreme power after the painful demise of Soviet Union. Further debates and discussions were started on the Multipolar system in the existing world system. Russia, China, India, other developing countries and third world countries were being scared of hegemonic power of the United States and felt it to the construction of new world order in the contrast of this supreme. This paper also seeks the common responsible factors which were approaching to these member states to form this international organization. I have tried to find out those strategic interests and common aspirations which have helped in tie the international organization. Many of times BRICS has raised international issues and problems and gained the success. BRICS has also been presenting the very good example of the south- south cooperation. These five counties have become the precursor of the new world system. This paper highlights on synergies and complementarities between the economies, focusing their role as growth drivers of the world economy. At the end part of this paper depicts the challenges which are coming in front of this grouping and views differences among the member states.

Keywords: BRICS, IBSA, multipolar, NDB, SSC, unipolar

Introduction

“No one can resist an idea whose time has come” this is the very famous gospel, coined by French writer Victor Hugo. Since demise of the Soviet Union world was rapidly moving towards Unipolarity. After the tremendous changes in global system America became the supreme of the world. A lot of uncertainties arises in among the countries of the world particularly the world counties such as Latin America, Africa and Asia. On the other side absolute dedication and endeavour of Russia was to stay focused on gaining its past glorious position, so the new sort of trend commenced in the New World Order to form the International organisation to counter the hegemony of super power. In fact, many global political thinkers have expressed their view that the economic rise of the BRICS might notify a major shift in global power. This thought has been giving very apparent message that American moment is coming to an end and the power will be no more concentrated. Rather a new kind of global balance would emerge, which is absolutely free from American hegemony, where BRICS would assume their place as great powers ^[1]. Other main objectives are to stimulate political, economic, commercial, strategic and military interests. One of the significant dynamics in the existing international relations is the involvement of the emerging power in shaping the new world order. Among the various international organization BRICS is one which is increasingly playing big roles in the betterment of the member states, while also intensifying their influence in the contemporary international system ^[2]. BRICS account for more than 40 percent of the global population, nearly 30 percent of the land mass and a share in

world GDP (in ppp terms) that increased from 16 per cent in 2000 to nearly 25 percent in 2010 and is anticipated to rise significantly the near future ^[3]. Acronym of BRIC, stand for Brazil, Russia, India and China firstly fashioned by Chief Economist Jim O’Neill of Goldman Sachs in 2001, in a paper titled “Building Better Global Economic BRICs”. The main motive was to finding the important share of these four countries in world production and population and increasing functions in current world economy where as these four countries are dissimilar from geographically and culturally ^[4]. In 2006, the four countries’ foreign ministers kicked off regular informal meetings at the margins of the General Debate of the UN General Assembly (UNGA). This successful regular meeting led to the choice that the interaction should be carried at the level of heads of State and Government in annual Summits. As of the first formal Meeting took place in Yekaterinburg, Russia, on 16 June 2009 in the presence of the head of states Luiz Inácio Lula da Silva, Dmitry Medvedev, Manmohan Singh and Hu Jintao, the respective leaders of Brazil, Russia, India and China ^[5]. The focal point of this summit was to improving the global economic situation and reforming financial institution and talked about how these four countries could do better cooperation in the future. “The emerging and developing economies must have a greater voice and representation in International financial institution” statement was given in the first BRIC Summit. The four leaders were expressing a growing desire to work together ^[6]. In 2010, South Africa started efforts to join the BRIC, eventually on 24th December 2010 became the formal member

of this group and BRIC became BRICS respectively stand for Brazil, Russia, India, China and South Africa. In April 2011, the President of South Africa, Jacob Zuma, appeared in the BRICS summit in Sanya, China [7].

Objectives of BRICS

The subsequently discussion is essentially based on the BRICS Summit reports. The purpose is to describe, how BRICS member states examine and explore their functions and responsibility in the context of existing International system and what steps would be taken by the member states in the accomplishment of organizational aims and objectives.

According to the Indian think tank report Nonalignment 2.0 (2012) published one of the most significant objectives of BRICS. The report noticed some of the central international institutions like the UN and the Bretton Woods institutions were formed after the Second World War and their functions are strangled by the circumstances of their origin. In this context these organizations are still dominated by the west and are not fit for the current world system under which has different rapid changing dynamic.

There is an indication from the emerging powers especially from Asian countries, third world countries and the developing countries that these international institutions are not necessarily proficient to advance their interests. For example in IMF BRICS is accounted for 14.4 percent of votes while the EU and the USA respectively represents 29.3 and 16.5 percent of votes. Quota in IMF simply represents the voting rights and borrowing permissions under IMF where Brazil, China, India and Russia are already among 10 largest share holders. Consequently, China and India have been demanding for the more democratization of the international institutions [8].

New Development Bank

In the 4th BRICS countries first time discussed about the idea of constituting a multi-lateral development Bank for accumulating resources for infrastructure and sustainable development projects in the member states of BRICS and other developing countries. The main distinct objective of the proposed BRICS was to drive as a complementary, not a substitute for existing financial institutions. The main purpose behind this organization was to raise the voice of voiceless nations such as emerging economies and third world countries [9]. In the 6th summit of BRICS countries held in Brazil in July officially formed known as the "BRICS Bank" considered as an alternative of two western dominated organization World Bank and the IMF. This bank laid the form of two new institutions namely The New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA). The first institution was initiated with initial capital of US\$ 50 billion and the second institution was started with US\$ 100 billion, will offer aid and assistance in financial complexities, like IMF. This specific developmental bank will have to focus on the basic needs of emerging economies such as education, healthcare, food security and ensuring a minimum standard of living to the citizens. Second important sector have chosen to focus on infrastructural Development basically refers to services and facilities such as schools, hospitals, roads and telecommunications, etc. last area has been identified namely

Research and Development of Cleaner [10]. The main objective of the BRICS bloc is to found a developmental bank, would become a strong and long awaited alternative of Western dominated institutes in global finance [11].

While taking any kind of decisions or reaching at a certain point of any complex issues all BRICS member states have same rights and authorities. Each member of the BRICS New Development Bank have one voting rights. Every BRICS member has equal shareholding and equal authorized capital. No member has veto right on any decision. As a result, in any kind of decisions only a simple rule of majority will be followed [12].

Other major objectives of the BRICS discussed below

Sharing ideas and perceptions on the G20 agenda, including careful steps to minimize negative spillovers in world economy and promote growth and job creation, investment and infrastructure reinforcing of the financial system and cooperation on tax matters etc.

Cooperation in Agriculture Sector

BRICS countries are considered as outsized producers play a crucial role in the global agriculture market. Cooperation among BRICS states countries will ensure a certain level of world food security through escalating agricultural production and increasing the certain level of productivity in agriculture sector, creating better environment for investment, maintaining transparency of the markets, encouraging better living standards and easy to get the food.

BRICS states have identified five priorities in the area of food security and nutrition:

- Development of a general strategy for ensuring access to food for the most vulnerable population.
- Trade and investment in agriculture sector
- Basic Agricultural Information Exchange System
- Agricultural technology cooperation and innovation
- Reduction of negative impact of climate on food security and adaptation of agriculture to climate change [13].

Cooperation in the field of Science technology and Innovation

BRICS has identified some important area include,

- Sharing information and ideas on policies and programmes and promotions and promotion of innovation and technology transfer.
- Natural disaster
- Nanotechnology
- High performance computing
- Basic research
- Space research and exploration, aeronautics, astronomy and earth observation
- Medicine and biotechnology
- Biomedical and life sciences (biomedical engineering, bioinformatics biomaterials)
- High tech zones/ science parks and incubators
- Science popularization
- Information and communication technology

Improvement of Connectivity

Connectivity refers to the development of physical

connectivity for the enhancement of transnational transportation and up gradation of logistics system supply chain in order to maintain the certain level of economic growth of BRICS countries. Business, academic mobility, labour mobility and promotion of tourism are the significant areas identified to expand the cooperation of BRICS states. Above mentioned all objective have been kept under the strategy for BRICS Economic Partnership ^[14].

South-South Cooperation and BRICS

The first footprint of the evolution of South South cooperation (SSC), recognized in the “Afro-Asian Conference” at Bandung (Indonesia) in April 1955 shored up by the ‘non-alignment’ and ‘Third World’ paradigm. The main pronouncement of the SSC was for recently got independence nations to ‘dis-connect’ from the developed countries (North) as a way of founding robust economic ties among themselves. The idea motivated by the principle that economic interactions among southern states would be a smaller amount of exploitative than those between the South and North and more responsive to the needs of developing and underdeveloped countries. Conceptually, South- South Cooperation enlightens to the sharing of knowledge and resources between third world and developing countries with the of objective of notifying the most effective steps towards the obliteration of their developmental challenges ^[15]. Other factor such as Non-Aligned movement and the organization of Petroleum Exporting Countries (OPEC) compelled the developed North countries to pay higher price for oil. This created a new market for Southern exports ^[16]. On 31 July 1995, there was an establishment of South Centre, it is an intergovernmental organization of developing countries, headquarter is in Geneva. It unveiled its main functioning areas for developing South South cooperation: work with major economic area such as Finance, trade, industry and business, service, Transportation, infrastructural development, education, information and communications and people to people contacts ^[17].

South South cooperation was revitalized in the early 2000s, when growing South economic started to establish new coalitions like IBSA is a kind of platform to employ three countries India, Brazil and South Africa in dialogue for Cooperation in the field of agriculture, trade, culture and defence among the member states. Second international organization BASIC aimed was to function collectively for climate change mitigation. Third organization was formed namely BRICS focused on reforming global financial institution and work for establishment of the Multipolar world. This third international organization became more popular and prominent by offering alternative institutions to developing countries for advancing and intensifying business environment among these countries and escape from patterns of negative growth forced by the Bretton Woods institutions and the multinationals from industrialized economies ^[18].

China’s has also adopted the policy of “BRICS plus” strategy presents an alternative to strengthening and deepening cooperation among developing countries such as Mexico. China and India have materialized as most important investors in infrastructural projects and development which has provided to other member states and developing countries a

unique kind of platform to maximize the interests among the South and developing countries. BRICS represents a well-built source of empowerment and inspiration for third world countries and developing countries ^[19].

China’s huge investments in a series of African continent have helped in the rejuvenation of SSC. It has gone beyond all traditional donations and investment offered from the North. Behind China other countries such as India, Brazil, Mexico, South Africa, and South Korea have also been investing in African countries for the infrastructural development and projects. Every year China-Africa summits, India-Africa summits held in these two countries, leading the “resurgent of Africa”. An African regional centre in Johannesburg has opened by NDB in July 2017 and proclaimed to invest \$1.5 billion in South Africa infrastructure projects over the next 18 months. Trade between BRIC and South Africa has increased up to \$377 million in 2016 where is the India is second largest among four countries after China. Recently China has expressed to desire to be a part of the G77 plus as well as the G20 write off debt and applied loose tariffs rules have emerged as pillars of its South South cooperation paradigm. Recently, China has launched One Belt One Road (OBOR) project, more than a million Chinese are assisting in the development of infrastructural projects in a range of African countries.

Ninth BRICS summit held in China on 4th September 2017, main focus was on the theme of ‘Stronger Partnership for a Brighter Future’. Leaders of the BRICS have declared the joint statement and made commitment regarding accomplishment of the works and objectives decided. Significant issues identified by the member states including combating terrorism, enhancing trade, developing ocean, cyber security, disaster management and tourism cooperation, etc. leaders were also concerned about Global Economic Governance, International peace and security, people to people exchange ^[20].

September 12, 2017 has been observed as 14th the United Nation Day for South-South Cooperation. Since the formation of BRICS, it has worked as a key mechanism for openness, inclusiveness, cooperation and gaining the win win results and increased the field of cooperations and developed the mechanism of cooperation.

Multiplicity in BRICS

It is an axiom that cohesion must be prerequisite for any organization. Political and economic complementarities of the member states of the international organization somehow can be useful. In case of BRICS, some certain level of diversity is existed, briefly discussed. The member states are dissimilar among various categories such as economic disparities, political diversity, in terms of availability of natural resources, degree of industrialization, living of standard, education, infrastructural development and impact on the political background. Therefore, it is better to elaborate the all aspects of diversities so that it would be easy to understand the threats have been confronting by the BRICS nations.

Some other inequalities at the fundamental level, differences in the meeting of basic needs like education and health have provoked the inequalities of opportunities for different sections of the population. These kinds of socio-economic

discrepancies closely associated with other inequalities. Furthermore, without socio-economic cohesion it is very easy to emergence of political tensions ^[21].

In political and cultural term BRICS members are not common in their regime. China and Russia have followed authoritarian form of government, China still is a one party ruled (Communist) country accordance with Confucianism set of guidelines whereas Russia is also traditionally administered by authoritarian government and has highly centralized orthodox state culture communist on the other side Brazil India and South Africa have been enjoying with the democratic form of government, which could create big hurdle for the BRICS to conjoin the shared value ^[21]. China is quite a Confucian society and India is Hindu societies both are absolutely different from Western society even though India consider itself as a most Western nation among the non Western countries. On the other hand Brazil, Russia and South Africa are indulge with the Christian society, Brazil is Roman Catholic, Russia is orthodox and in South Africa there is no dominating Christian sect. So it shows that Christian societies are diverse and characterize the Huntington's idea "Clash of Civilization" is a hypothesis that people's cultural and religious distinctiveness will be the primary source of conflict in the post Cold War world. From the above discussion it is very easy to understand how difficult to find a common values, ideas and perception on a particular issues among the BRICS countries ^[23].

In economic sense each member state of this organization has dissimilar paces and levels economic growth. China has been keeping up its long term high economic growth path, even as India and Russia have been moving towards constant high growth. In contrast, Brazil and South Africa have presented viable economic growth but not up to the mark. Especially Africa has huge challenges in the development of the socio-economic infrastructure and in addition to reform process. Public-private partnership can reduce the constrain coming in the way of infrastructural development. One more economic constraint arise in front of BRICS is institutional development without which sustainable growth can't be ensured. In the context of infrastructure and human capital, Brazil, India and South Africa is endeavoring to catch up with the certain level whereas it has already achieved by Russia and China. In the same time mounting inequality remains a problem in some BRICS countries ^[24].

This is supposed to inform that in industrialization China is several times ahead than the other member states. China is larger exporter in the world. It is accounted for 12 percent of world's mineral resources even though it is not sufficient for China's emerging economy so it depends on import. The member states of BRICS have different level of demographic features. According to the total population size 2011 India's population is growing swiftly than any other BRICS whereas on the other side Russia's population was constantly declined just a few years ago. According to the total fertility rate (TFR) India has advantage over the other BRICS state. Among the member countries India is the only, has fertility above the "replacement rate" this is the rate at which a population naturally survive itself. Number of retired workforce will remain proportionally very small. But in contrast, Brazil, Russia and China will have lessening or sluggish workforces

and ever large numbers of retirees. Growing workforce is better for an economic development and growth intensification of a country ^[25].

In terms of Energy resources, Russia has been recognizing as a large exporter accounted for 20 percent of world's oil and gas resources. Due to the geographical location that acquires the richest natural gas resources in the world. On the other side, China has emerged as the most fundamental energy producers as well as most important energy consumer are in the BRICS and India is also standing in the same row. Russia largely relies on the energy, military and heavy industries, but the service sectors are undersized. In case of India, it is heavily strong in service sector. India is also a software powerhouse among BRICS countries ^[26].

India and China primarily depend on an abundant, easily availability and low cost labour force, and are involved in the processing and exporting of low value-added labour intensive products and outsourcing of services. They could be easily impacted by the international market, mainly declined in demand in developed markets and market protection policies. Brazil, Russia and South Africa mainly have been considered as mineral abundant products for export. Additionally, export revenue vulnerable to international demand and price fluctuation.

Conclusion

Above discussion depicts to a certain level of differences among the states have yielded a lot of challenges in front of the members. Disparities in social and economic sector have been creating perplexities for those members who are not equally advance of those who are much ahead. Members of this group must give attention on reducing the socio-economic inequality, this must be noticed as a primary area of concern among BRICS states.

Recently ninth conference held in China, diversity among members was observed very apparently. China is a supreme in this organization, much ahead than other member. China has been realizing BRICS platform has become little use in the sense of completing its geopolitical and geo-economic interests across Asia and beyond. Somehow China has understood, BRICS is not being proved as a strong partner in dealt with a complicated tribulation. BRICS is not relevance to deal with problem such as South China Sea and freedom of navigation on the seas from this point of view BRICS is an outsider. Recently India and China have strain relation because of territorial disputes, Brazil and Africa are increasingly becoming peripheral to BRICS' aims and objectives. Russia is currently more preoccupied with establishing its past glorious position in respect of maintaining well-built relation with Eurasian regional countries and its interest in BRICS is not of the same order as in past. Because of these differentiations BRICS has been lacking to form a common stand on important global issues and most significantly, members running behind China are frightened her dominance likes Brazil and South Africa's fears over arrival of Chinese investment and flood of cheap price products. Russia's anxious over China's growing presence in South Asia, neighbourhood and beyond.

Notwithstanding, a lot of progressive and developmental works are being done by the BRICS. Each of one has their

own individual and collective interests to connect with this organization, have taken significant steps for their economical and infrastructural development. Hence they all have seen a vision for a new world order free from one supreme power and unipolar world.

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