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BRICS and Its Growing Influence at Global Stage

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Abstract: ***Economic progress is the ultimate key to strengthening any nation. The economic growth of a nation has a significant role in restructuring economic and social aspects. Rise in Gross Domestic Product (GDP) is an indicator of economic growth. Emerging economies grow at a much faster rate than developed nations. Role of emerging economies becomes more vital in the modern world. They represent the significant force in recovery of any global crises. BRICS is an acronym used for emerging economies of the world (Brazil, Russia, India, China and South Africa). The particular study is an attempt to understand and analyze the economic performance of BRICS nations in the 21st century and also to evaluate the rising dominance on the world stage. The relevant data was collected from the website of the World Bank. The study is purely based on secondary data for the first two decades (2000- 2010 and 2011 – 2020) of the 21st century. Descriptive statistics used to analyze and evaluate the data.***
Keywords: GDP (Gross Domestic Products), BRICS nation, Emerging Economies.

I. INTRODUCTION

In the 21st century, the world economy is growing rapidly and emerging economies have undoubtedly been a growth engine over the last 2 decades. In recent times developing economies grow at a much faster rate than developed nations. Role of emerging economies becomes more vital in the modern world. They represent the significant force in recovery of any global crises. After World War 2 (WW2), a lot of regional, multilateral ties took place on the basis of economic and political background among the countries and groups. Goldman Sachs first coined the term "BRIC" for four growing economies: Brazil, Russia, India and china. In his report, he predicts that the group is likely to overtake G6 nations in terms of economical performance by 2050 (Holly A. Bell, 2011). BRICS is an acronym used for emerging economies (Brazil, Russia, India, China and South Africa). The BRICS nation has a combined share of 41% of world population, accounts nearly ¼ of global production and 18% of world trade. These economies cover 27 percent of the global land area. Over 3 billion people in a growing economy lead to an integrated world economy (Clyde Pretowitz, 2008). China and India are the two main economic powers both regionally and globally. China is second largest economy in the world and strongest in this particular group. Presence of china makes this group more attractive at international level. India is currently 2nd largest in the group and an attraction for many foreign companies. Besides these emerging economies, Russia has also a greater influence in region as well as on international level. Brazil and South Africa have profound influence in their respective regions (Mpho Bosupeng, 2017).

Here are some similar features in BRICS countries which enlightens importance of the group at world stage:

1) Industrialized export-led economies
2) Emerging economic power with huge potential
3) Ability to guide the governance at world stage
4) Huge domestic demand
5) Flourishing economic performance both regionally and globally.

There are various other interests depicting the BRICS nation emerging as a combination of world growing power which have some serious influence in the decision making process at global platforms. BRICS economies have their substantial pressure at international level decision making. Although they are having the upper hand in exporting a variety of products, skill transfer and achieving sustainable goals in the most appropriate way.

II. LITERATURE REVIEW

India and China are two major nations in the continent witnessing significant growth in recent decades. While China performed better than India with rapid infrastructural development, early and adequate changes in policies (Deepika kumari and neena malhotra, 2014). Economic openness is another major reason behind the rapid expansion of China to become a world market (Peng sun, 2010).China also has the power to trigger the economy and is capable of covering losses from bad loans. China basically has the upper hand in BRICS nations where slower growth of china ultimately affects performance of other emerging economies.

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Cooperation between developing economies leads to promote balanced growth and bring down the dependence on developed countries. Brazil and Russian economies rely much on reserves on minerals and other precious resources whereas India and China have advantage in low cost skilled manpower as a result with the population of both countries (Irina, Mirela, Catalin, 2013). Russia's economy is most vulnerable as it is least diversified and has a huge dependency over hydrocarbon exports.

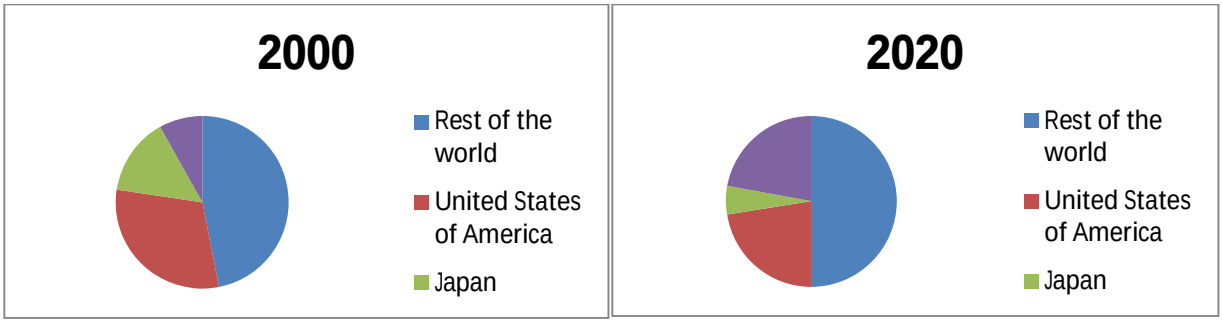
A huge market size and investment opportunities in infrastructure leads to rapid economic growth in BRICS nations. Together BRICS are capable enough to challenge G7 (Group of 7 countries) in near future (Golam, Monowar, 2015). Paula nistor (2015) exhibits positive Impact of FDI over economic progress of emerging economies. There was a huge enhancement in FDI in BRICS economies during 2004-2008. After the financial crisis emerging economies continue to grow at a rapid pace where other developed countries suffer from a decline phase. All these emerging powers have huge potential and bundles of future opportunities. Such a scenario projected that the BRICS nation would grow at a rapid pace and possibly overtake G7 countries to become the world 's dominant group of nations by 2040 (O'Neil and Poddar, 2008). There is a highly asymmetrical distribution of income among BRICS nations. Education access hugely depends on the public education system. Women education and health care system also lack proper facilities. Along with economic prosperity countries should improve their positions in the human development index (Mechthild, 2011).

III. RESEARCH METHODOLOGY

The particular study contributes to the existing stock of knowledge in respect to observing the better understanding of the trade performance of BRICS nations in the 21st century. BRICS is the group of emerging economies which have immense influence all over the world. The study considers economic performance data which contains data related to GDP (Gross domestic product) at Nominal, PPP and per capita of the 21st century. Researchers also consider annual economic growth rate as a part of study. Secondary data was collected for the particular study from the website of the World Bank. Descriptive statistics used to compare and evaluate the data.

A. Growing Global Economic Importance

Global production is one of the key measures in identify the progress and potential of a economy. The share of BRICS economies in global production is significantly increased in 21st century. In last 2 decades from the beginning off 21st century BRICS nation registered continuous growth in GDP. While comparing BRICS economy to the world giants, it is clearly observed that BRICS nation establishing their presence. The group of emerging economies come across a long way it term of economic prosperity with a aggregate of 8 % in 2000 to almost ¼ of world production in 2019.



Economic dynamics all around the world are changing constantly. Emerging economies (especially China) cater to these opportunities for growth. Developing economies like India and Brazil showed potential in becoming major trade destinations. As we see, Japan's contribution to world production has declined in the last 2 decades. Although the United States of America registered growth, BRICS nations achieve almost equal share in world production by 2019. It indicates that a group of emerging economies can challenge the dominance of the USA and G7 nations in future. The world leader loses percentage market shares in terms of contribution in global production.

Although, BRICS group growing share indicates their dominance at world stage but it mainly belongs to the Chinese economy. China becomes the manufacturing hub for rest of the world by creating such infrastructure.

However, Russia majorly depends on energy and defense exports. Russia also exports fertilizers to Brazil and India. China emerges as major partner of Russia in terms of total trade. Russia exports oils and minerals and import heavily from china.

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B. Continuous Growth During Financial And Economic Crisis

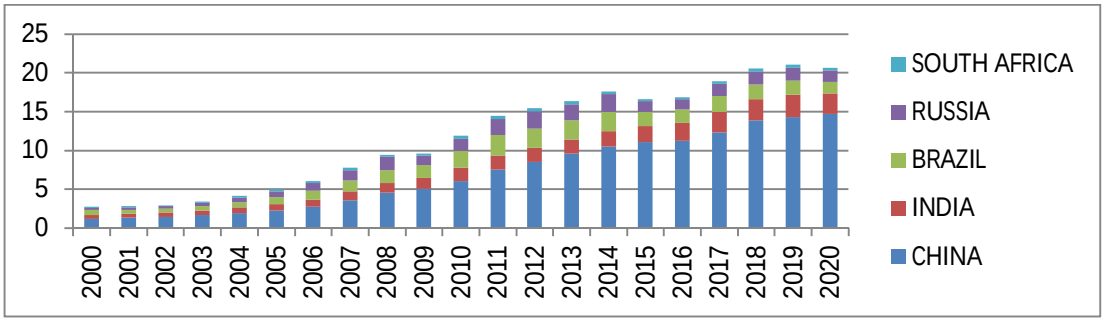
The world faced financial and economic crisis in 2008 which leads decline in economic activity in all countries. It also had its long lasting impact on potential growth. Rise in inequality in income and problem of migration increased the problems for many economies. But developing countries performed much better in these adverse situations in comparison with developed countries. In between year 2000 – 2010, developed countries registered growth rate of 1.6% while developing countries performed much better and registered 6.2% growth in the same period. In emerging economies, BRICS nation performed significantly with securing 7.9% average growth rate and it future rose in upcoming years.

Indicator	China	India	Russia	Brazil	South Africa
Population	1.41 Billion	1.3 Billion	144Million	212Million	59 Million
GDP (current US$) (2020-21)	14.723 Tr.	2.66 Tr.	1.445 Tr.	1.483 Tr.	0.335 Tr.
GDP (PPP) (2020-21)	24.283 Tr.	8.975 Tr.	4.367 Tr.	3.153 Tr.	792 Billion
GDP Growth Rate (Combine %)*	8.697%	5.815%	3.385%	2.083%	2.205%
GDP Per capita	10,220 $	1,928 $	10,126 $	6,796 $	5,655 $
Merchandise Exports (2020-21)	2.59 Trillion	276.302 Billion	332.227 Billion	209.878 Billion	85.834 Billion

Source: World Bank

BRIC nations were promulgated as the fastest growing market all around the globe by Jim O'Neill in 2001. The BRIC economies accounted for 11% share in world production in 1990, and rise up to 1/4th of the world production in 2020. BRICS group influence in the world economy measured by the representation in global trade and investments. The group of emerging economies represents 19% of global exports, 16% of global imports with 19% of an inflow of direct investment and almost the same amount of outflow on the international stage. Besides these figures there are many features of the BRICS group which ultimately shows its dominance at the world stage. 41% of world population with 3.14 billion people with a combined land surface of 29.3% of the world and mounting economic performance exhibits the sheer importance and significance of the group at world stage. These economic powerhouses have huge economic and political influence that can enhance the participation of developing countries in the process of global decision-making. As seen above in the table, China's dominance in the group is clearly observed by the figures of GDP. Although the combined growth rate of China is better than any other BRICS nation. India is right behind China in growth rate but there is a huge difference in GDP of both countries. The impact of a huge population and lower GDP causes lower GDP per capita in India. Merchandise trade is considered as a key factor in global dominance of an economy. China exports are far beyond than any other BRICS nation. The BRICS nations' aggregate exports will become more than 3.5 trillion in the year 2020-21.

C. GDP (Current US$)



Source: World Bank

There is rapid growth in the GDP of the BRICS nation. China registered maximum growth in all emerging economies. BRICS nations prefer growth strategy when it comes to economic policy adoption. China and Russia are the nations witnessing current account surplus over the years.

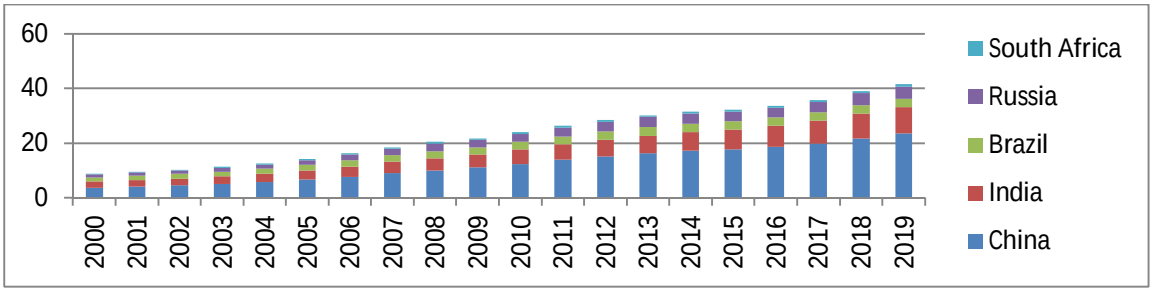
China has a dynamic export sector while energy carriers play a significant role in Russian exports. Remaining nations (India, Brazil, South Africa) are facing current account deficit for a long period of time. India's heavy import of capital goods for restructuring infrastructure is the main reason behind while Brazil needs to import more to cater booming domestic demand.

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Overall all these countries emerge as strong and growing economies all around the world. Almost ¼ share of global production depicts the dominance of this integration at the world stage.

China is the second largest economy and contributes almost 15 trillion $ in Global production. It is constantly the largest economy of the bloc since the beginning of this century. Together, the BRICS bloc has a GDP over 20 trillion $. Undoubtedly, China grew at a much faster rate in comparison with the rest of the BRICS group. The second place has fluctuated between India, Russia and Brazil since 2000. India grabs the 2nd position with solidarity since 2015. South Africa constantly has the least contribution in global production. It is included in the group as the most stable and emerging economy of the African continent and holds high potential for the future in financial and economic aspects. It is also promulgated that China will overtake the United States in the 2020s while India will surpass the United States in the middle of this century.

D. GDP (PPP) Current$

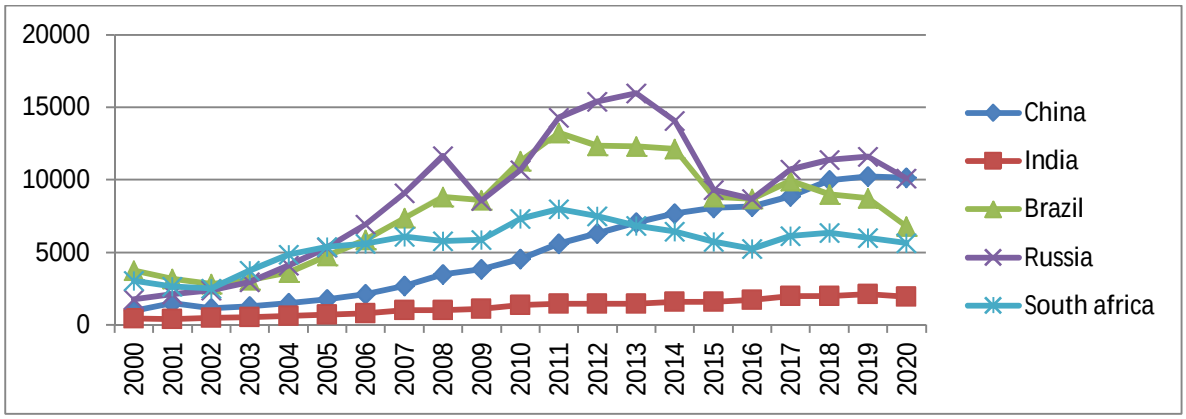


Source: World Bank

Economic progress of India, Russia and Brazil are moreover depending upon domestic demand mainly consumption. Whereas China is an export oriented market. BRICS nation's actual growth is reflected by the gross domestic products in terms of purchasing power parity (PPP). Every economy in the group accelerates its growth significantly in the 21st century. China and India especially witnessed major growth. China crosses the mark of 23 trillion $ economy whereas India touches almost 10 trillion $ mark in 2019. BRICS as a group emerge as a global economic power where the joint contribution of these emerging economies crosses the mark of 40 trillion $. It indicates that BRICS as major aliens of top emerging economies.

The GDP growth of BRICS nation in terms of PPP is dominant by China with huge growth of almost 6 times in the first two decade of 21st century. Russia and India witnessed growth of 4.4 times and 4.3 times respectively in the period of the year 2000-01 to 2019-20.Brazil and south Africa undergone with the lesser growth among BRICS nation. Brazil becomes the least growing country with growth of just double. However South Africa performed just better than Brazil with GDP (PPP) growth of 2.2 times in the period.

E. GDP Per Capita (Current Us$)



Source: World Bank

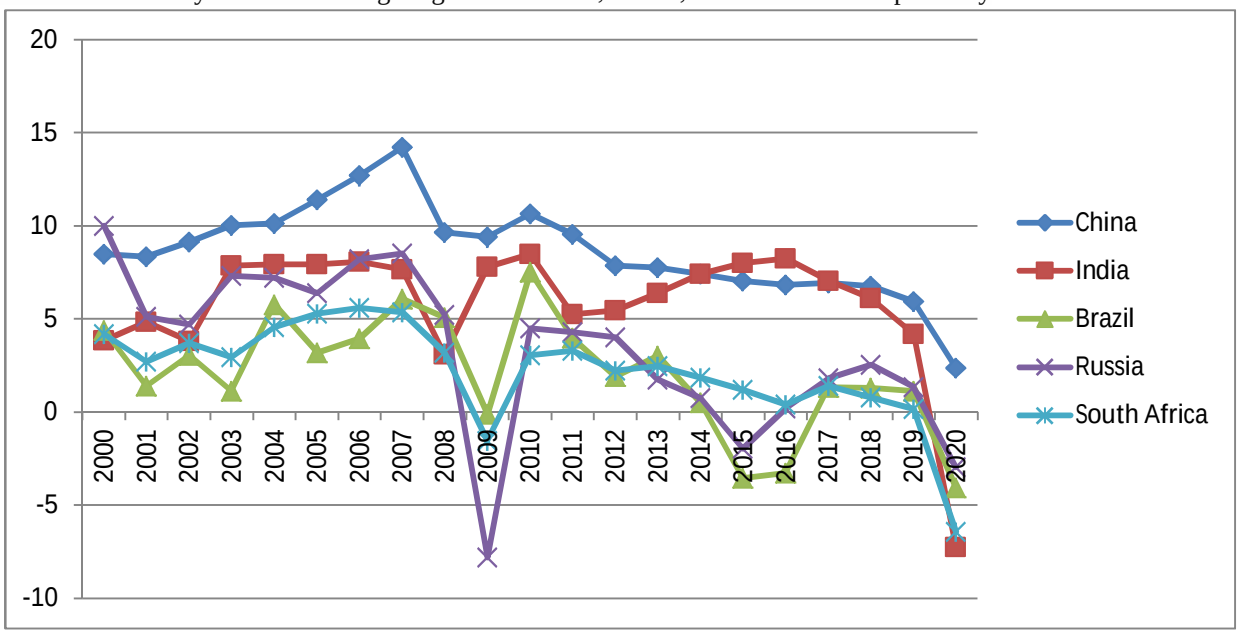
The BRICS countries contain more than 40% of the world population. Major economies in the group (China and India) have a high density of people. Other countries have not had that much dense population. Therefore Russia and Brazil have much higher per capita income in comparison with other nations.

South Africa performed better than India in terms of per capita income because of a reasonably low population and growing economy. China shows an exponential growth in per capita GDP although it has the highest population in the world. The main reason is the rapidly growing Chinese economy over the period of the last 2 Decades. China improves its dominance regionally as well as internationally as it becomes a global export hub, skill and technology transfer and also provides debt to some economically backward countries.

China becomes an economy of 15 trillion dollars as it is obvious in rising per capita GDP. Besides China, the Indian economy is the major contributor of global production in the BRICS group but has a GDP per capita of almost 2,000 $. Even Brazil and South Africa are close to the $7,000 mark of 7,000 $. The high contrast is due to the disparity of population size. China has almost the same GDP per capita as Russia. Because China is 10 times larger than Russia in population as well as in GDP. Additionally the main reason behind the disparity in per capita GDP of India and South Africa is the huge population size of India. India has a population size of 23 times and Nominal GDP of 7 times bigger than South Africa.

F. GDP Growth Rate (Annually)

In the 20th century, developed economies contributed a major portion in world production. But the trend is reversed from the nineties and in the beginning of the 21st century. In the last two decades of the 20th century, the average growth rate of developing economies crossed the bar and registered 3.6% annual growth. While on the other hand developed countries grew at an average growth rate of 2.9% annually. Developing economies stretched their economic growth to 6.2% in comparison with 1.9% of developed economies in 2000-2010. In the bunch of developed economies, BRICS nations performed much significantly well with an average growth rate of 7.9% between 2000-2010. Despite a major financial crisis in 2008, these emerging economies showed appreciable growth after a small dip. The average yearly GDP growth of China was reported higher than India. India achieved a combined growth of 6.46 %, 7%, 6.5%, 3.6% during the period of 2000-2005, 2006-2010, 2011-2015 and 2016-2020. On the other hand, the Chinese economy attains much higher growth of 9.5%, 11.3%, 8.3% and 6.7% respectively



Source: World Bank

China is almost leading in annual growth rate with the start of this century followed by India. The two emerging economies dominate the world economic progress. Russia and Brazil economies are much more flexible in comparison with other BRICS nations. Both economies have suffered negative growth rates for more than once in the past 2 decades. China witnessed continuous growth rate of more than 6% before the year 2020-21. It also emerges as positive growing economy in the pandemic where all economies in the world incurred negative growth rate. The period between year 2003-04 to 2011-12 proved as golden run for china where it experience close or more than 10% rate of growth continuously. Despite china, India becomes the only country who never undergone with negative rate of growth. Most of the time during the two decades, India experience a constant growth rate between 5-10%. But in pandemic time India becomes the economy that affect worst in comparison with other BRICS nation.

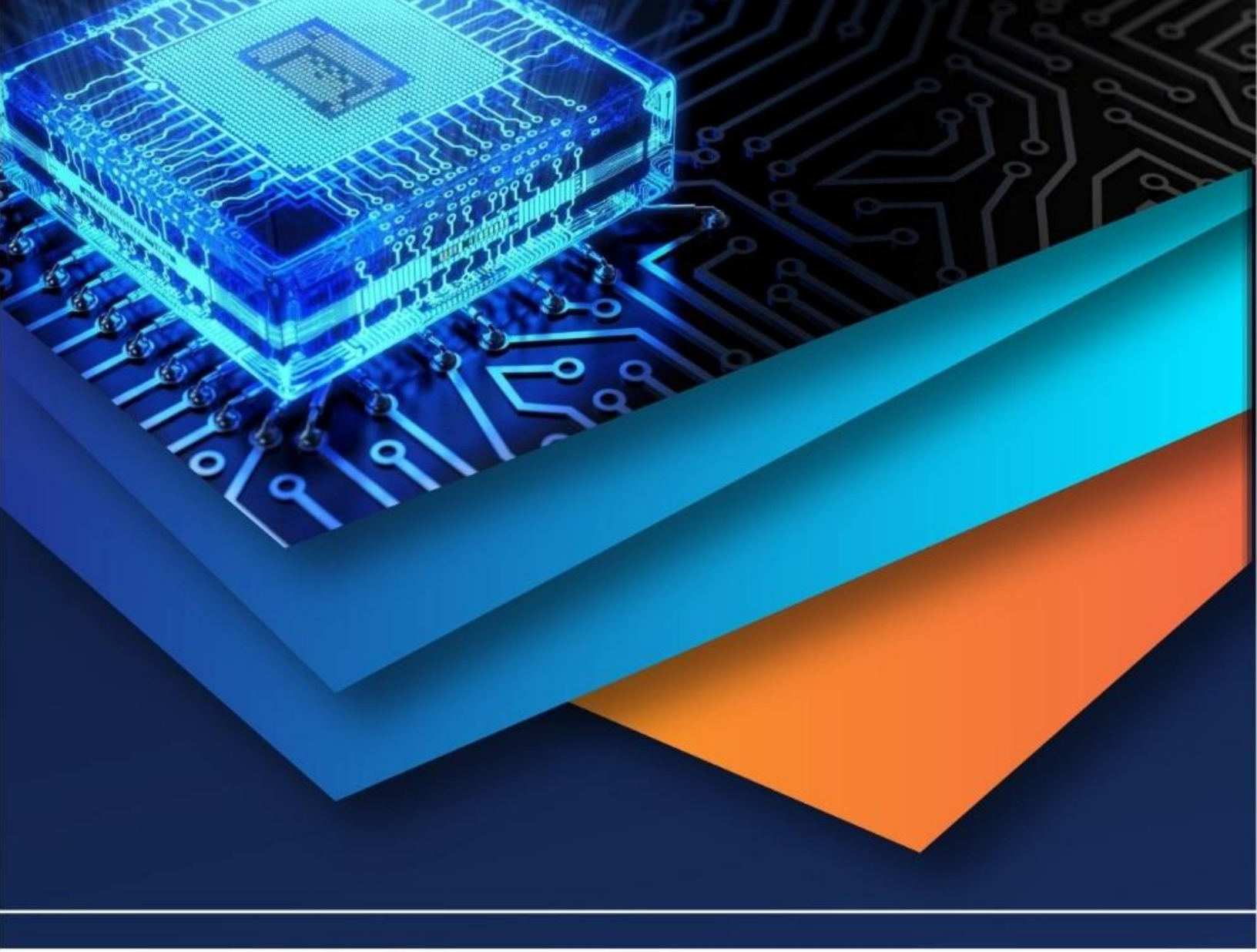
IV. CONCLUSION

BRICS is an acronym used for the emerging economies of the world namely Brazil, Russia, India, China and South Africa. South Africa became the latest induction in well constructed BRIC group in the year 2010 BRICS group influence in the world economy measured by the representation in global trade and investments. The group of emerging economies represents 19% of global exports, 16% of global imports with 19% of an inflow of direct investment and almost the same amount of outflow on the international stage. Besides these figures there are many features of the BRICS group which ultimately shows its dominance at the world stage. 41% of world population with 3.14 billion people with a combined land surface of 29.3% of the world and mounting economic performance exhibits the sheer importance and significance of the group at world stage. It is also assumed that by 2050, BRICS nations would possibly overtake most of the current major economies in wealth. China is almost leading in annual growth rate with the start of this century followed by India. The two emerging economies dominate the world economic progress. Russia and Brazil economies are much more flexible in comparison with other BRICS nations. The luxury of huge manpower and low production cost are the reasons for huge growth especially in India and China. Economic progress of India, Russia and Brazil are moreover depending upon domestic demand mainly consumption. Whereas China is an export oriented market. Russia and Brazil have much higher per capita income in comparison with other nations. South Africa performed better than India in terms of per capita income because of a reasonably low population and growing economy. China shows an exponential growth in per capita GDP although it has the highest population in the world

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