

BRICS
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BRICS is an acronym for the grouping of the world's leading emerging economies, namely Brazil, Russia, India, China, and South Africa.

History of BRICS

- The acronym "BRICS" was initially **formulated in 2001** by economist **Jim O'Neill, of Goldman Sachs**, in a report named "**Building Better Economic BRICS**" on growth prospects for the economies of Brazil, Russia, India, and China.
- In 2006, the four countries initiated **regular informal diplomatic coordination**, with annual meetings of Foreign Ministers at the margins of the General Debate of the **UN General Assembly (UNGA)**.
- This successful interaction led to the decision that the dialogue was to be carried out at the level of Heads of State and Government in annual Summits.
- **BRIC started as a formal grouping in 2006 on the margins of the G8 outreach summit.**
- Originally the first four were grouped as "BRIC" before the induction of South Africa in 2010.
- **South Africa was invited to join BRIC in December 2010**, after which the

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group adopted the acronym BRICS. South Africa subsequently attended the **Third BRICS Summit in Sanya, China, in March 2011.**

Salient Features of BRICS

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- Together, **BRICS** accounts for about **41% of the world's population** and about **24% of Global GDP** (Gross Domestic Product), and **16% of global trade**, making it a critical economic engine.
- It's an emerging investment market and global power bloc.
- BRICS represents the World's top **emerging** economies and claims to serve as a **bridge** between the developed and developing world.
- All are coming as a part of a **changing world order**, **South-South cooperation, multilateralism**, increased accommodation in global, attracting investment & stable economic system.
- It was formed in the context that China and India, by 2050, become the world's dominant suppliers of manufactured goods and services.

Structure of BRICS

- It does not exist in form of organization, but **it is an annual summit** between the supreme leaders of five nations.
- The Chairmanship of the forum is rotated annually among the members, in accordance with the acronym B-R-I-C-S.

Objectives of BRICS

- It seeks to deepen, broaden and intensify cooperation within the grouping and among the individual countries for **more sustainable, equitable, and mutually beneficial development**.
- It takes into consideration each member's growth, development, and poverty objectives to ensure relations are built on the respective country's economic strengths and to avoid competition where possible.
- B-R-I-C-S is emerging as a new and promising political-diplomatic entity with diverse objectives, far beyond the original objective of reforming global financial institutions.

Four Areas of Cooperation of BRICS

1. Economic Cooperation

- There are rapidly growing trade and investment flows between BRICS countries as well as economic cooperation activities across a range of sectors.
- Agreements have been concluded in the areas of Economic and Trade Cooperation; Innovation Cooperation, Customs Cooperation; strategic cooperation between the **BRICS Business Council**, [Contingent Reserve Arrangement](#), and the [New Development Bank](#).
- These agreements contribute to the realization of the shared objectives of deepening economic cooperation and fostering integrated trade and investment markets.

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2. People-to-People exchange

- BRICS members have recognized the need for strengthening People-to-People exchanges and to foster closer cooperation **in the areas of culture, sport, education, film, and youth.**
- People-to-People exchanges seek to forge new friendships; deepen relations and mutual understanding between **BRICS** peoples in the spirit of openness, inclusiveness, diversity, and mutual learning.
- Such People to people exchanges include the Young Diplomats Forum, Parliamentarian Forum, Trade Union Forum, Civil **BRICS** as well as the Media Forum.

3. Political and Security Cooperation

- BRICS member political and security cooperation is aimed **achieving peace, security, development, and cooperation** for a more equitable and fair world.
- It provides opportunities for sharing policy advice and exchanges of best practices in terms of domestic and regional challenges as well as advancing the restructuring of the global political architecture so that it is more balanced, resting on the pillar of multilateralism.
- It is utilized as a driver for South Africa's foreign policy priorities including the pursuit of the African Agenda and South-South Cooperation.

4. Cooperation Mechanism

- Cooperation among members is achieved through:
 - **Track I:** Formal diplomatic engagement between the national governments.
 - **Track II:** Engagement through government-affiliated institutions, e.g. state-owned enterprises and business councils.
 - **Track III:** Civil society and People-to-People engagement.

BRICS Summits

- The first BRIC Summit took place in 2009 in **Yekaterinburg, I** and **focused on issues such as reform of the global financial architecture.**
- **South Africa was invited to join BRIC in December 2010**, after which the group adopted the acronym BRICS. South Africa subsequently attended the **Third BRICS Summit in Sanya, China**, in March 2011
- Since 2009, the **BRICS** nations have met annually at formal summits.
- **The 8th summit in 2016 was held in Goa** and BIMSTEC countries were invited for a joint summit as per the tradition.
- **2017 Summit in Xiamen, China (9th BRICS Summit)**

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1. China introduced **BRICS** by inviting a few countries from different regions like Argentina, Jamaica, Turkey, Indonesia, and Egypt.

• **2018 Summit in Johannesburg, South Africa (10th BRICS Summit)**

1. The theme was BRICS in Africa: Collaboration for inclusive growth and shared prosperity in the IR 4.0.
2. **BRICS Outreach** program was with **Afric** leaders and Outreach with **Global South summit**.
3. It also calls for the Comprehensive Convention on International Terrorism (CCIT) by UNGA.
4. Discussed democratization of UN. expansion of UNSC.
5. Leaders stressed the centrality of the rules-based transparent, non-discriminatory, open, and inclusive multilateral trading based on WTO.
6. Help nations prepare for IR 4.0 **BRICS PartN** (Partnership on New Industrial Revolution). It should engage the Private sector and Young innovators.

• **2019 Summit in Brasilia (11th BRICS Summit): Brasilia is the 1st city to hold its 2nd BRICS summit**

1. Brazil is the current Chair of **BRICS**. President is Jair Bolso.
2. **BRICS Bond Fund** in local currency is on the financial agenda of Brasilia meet.
3. Russia (like **BRICS**) rejects diktat and pressure, blackmail, and threats, let alone the use of force without UNSC's decision.
4. **BRICS** is committed to the **democratization of International** life and its development under the **principles given in the UN charter**, the principles of respect for cultural and civilizational diversity of the world, and the right of people to forge their destiny themselves.
5. **BRICS** is also becoming a **magnet for major Emerging economies**. Coz it protects **multilateralism**, supports **transparent, non-discriminatory, open, free, and inclusive International Trade**, and rejects unilateral economic restrictions in developing International economic ties.
6. BRICS CRA = \$ 100 bn to be a guarantor of the BRICS financial stability in case of crisis.

• **G20 Osaka Summit, Japan (2019)**

1. **BRICS** in G20 Osaka summit indicated to protect multilateral trade system. the role of WTO & IMF reforms.
2. It talks about Regional Groupings like RIC (Russia-India-China); JIU (Japan-India-USA) and **BRICS** (Brazil-Russia-India-China-South Africa).

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This shows India's rising power in the World.

2021 Virtual Summit Chaired by India: 13th BRICS Summit

- Prime Minister Shri Narendra Modi will chair the 13th BRICS Summit on 9 September 2021 in virtual format.
- The theme for the Summit is '**BRICS@15: Intra-BRICS cooperation for continuity, consolidation, and consensus**'.
- India had outlined four priority areas for its Chairship.
- For more news on the 13th BRICS Summit: [click here](#)

Significance of BRICS

- Brazil is the largest producer of Ethanol. South Africa - Coal Bedded Methane. India - Biomass Energy. China - Solar Panels.
- India can collaborate on global issues like Terrorism, climate change, energy security.
- India would need support for its UNSC and NSG membership.
- NDB approved 1st set of loans which included the **US \$ 250 million for India for Renewable Energy**.
- It gave 1 billion each to India, Brazil, and South Africa.
- 1st time India talked about **Traditional medicine system** in the BRICS NDB meeting.

Achievements of BRICS

- Because of the financial crisis of 2008, BRICs started to cooperate. **BRICS** called for the reform of multilateral institutions. Brazil-Russia-India-China-South Africa managed to push for international reform which led to **IMF Quota reform in 2010**.
- **BRICS New Development Bank: 2014 Fortaleza Summit**
- **BRICS Contingent Reserve Arrangement**
- They are developing a joint payments mechanism to reduce foreign trade settlements in US \$.
- **BASIC** (BRICS without Russia) is an offshoot dealing with Climate Change.
- **India** is taking the lead role in **digital health, digital forensics, film technology, traditional medicine, sustainable water management, internships, and fellowships**.
- Potential of Brazil's investments in space, defense, agriculture equipment, animal husbandry, post-harvest technologies, and biofuels.

Impacts of BRICS on global institutional reforms

- The main reason for co-operation to start among the BRICs nation was the financial crises of 2008. The crises raised doubts over the sustainability of the dollar-dominated monetary system.

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- **BRICS** called for “the reform of multilateral institutions in order that they reflect the structural changes in the world economy and the increasingly central role that emerging markets now play”.
- It managed to push for institutional reform which led to International Monetary Fund (IMF) quota reform in 2010. Thus the financial crises had momentarily reduced western legitimacy and briefly let the **BRICS** countries become “agenda setters” in multilateral institutions.

Challenges pertaining to BRICS

- The **market dominance of the big three Russia-China-India** is a challenge for **BRICS** as it moves ahead. To become a true representative of large emerging markets across the world, **BRICS must become pan-continental**. Its membership must include more countries from other regions and continents.
- **BRICS** will need to **expand its agenda for increasing its relevance in the global order**. As of now, climate change and development finance, aimed at building infrastructure dominate the agenda.
- As **BRICS** moves forward foundational principles i.e. respect for sovereign equality and pluralism in global governance are liable to be tested as the five-member countries pursue their own national agendas.
- The **military standoff between India and China** on the Doklam plateau, which has effectively brought to an end the naive notion that a comfortable political relationship is always possible amongst the **BRICS** members.
- **China’s efforts to co-opt nation-state**, which are integral to its Belt and Road Initiative, into a broader political arrangement have the potential to cause conflict among BRICS members especially China and India.
- **Global political turmoil like the Afghanistan crisis**. Various regions still have conflict potential. The **arms control architecture is deliberately undermined** with US withdrawal from Intermediate-Range Nuclear Force Treaty.
- **Structural imbalance** in the World Economy. Threats from unfair competition practices, sanctions, trade wars, abuse of US \$ status as World reserve currency.

Importance for India

- India can benefit from the collective strength of **BRICS** by way of consultation and cooperation on economic issues of mutual interests, as well as topical global issues, such as international terrorism, climate change, food and energy security, reforms of global governance institutions, etc.
- India remains engaged with the other BRICS countries on its NSG membership.
- The NDB will help India to raise and avail resources for their infrastructure

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and sustainable development projects. The NDB has approved its first set of loans, which included a loan of US\$ 250 million in respect of India for Multitranches Financing Facility for Renewable Energy Financing Scheme’.

Way Forward

- To become a true representative of Emerging economies **BRICS** must increase membership and expand its agenda to climate change, development finance, etc. BRICS + and NextEleven (N – 11) = 11 countries poised to become the biggest economies in the World in 21st C after BRICS country. They are South Korea, Mexico, Bangladesh, Egypt, Indonesia, Iran, Nigeria, Pakistan, Philippines, Turkey, and Vietnam.
- It will be useful for **BRICS** to develop an institutional research wing on the lines of OECD, offering solutions relevant to the developing world.
- It can consider Climate Change and UN SDGs through setting up an Energy alliance and Energy Policy.
- The idea of setting up a Credit Rating Agency (BCRA) as proposed by India (opposed to West Standard and Poor, Moody) can be on BRICS Future Agenda.