

THE POWER BRICS GEOPOLITICAL GAME

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Abstract

The world changes rapidly due to discoveries and innovations in the field of technology. The interests of the BRICS countries and their common goals intersect to move towards new global economy and to lay the foundations of a multipolar international system. In order to accomplish such a goal, the BRICS group faces the challenge of conducting organizational activities. The significance of the 'five' countries in the world economy increases with their joint efforts as a geopolitical group. The economic success of the five states ensures their active role in the UN, IMF, WB, WTO.

The present study aims at demonstrating how the historical geopolitical change takes place highlighting its real and objective reasons related both to the development of the world economy and the alteration in the structure and fundamentals of international relations in the 21st century with the emergence of new political economic organizations and alliances.

Key words: BRICS, geopolitics, regions, G7, Arab states and other countries, World Bank, economy.

Introduction

The new economic myth began to shape out of an acronym describing the world's fastest growing economies represented by the BRICS countries¹ – Brazil, Russia, India, China and South Africa. Their primary objective is to enter the geopolitical stage and provide an alternative to the Group of Seven (G7).

Goldman Sachs economist Jim O'Neill² first proposed the term BRIC (without South Africa) in 2010, arguing that by 2050 the four BRIC economies would dominate the world economy before South Africa was added to the membership list in 2010.

The BRICS countries launched the New Development Bank as an alternative to the World Bank and the International Monetary Fund in 2014 with \$50 billion (about €46 billion) in seed money. In addition, they have created a liquidity mech-

¹ The term is an acronym coined by the first letters of the names of the five states in English (BRICS).

² Former investment director of the International Investment Banking Company.

anism called *contingency reserve arrangement* to support members struggling to make payments.

Such offers, appealing in form and content, have attracted a number of developing and emerging economies, especially those that have been affected by structural adjustment programmes and austerity measures imposed by the International Monetary Fund.

The expansion of the BRICS Alliance results in strengthening its role as an economic union with a set of advantages highlighting its potential to compete with the Group of Seven in accordance with the objectives of the union established as an entity with the aim to balance the global economy.

Several resolutions have reformulated the common position of the BRICS countries on many international political issues, especially the fight against terrorism and the support of UN resolutions against the Islamic State (ISIS). They have come in addition to the common positions expressed within the framework of the summit, including how to handle international hostage crises, the Syrian issue and the Iranian nuclear weapons issue, as well as other political issues that international public is preoccupied with. The interest and common goals of BRICS countries are directed at establishing new global economy and laying the foundations of a multipolar international system.

After the summit in June 2023 it became clear that by activating its political agenda in addition to its economic agenda, BRICS wants to influence international politics with the aim to interrupt the Western hegemony over the international system and draw the contours of multipolar international system for the benefit of the countries in the group.

The term BRIC, coined by an American investment bank, has been adopted by the countries concerned as well as by the ones interested in globalization issues. It refers to four countries (Brazil, Russia, India and China), highlighting the fact that the centre of gravity of the global economy has shifted towards emerging economies. Employing the term makes it possible to define the new major economic and political forces in the world. South Africa then joined the new group. The term BRICS has come to symbolize the five emerging powers as economically significant in the 21st c.

The BRICS group is a bloc which includes Russia, China, Brazil, South Africa and India. It was founded in 2006 at a summit hosted by the Russian city of Yekaterinburg. Its name was changed from BRIC to BRICS in 2011 after South Africa joined the group. As an international group it aims at enhancing economic relations between the five states in local currencies, thereby reducing dependence on the dollar. BRICS countries are members of leading world organizations – UN, G20, G77 (without Russia), as well as of regional organizations. Two of the countries – Russia and China – are among the five permanent members of the UN Security Council. Russia is a member of the Commonwealth of Independent States, the Collective Security Treaty Organization, and the Eurasian Economic

Union. Russia and China are members of the Shanghai Cooperation Organization and the Asia-Pacific Economic Cooperation. Brazil is a member of the Union of South American Nations, MERCOSUR, and the Community of Latin American and Caribbean States. South Africa is a member of the African Union and the Southern African Development Community. India is a member of the South Asian Association for Regional Cooperation. Geopolitically Russia, China and India are among the world's nuclear powers, also having powerful conventional military forces.³

Within BRICS China seeks to create new multipolar world order to dominate later. Being able to withstand world economic events, the group also aims to strengthen economic, political and cultural cooperation to achieve the common interest of the countries by establishing multipolar economic system, influential in drafting new global policies.

The BRICS countries have initiated a group of institutions and systems, creating a new bank in the Chinese city of Shanghai called the New Development Bank and a fund called the BRICS Fund as alternatives to the World Bank and the International Monetary Fund. They have been created to support international growth and development as the first step in the group's plan to establish new world order.

Perhaps the unstated goal is to establish international institutions ancillary to the present international economic institutions, i.e. to relieve the world from existing constraints and influence in order to control the initiation of international public policies.

Major economic transformations have benefited the BRICS group, which has gained momentum recently. Then followed the fourteenth summit of the five countries (Russia, China, India, Brazil and South Africa), which encompass about 41% of the world's population on the territory of about 40 million square kilometers. This is equivalent to approximately 26% of the world's total land area, while the Community countries account for about 26% of the world's GDP, according to 2022 estimates. The percentage is expected to reach 33% in a year's time. In addition, the total joint foreign exchange reserves of the BRICS countries are estimated at around \$4 trillion. Extensive talks focusing on the expansion of the group were initiated when taking over the presidency of the group last year. Such efforts have accelerated in light of the aftermaths of the war in Ukraine and the economic sanctions weapon that has been widely used affecting the economies of many countries.

It comes at a time when the global system, in its political and economic aspects, faces changes and turmoil, also in the light of appeal against US hegemony and the dominance of the dollar over international transactions.

³ Klisarova, M. The BRICS Countries on the Global Economic Stage: Major Features and Development Challenges, *Yearbook of Sofia University "St. Kliment Ohridski"*, Volume 113, Book 2: Geography, Prof. Dr. Asen Asenov (editor-in-chief), St. Kliment Ohridski University Press, 2021, pp. 278–297, ISSN (print): 0324 – 2579, ISSN (online): 2535 – 0579

The BRICS group has strengths with the potential to form active international pole capable of setting the rules for the system. It also has weaknesses that can affect its work, especially the close relations of some of its countries with the United States. However, experts believe that strengths can overcome weaknesses and differences in order to restrict the dominance of the unipolar international system.⁴

The economic growth, the implementation of economic reforms as well as development strategies with pronounced opportunities for integration in the global economy are elements that have made the BRICS countries competitive with developed countries, making it possible for each of them to redefine its positions in the context of economic issues, global stakes and challenges such as:

- Why are the BRICS countries described as emerging countries?
- What are the major economic transformations in Brazil, Russia, India, China and South Africa?
- What is the place of BRICS in the world economy?
- Are the BRICS countries a new geopolitical power?

The BRICS countries have a leading role in the world economy. These countries have witnessed remarkable growth in the last decade, thanks to the strong growth of their export. Paradoxically, the financial and economic crisis has demonstrated the strength of the economic development model of the BRICS countries, even if these countries have been forced to redirect their growth model towards domestic markets.

The BRICS countries supporting the multilateral trading system implement commercial policy aiming at strengthening their role as a regional power to conduct negotiations. The success of their production profile and the dynamics of their decent prices have increased export revenue, which initially represents the foreign reserves that feed government funds. That is how emerging economic powers can acquire the financial power status of the BRICS countries to become truly the economic power of the 21st c. The BRICS group, established in 2006, aims to:

- ✓ Restrict the Group of Seven's control over the world economy.
- ✓ Try to create global economic balance.

The BRICS group faces a number of challenges in achieving its political and economic goals such as:

- ✓ Discrepancy of economies: the strength of the economies of the BRICS countries is different: the economies of Russia and Brazil come at the top, followed by the economy of China, but the economies of India and South Africa demonstrate disparity in growth rates and weakness in some sectors.
- ✓ Geopolitical conflicts: currently the bloc witnesses geopolitical conflicts such as the Ukrainian crisis and the tension with the West over it. BRICS

⁴ R, Pascal. *BRICS Economic Power in the 21st Century*. Publication date: 01/01/2015, Arab Thought Foundation. Beirut (in Arabic).

faces the negative impact on its commercial and investment relations with these countries.

- ✓ Economic challenges: they include inflation and its impact on purchasing power and foreign trade, the effect of floating currency on economic and trade resources, and insufficient investment in innovation and advanced industries.
- ✓ Human rights issues: BRICS relations depend on the strong ties between governments; the bloc suffers from human rights criticism in some of its member states.
- ✓ Issues of internal organisation: the tasks of the bloc differ depending on the priorities of the member states, resulting in lack of coordination in some economic and political incentives.

Expansion of the BRICS Group

A number of countries, including the Kingdom of Saudi Arabia and Iran strive to join the group (having submitted two formal applications). The group has finally surpassed the Group of Seven in terms of its share in the world economy. It accounts for 31.5% of the world economy compared to 30.7% for the seven largest industrialized countries. The inclusion of the seventh economy in the world – Indonesia, which in 2018 had GDP of \$3.5 trillion, is considered a logical option regarding its position of a developing country with large economy.

Among the countries that want to join BRICS are: Argentina, Mexico, Egypt, Algeria and other countries such as Tunisia, Saudi Arabia, Qatar, Kuwait, Bahrain, Oman and the UAE, which has recently announced its intention to join the group.

Officially 19 countries have expressed interest in joining the group, 13 have submitted formal applications. The strengths of the group are:

- The area of these BRICS countries is a quarter of the land area.
- Its population is nearly 40% of the Earth's population.

Sleman Al-Assaf told Sky News Arabia Economy (26.04.2023) that the BRICS countries “are still relatively weak compared to the seven countries due to a number of factors, the most important of which are the dominance of the dollar and the US economy due to Washington's political, economic and military power”.

“Yet the BRICS group poses real threat to the Group of Seven and nobody knows what will happen within this context in the future,” he added pointing out that the emergence and growth of the group comes in the context of the economic war between the United States and China.

“China strives to take the leadership position in the US economy. Despite many obstacles Beijing can achieve it, but not in the foreseeable future, maybe in 2050, unless there is disaster for the US economy, which still dominates,” he continued.

In this context it is believed that BRICS will be successful in dealing with the persistent challenge related to the dominance of the dollar and the control of the

Western economic system. BRICS presents an alternative to the current international financial and political entities, starting as a symbol of the world's fastest growing economies.

The group created New Development Bank with initial capital of \$50 billion, with emergency cash reserves to support countries striving to repay their debts. According to statements by certain representatives of the group, the issue of single currency for the BRICS countries was discussed at the BRICS summit in June 2023.

The expert and economic analyst Dr Kamal Amin Al-Wasal told Sky News Arabia Economy that “there is global economic system that has begun to shape since China has emerged as major economic power, and has occupied the position of the second largest economy”. He also claimed that “the formation of BRICS in the late 2000s is nothing but the embodiment of new global economic reality in which economies such as China, India, Russia, Brazil and South Africa have influential role on the international arena”.

“There is no doubt that the expansion of the BRICS group helps establish new global economic system whose leadership would not be monopolized by the West and in which the dollar would not be the master of world currencies. It seeks new mechanisms to break free from the hegemony of the West; it is aided by China, which is the expected economic dragon that has been working wisely for the last couple of decades to assert its position as an economic superpower,” Al-Wasal added.

Regarding the intention of a number of Arab countries to join the group, the economist said: “There are many incentives pushing Arab countries to join the group – political, economic or combination of both, considering the fact that the political influence of the USA has declined in the Arab region due to careless policy regarding the interests of many Arab countries as well as extremist or improvident policy concerning the overlap of the interests of the stated countries and those of the United States”.

In view of the above, while participating in the BRICS friends ministerial meeting in Cape Town, South Africa held under the motto *Partnership for Accelerated Growth, Sustainable Development and Comprehensive Multilateralism*, Prince Faisal bin Farhan bin Abdullah, Minister of Foreign Affairs of Saudi Arabia, confirmed the willingness of the Kingdom of Saudi Arabia to develop future cooperation with the BRICS group, highlighting the strengths of the Kingdom and the BRICS countries to meet common interests and achieve prosperity for all.

He also said: “The Kingdom is still the largest trade partner of the BRICS group in the Middle East and trade relations with the BRICS countries have witnessed growth, reflecting the increasing cooperation with the countries of the group as the total bilateral trade with the BRICS countries increased from \$81 billion in 2017 to \$128 billion in 2021 and exceeded \$160 billion in 2022”.

He explained that the Kingdom shares core values with the BRICS countries, namely relations between the countries are grounded in the principles of sovereignty, non-interference, adherence to international law, multilateral frameworks and collective actions as reference points to meet common challenges. He added that the Kingdom also shares with other BRICS countries belief in the importance of peace, security and stability to redirect efforts towards national development and common prosperity.

According to Al-Wasal, an economic entity capable of destabilizing economic hegemony with the weight of countries such as China, India and Russia, two of which have their permanent seats in the Security Council, gives Arab countries room for economic and political maneuvering. He added that the dominance of US investment, both financial and economic, and US dollar trade comes with a great risk in case policies and interests intersect resulting in the use of (US) international sanctions as weapon. Moreover, China's economic presence has already been established in the Arab region, as illustrated by export, import and investment figures. Therefore, it is a logical step to put the economic interdependence with China in an organized framework that brings benefit to all in BRICS.

Al-Wasal emphasized the fact that the BRICS group poses direct threat to the Group of Seven G7. BRICS is a group that not only operates outside the Big Seven, but actually functions as an alternative or parallel player. Nevertheless, it will take some time to consolidate the group's position on the economic arena, as G7 countries depend not only on the dominance of its economic power but also on its political and strategic relations, as well as on its strong military ties with the centers for decision-making in many countries in the world. It will take time to settle the tension and conflicts between the emerging 'great' economic powers and the historical superpowers in order to establish new global economic order.

Such a tendency in the perception of communication represents one of the main axes in the Sino-American conflict, since the main economic power threatening the economic throne of the United States is China, which is the backbone of the BRICS group, therefore this trend represents the core of the economic and political conflict between China and the USA.

In conclusion, the BRICS countries step into the role of global leader on the international geopolitical stage. Together the five countries are globally prominent; individually each of them is significant for its region. BRICS is emerging power in international relations due to several factors. The most important one has to do with the specific features of the countries forming the bloc in view of their economic and military significance. Another factor has to do with the wealth of the countries in energy and resources. These factors have contributed to industrialization, development of variety of energy sources, and hence to integration in several areas despite geographical differences.

Another factor has to do with the overlap of the interests of these countries and their common goals in order to head towards new global economy and lay

the foundations of multipolar international system where such goals are rendered into increasing the speed of technological and economic cooperation. For instance, BRICS countries seek to create their own Internet cable to avoid US espionage operations. They also strive to reduce dollar transactions between those five countries and establish several economic institutions such as the New Bank for Development to strengthen and coordinate cooperation between the countries in the group and strengthen its economic power at international level.

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