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Economics

BRICS COOPERATION: OPPORTUNITIES AND FUTURE CHALLENGES

KEY WORDS: International Monetary Fund (IMF), United Nations Security Council UNSC and Special Drawing Rights (SDR).

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ABSTRACT

The BRICS i.e., Brazil, Russia, India, China, and South Africa cooperation development shows an economic relationship between intra-continental developments. The member countries, having cooperation well from 2008-09 global financial crises, have represented that they are not just a marketing story but can develop a realistic model of strong growth despite not conforming fully with the "Economic Integration" to level of the advanced economies. This detailed outlines the significant and predictable role that BRICS can play as cooperation with in the group, in reforming the global financial system and in the norm of re-constructing the world governance. The detail also discusses some challenges BRICS countries are facing to realize goals in the coming decades.

Introduction

There are many prediction and forecast by investment bankers and economist failed to foresight the global financial crisis of 2008. But one among the all, Jim O'Neil, was not entirely wrong to foresight when he arranged the acronym 'BRIC' (for Brazil, Russia, India, and China) in 2001. According to *Fareed Zakaria* (2008)² the global governance has been shifting from advanced economies to emerging economies like BRIC, under its formulation, Brazil, India, and South Africa have come together with Russia and China to reform the international financial institution designed by the advanced countries. Thus, this is a distinct indicator that globalization has altered the political and economic status of the countries. The BRICS cooperation therefore plays a development role in the world economy. The Emerging market economies and developing countries (EMDC), Including BRICS countries, are demanding a more equitable representation consonant with their current economic strength (Donna et.al 2015).³ The South Africa invited by the China in this cooperation, which happened in the third BRIC summit in Sanya, China. The initial four members of BRIC first made this group as a club in Yekaterinburg, Russia, in 2009,⁴ followed by Second summit in 2010 and till now the Ninth summit Xiamen town Russia. completing a decade in 2018. The theme of the 2017 summit⁵ was "BRICS: Stronger Partnership for a

Brighter Future",

Objectives of the study

- To study the strength of BRICS in the globe;
- To examine the International Financial Institution and issues;
- To know the cooperating challenges among the BRICS.

The BRICS economies have a practical and empirical role in reforming the international financial institutions, and in rule forming process within world politics. The idea took shape only after the global financial crisis of 2008. The aim of the crating a group is to discuss the world economy trade mainly to reform the International Monetary Fund (IMF), and International Bank for Reconstruction and Development (IBDR), in view to rise the representation of emerging economies in these institutions. The argument of the BRICS was several among them primarily it was made an observation that the IMF model of growth has resulted the global financial crisis. Secondly, having the 40 percent of the global population and 25 percent of world GDP and more than quarter the land mass, the BRCS economies feel it is time to seek political access in global rule- setting process. Table 1: highlights select indicators on the economic performance and strength of BRICS.

Table 1: Profile of BRICS

Country	Gross domestic product based on purchasing power parity (PPP) (2008; 2018) (in US\$)	Unemployment rate Percent of total labor force (2008; 2018)	Inflation, end of period consumer prices (2008; 2018) Consumer Price Index(CPI)	Easy of Doing Business Rank of 2017	Foreign Exchange Reserves. (As per 2018).	FDI Stock In billion and trillion dollars.
Brazil	1,995.774; 3.219 tln*	5.90; 11.7	5.902; 3.5	125	\$677.4 bln**	NA
Russia	8,217.399; 3.398 tln	2.53; 5.1	2.533; 2.5	35	\$453 bln	\$361bln
India	3,389.998; 9.446 tln	9.7; 4.9	9.701; 1.54	100	\$417.789 bln	\$318 bln
China	2,276.763; 23.57 tln	13.3; 3.97	13.300; 1.4	78	\$3 tln	\$1.354 tln
South Africa	509.021; 758.12 bln	9.50; 27.1	9.500; 4.4	82	NA	\$73.6 bln

Source: Generated from the World Economic Outlook Database.

*Trillion dollar, **Billion dollar, N.A=Not Available

Table 1, shows the strength of the BRICS economies in the economic development by comparing with the 2008 and after a decade. The performance has been increasing in Gross domestic product (GDP) in PPP and the secured rank in Easy of Doing Business of 2017. India jumped to 100 ranks from 130. The Foreign Direct Investment (FDI) stock in BRICS is growing fast especially in China and India followed by Russia and South Africa parallel the foreign exchange reserve is growing rapidly in BRIC countries to gather accounts more than 4.3 trillion dollars. The stabled inflation rate has contributed better growth rate than any

other advanced economies. To increase the role of BRICS in the international level the Sanys declarations⁶ addressed the declining role of the dollar in the international exchange market and the need for a broad based international reserve currency to provide stability in the international payments.

Table 2 explains the existing quota and vote share assigned to the BRICS Grouping compared with G-7 for a better understanding of the inequitable distribution of the BRICS economies in international finance.

Table 2: Share of voting rights BRICS and G7 in IMF (million dollars)

Groupings	Country	Millions of SDR	Quota		
			Percent of Total	Numbers	Percent of Total Votes
In BRICS	Brazil	11,042.0	2.32	111,885	2.22
	Russia	12,903.7	2.71	130,502	2.59
	India	13,114.4	2.76	132,609	2.64

	China	30,482.9	6.41	306,294	6.09
	South Africa	3,051.2	0.64	31,977	0.64
	Total BRICS	70,594.2	14.84 Percent	5,96,267	14.18 Percent
In G-7	U.S	82,994.2	17.46	831,407	16.52
	Japan	30,820.5	6.48	309,670	6.15
	France	20,155.5	4.24	203,016	4.03
	Italy	15,070.0	3.17	152,165	3.02
	Germany	26,632.4	3.60	267,809	5.32
	Canada	11,023.9	2.32	111,704	2.22
	U.K	20,155.1	4.24	203,016	4.03
	Total G-7	2,06,851.2	44.05 Percent	20,78,787	41.29 Percent

Source: IMF database of 2017.

There are many reforms are still pending, and the BRICS urging international institution for reform is as follows; *firstly*, the BRICS economies knows that this quota and voting allocation need to be revised; *secondly*, that the SDRs should be transformed into sovereign currency apart from the "dollar". The 14th General Quota Review implemented on 26th January, 2016. As a result, the quotas of each of the IMFs members increased to a combined US\$ 677 billion from US\$ 339 They are arguing to include some more currencies into the baskets of SDR now the Yuan (CNY) included in to the basket of Special Drawing Rights (SDRs) Since the first October 2016. Yuan become the first emerging market currency and included in SDR. And the combined quotas contribute of the IMF has doubled to about US\$659 billion from US\$329 billion.

The global economic governance architecture that is more effective and reflective of present global economic landscape, increasing the voice and representation of emerging markets and developing economies expecting the outcome of the IMFs 15th General Review of Quotas, including a new quota formula, by the 2019. However the BRICS Contingency Reserve Arrangements (CRA) is a milestone of BRICS financial cooperation and development, by contributing to global financial stability, In addition to this the CRA System of Exchange in Macroeconomic Information (SEMI), to promote closer cooperation between the IMF and the CRA.

BRICS Cooperation

In the Eight BRICS summit of GOA India urged the all nation to work together to expedite the adoption of the comprehensive convention on international Terrorism (CCIT) in the UN general Assembly to prevent the terrorist actions from their territories. This was the major outcome from BRICS in the Goa summit of 2016. And in the recent Xiamen summit of Chain no of areas covered for mutual cooperation's is as follows.

Article 9, of Xiamen summit welcomed the setting up of the BRICS E-Port Network that will operate on a voluntary basis and the establishment of BRICS E-commerce working group and the China's initiative to host an international 'Import Expo' in 2018 and encourage the business communities BRICS countries. Article 11, efforts to implement and improve international standard on combating Money Laundering and the financing of Terrorism. Article 12, agreed to continue to work on a cooperation platform for innovation and entrepreneurship and to support the implementation of the BRICS innovation cooperation action plan 2017-2020. Article 14; reaffirm commitment to fully implement the 2030 for sustainable development. Article 27 the Saint Petersburg and Udaipur declarations of BRICS Ministers for disaster management, aimed at building a safer future by reducing existing and unforeseen risk including information on best practices in the field of early warning system and forecasting. Article 31 the establishment of NDB Africa Regional center launched in South Africa, first regional office of the bank.

The major challenges for BRICS

After the cold war the international relations debates largely changed the international affairs. However the credible relationships and the strengthening of grouping cooperation like BRICS clearly highlight the inter-country dynamics. Growing economic independence i.e., trade and investment and improved financial relations through cooperation such as BRICS would most certainly open up several avenues to align the interests and opportunities.

There are some challenges that BRICS as cooperation need to address very soon. Since the cooperation as a group self-professed coordination platform, explaining the necessary things to be addressed. Even the question of India and Brazil aspiring to have a permanent members group of United Nations Security Council (UNSC) to make it possible the support from Russia and China is required. There are other issues, such as between India and China the territory issue which turned into a conflict on the Doklam⁷ issue later on resolved by mutual peaceful talk. Among the BRICS Russia, India, and Chain are the highest greenhouse gases emitters. According to the report⁸ they are the top five emitters in the world (NDB Report 2016)⁹ bank has financed for the installation of solar and wind power units for the BRICS countries. It is in such area that it gives sustainable development in BRICS Economies. Indian capital city New Delhi has been reporting as one of the highest polluted cities in the Asia and population explosion of India 1.3 billion populations second next to china. The china's interest in hydroelectric projects will bring more advantage but simultaneously water resources will produce methane it will further contribute for green gases. Brazilian amazon famous forest is shrinking by growing cities the poverty of South Africa is still an unanswered question. BRICS economies, share some of domestic and socio economic challenges that must be addressed to accomplish major goals as a group, viz. inequality poverty unemployment of human resources that present in the group and the concerned area is improvement in health care, education, and human rights.

(Lin Yueqin 2010)¹⁰ pointed out that the BRICS have problems of Imperfect market mechanism and incomplete competition. For instance, china and Russia have not fully accomplished system transition. In china the government interferes too much and there is serious nationalized monopoly. India and Brazil have no mature market mechanism.

Conclusion

Year on year, The BRICS cooperation is growing with annual summit which has been taking place since the its inception from 2009, in each one of the county and addressing the global issues from social security to financial security, and also initiating new trade, and financial network among the BRICS for mutual benefit in the field of economic and trade aspects. This can be possible only minimizing the disputed between the countries viz., unresolved India and china's border issue, and India and Brazil seeking for the UNSC post etc.,

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