

The Evolution of BRICS in International Political Economy

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Abstract

In an era of regional integration and interdependence, organisations like the Brazil, Russia, India, China and South Africa (BRICS) can play a meaningful role in not only the international level but also regionally. The recent summit of the BRICS reiterates that more cooperation is needed at various levels.¹ It calls for a more representative international financial architecture demanding an increase in the voice and representation of developing countries. The establishment has also improved international monetary as well as trade systems which can serve the interests of all countries and support developing economies. This paper analyses the tendency of BRICS towards economic integration, its evolving nature in global political economy both political as well as economical aspects.

Key Words: BRICS, International Political Economy, Political Interdependences, and Economic Interdependences

Introduction

In an era of regional integration and interdependence, organisation of countries like Brazil, Russia, India, China and South Africa (BRICS) can play a meaningful role in international level as well as regional in years to come. The recent summit, (2016) of the BRICS reiterates that more cooperation is needed at various level. The BRICS focused on more representative international financial architecture demanding an increase in the voice and representation of developing countries and the establishment improved international monetary as well as trade systems that can serve the interests of all countries and support developing countries. Moreover, these economies are experiencing large scale growth and are now significant contributors to the global economy. One must acknowledge the fact that the BRICS countries are composed of various political systems in various subcontinents, but in a changed context, came together under the category of ‘developing countries’ in broader terms (Jayan, 23, January, 2013).

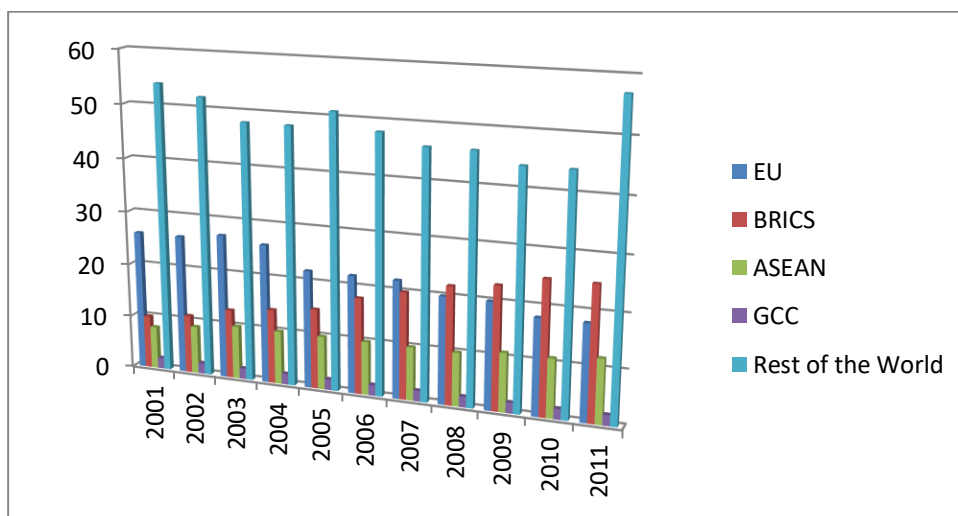
The BRICS is a group which promotes the interest of the global South within a multilateral system. It constitutes of different political system which are authoritarian, totalitarian, democratic and federal characters. This consensus gives them the ability to influence global

decision making and safeguard developing countries interests and concerns. The BRICS has projected itself as an independent group in a fast changing world. The BRICS is a relatively new group and its institutional structure is still evolving. A number of cooperation mechanisms have been developed, including the Action Plan and meetings of foreign, finance and trade ministers as well as central banks governors are taking place on a yearly basis to further enhance the working of this institution.

The BRICS economies have grown quite resilient to global shocks due to flexibility of their markets and economic policy frame works. Through increased trade and investment linkages, the BRICS countries are also increasingly growth drivers of low income countries (IMF report, 2011). The rich flow of FDI within this group, trade flows, and migration flows have substantiated their economic growth and development. These factors are considered to be evolving growth factors of their economic growth and development.

The BRICS does not represent a region (against a well- known gravity model)². Moreover mutual concerns and interest forms the core of this group in which regionalism is promoted through economic integration and interdependence among member states. The BRICS is usually referred to as a ‘Three trillion dollar trade’ club. In fact the total trade of BRICS is recorded as 3.41 Trillion USD, although it may be a convincing argument to consider the BRICS as a major trading bloc in international trade (IMF report, 2011). Thus trade is one of the integral factors uniting BRICS countries as a group.

Figure 1
BRICS share of World Trade (% of Share)

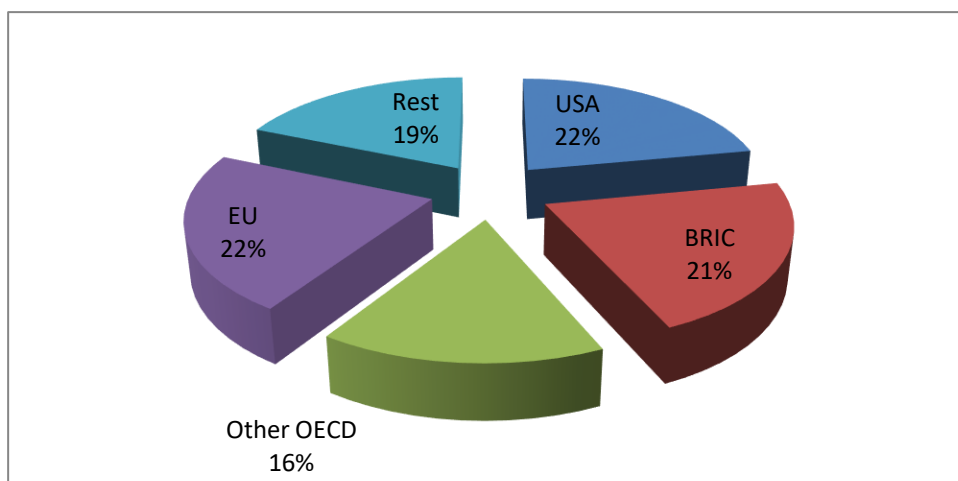


Source: IMF report, 2012.

However, the above figure 1 looks at the BRICS in comparison with other trade and economic blocs such as the EU, ASEAN, GCC, and Rest of the world. The BRICS trade has increased significantly since 2001 and have overtaken the EU, which reflects the importance of BRICS as an emerging trade bloc. The published statistics support the view that the BRICS is indeed a trade bloc, with China being the major player (IMF report, 2012). The above (figure 1) provides statistical evidence that the BRICS is evolving itself by contributing to world growth and development. According to Goldman Sach's estimate from 2012, the BRICS countries would continue to show strong economic growth rates in post global financial crisis period (Wilson, Burgi and Carlson, 2011, p.4). This estimation also substantiated the argument for BRICS economic growth and development.

While it is difficult to predict exactly how it will look like in 2050, there is no doubt that a 'great economic convergence' is taking place between the economies of developed and emerging markets (Beausang, 2012). In the year 2000, the GDP, in terms of PPP (see figure 2) of US was at 22 percent in the world while the GDP was slightly larger than 21.4 percent of combined BRICs.

Figure 2
Percentage Share of Global GDP at PPP in USD, 2000

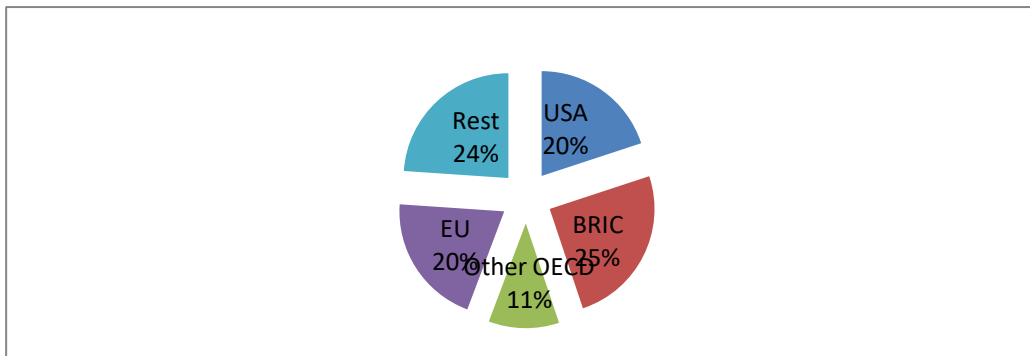


Source: IMF, World Economic Outlook, May 2001.³

Ten years later, the combined GDP of BRIC's was (see figure 3) 12 Trillion USD, or approximately 25 percent of world GDP, larger than US contribution of 20 percent. These changes in the BRIC's contribution to world GDP was accomplished by consistently high growth rates in the BRIC's, particularly in China and, to a lesser extent India. This dramatic

change is the evidence that BRICS countries have influenced international economic growth which over take EU, and USA. In this context financial crisis made apparent change in BRICS economies for less effective rather than the EU and USA. This was one of the reason BRICS is one of the largest credential factor of global economy.

Figure 3
Percentage share of Global GDP at PPP in USD 2011



Source: IMF, World Economic Outlook, October, 2011.

In this group China is the leading player and according to Magnus, China claims on being a global super power based on the following factors (World Economic Outlook, 2011).

- 1) It is the world's largest creditor nation.
- 2) Its economy is sufficiently large to have material impact on the global economy.
- 3) It is engaging consistently with global trade and capital markets.
- 4) It is a major consumer and participant in global energy market.

Moreover India and Russia are holding second position in this list. Brazil and South Africa are holding next position respectively on the above criteria. In this context China and India are given largest market access for Russian, Brazilian, and South African natural resources. These factors play a major factor to create strong solidarity and cooperation.

1) Trade Profile of BRICS

The trade is one of the growth parameters of any countries economic development. The free flow of goods and services (within the region) leads to strengthen their economic interdependence. The individual composition of exports reflects the diverse resource endowments present within BRICS (figure 4). This presents a significant opportunity for leveraging existing trade ties and cooperation while serving the economic growth and

development agenda, a necessary precursor to faster socio-economic convergence with advanced economies (Saran, and Singh, 2013).

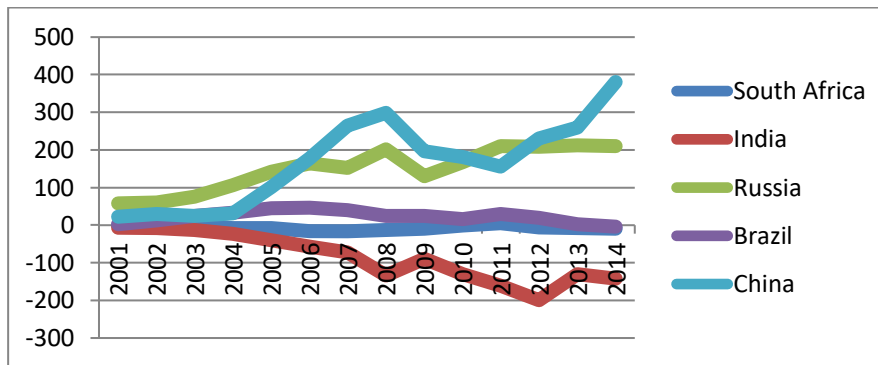
Trade in goods and services provide opportunities in multiple sectors for cooperation among the BRICS countries, which can be mutually beneficial (figure 4). Brazil is currently a major producer of bio-fuels and may eventually be a major energy provider to the Chinese and Indian economies, which have significant energy demands. Brazil also dominates the export of agrochemical products, which feature prominently in the import baskets of Russia, India and China. Russia's vast natural gas and oil reserves can help sustain the energy demands of the other BRICS economies. India's robust service sector growth gives it a competitive advantage. China's export of manufactured goods, machinery and textile products feeds the global consumer markets. South Africa holds vast mineral deposits essential for industrial development in other countries, and its growing service sector makes it an increasingly investment-friendly destination.

The share of BRICS in global trade has increased significantly over the last two decades. In 1990, BRICS accounted for only 3 percent of global trade. This share doubled by the turn of the century in 2011, BRICS accounted for 19 percent of global exports and 16 percent global imports of goods and services in 2013 (Mathur and Gupta, 2013 pp.80-85).

The year –on – year double digit growth in merchandise trade made China the largest exporter and second largest importer of merchandise goods in 2011. Russia and India have also entered into the list of top 20 world merchandise exporters and importers. In merchandise export trade, Brazil falls in the top 20 list. China, Russia and Brazil have surplus on merchandise trade balance; India and South Africa have deficits.

On the trade related to service, all the BRICS economies including South Africa have recorded robust double digits growth in exports and imports. China and India are in top ten rankings for trade in services, while India has a trade surplus in services. It is not enough to offset its merchandise trade deficit; other BRICS economies have a deficit in the trade balances in services. The trade balance (merchandise) of the BRICS has been mapped in figure 4. China and Russia has the sizable trade surplus, in excess of 200 Billion USD. On the other hand, India is running a trade deficit of same magnitude (Mathur and Gupta, 2013, pp.80-85). South Africa balanced trade balance among this group in 2014.

Figure 4
Trade Balance (Billion USD)



Source: Based on World Bank and IMF web sites, <http://data.worldbank.org>

2) BRICS's Engagement in Global Environment

The first meeting of the BRICS grouping took place between leaders from Brazil, Russia, India and China, in Yekaterinburg, Russia on 16 June 2009. At the first meeting, the BRIC (not included South Africa) countries discussed the situation of the global economy and other pressing issues of global development, and also prospects for further strengthening the BRIC group.

The first meeting took place in the context of emerging global financial crisis, and in the first summit communiqué released after the summit the BRIC leaders stressed the central role played by the G20 summits in dealing with financial crisis. In doing they emphasized that financial crisis had brought about a recognition that global economy could no longer be managed by the G8⁴ alone, but that a wider grouping of states, including the BRIC countries was now critical to co-managing the global economy, and especially the global financial system.⁵

The second meeting of the BRICS leaders was held in Brasilia on 15 April 2010. The summit communiqué released after this summit said that the leaders had met to discuss major issues on the international agenda as well as to take concrete steps to improve cooperation and coordination within the BRICS group.⁶ In this statement the BRICS countries underlined their support for a “multi-polar, equitable and democratic world order, based on international law, equality, mutual respects, cooperation, coordinated action, and collective decision making of all states.”

The third summit took place in Sanya, China on 14 April 2011, and at this meeting the Republic of South Africa joined this group and it was renamed the BRICS group.

The Sanya declaration joint statement stated that “... the world is undergoing far reaching, complex and profound changes, marked by the strengthening of multi-polarity, economic globalization and increasing and interdependence”. While facing the evolving global environment and a multitude of global threats and challenges, the international community should join hands to strengthen cooperation for common development. Based on universally recognized norms of international law and in a spirit of mutual respect and collective decision making, global economic governance should be strengthened, democracy in international relations should be promoted, and the voice of emerging and developing countries in international affairs should be enhanced.⁷

The fourth summit of the BRICS countries took place in the capital of India, New Delhi; on 29 March 2012. The fourth summit communiqué further articulated the BRICS visions as: “...of a future marked by global peace, economic and social progress and enlightened scientific temper. We stand ready to work with others, developed and developing countries together, on the basis of universally recognized norms of International law and multilateral decision making, to deal with the challenges and the opportunities before the world today. Strengthened representation of emerging and developing countries in the institutions of global governance will enhance their effectiveness in achieving these objectives”.⁸ The above statement gave a clear picture about BRICS concerns and interests arising out of a multilateral system. This statement gave the meaning of BRICS protecting and promoting developing countries concerns and interests.

Moreover this reflected a gradual shift in the focus of the BRICS, away from its origin as an aspiring group that had in common an alternative vision for the future, to a group that was more present in current international affairs, and that actively cooperated to pursue common interests in a broad range of international forums in multilateral system.⁹

The fifth summit of BRICS leaders was held in Durban, South Africa on 27 March, 2013. The summit communiqué stated that the discussion at the fifth summit reflected the growing intra BRICS solidarity as well as its shared goal to contribute positively to global peace, stability, development and cooperation. Moreover the summit communiqué also stated the BRICS aim to develop itself progressively into a full -fledged mechanism of current and long term coordination on wide range key issues of the world economy and politics.¹⁰

The last summit (8th) held at Goa, they strongly condemn several terrorist attacks, against some BRICS countries, including that in India. They strongly condemned terrorism in all its forms and manifestations and stressed that there can be no justification whatsoever for any acts of terrorism, whether based upon ideological, religious, political, racial, ethnic or any other reasons. They agreed to strengthen cooperation in combating international terrorism both at the bilateral level and at international forums (8thBRICS Summit Reports, 2016, p. 12). To address the threat of chemical and biological terrorism, they supported and emphasised the need for launching multilateral negotiations on an international convention for the suppression of acts of chemical and biological terrorism, including at the Conference on Disarmament. In this context, they welcomed India's offer to host a Conference in 2018 aimed at strengthening international resolve in facing the challenge of the WMD-Terrorism nexus.¹¹ This will emancipate BRICS role in counter terrorism, which aimed to seek demoralizing terrorist activities in global arena.

They acknowledged the recent meeting of the BRICS High Representatives on National Security and, in this context, welcomed the setting up and organising the first meeting of the BRICS Joint Working Group on Counter-Terrorism on 14 September 2016 in New Delhi.¹² They believed that this will further promote dialogue and understanding among BRICS nations on issues of counter terrorism, as well as coordinate efforts to address the scourge of terrorism.¹³ This initiative provides substantial evidence of the BRICS action against terrorism for the creation of a peaceful global atmosphere.

To conclude that the communiqués released after first eight summits of the BRICS countries articulate an alternative vision for a new global order that is more democratic, just, fair, rule based, and which requires the collective decision making and co-management of all states, both when it comes to the specifics of international financial system and its institutions, but also more broadly as it pertains to international trade and the political system, including global institutions like the UN.¹⁴

With concepts like democracy, fairness and rule governed behaviour, the BRICS countries are signalling that they perceive that current global order to be undemocratic, unjust and arbitrarily manipulated by a dominant super power supported by an alliance of developed countries in the North. The BRICS hold that the existing global governance architecture is regulated by institutions that were developed to deal with a very different set of challenges and opportunities. As the global economy is being reshaped, the BRICS should explore new

models and approaches to global governance which strives for more equitable development and inclusive growth.¹⁵

3) Global Threats and Challenges: The Political Perspective of BRICS

BRICS has a political aim namely to redefine global inequality at the level of the International political economy. The BRICS vision for a new global order according to the communiqué released after the first summit states that BRIC countries should “underline our support for a more democratic and just multi-polar world order based on the rule of international law, equality, mutual respects, cooperation, coordinated action and collective decision making of all states. We reiterate our support for political and diplomatic efforts to resolving disputes in International Relations.”¹⁶

The BRICS leaders went on to express their strong commitment to multilateral diplomacy and they recognize the central role played by the UN in dealing with global challenges and threats. At the same time, they also affirm the need for a comprehensive reform of the UN with a view to making it more efficient. Two of the BRIC countries China and Russia, are permanent members of Security Council, and other two Brazil and India have been strong advocates for the reform of the Security Council, and have at times expressed an interest in serving on such a revised security Council. China and Russia, although in favour of Security Council reform, also have vested interest to maintain in their current privileged position. Explaining their views after the first summit, they mentioned that “we reiterate the importance we attach to the status of India and Brazil in international affairs and support their aspirations to play a greater role in UN.”¹⁷

The communiqué released after the second summit express the strong commitment of the BRICS countries to multilateral diplomacy, with the UN playing the central role in dealing with global challenges and threats.¹⁸ The BRICS countries again reaffirm their support for comprehensive reform of the UN, with view to making it more effective, efficient and representation.¹⁹

The reference to multilateral diplomacy and a central role the BRICS countries assign to the UN for managing conflicts reflects on a deep unease, what these countries view as unilateral action by west to resolve conflicts by either imposing its norms and values via manipulation of the UN, or by bypassing the UN altogether. The first two communiqués indicate that the

BRIC countries are especially critical of the action by the West that involves support for specific movements or political parties in non-western countries.

In the communiqué released after the third summit, the BRICS again expressed its strong commitment to multilateral diplomacy with UN playing the role in dealing with global challenges and threats.²⁰ The third summit communiqué again reaffirmed this need by mentioning about the Security Council. However, it does not mention anything specific on Security Council reform other than the present standards sentence within the existing permanent members of Security Council like China and Russia, acknowledged the important role of Brazil, India and South Africa and their aspirations to play a greater role in international affairs.

4) **BRICS and Post Financial Crisis**

In the communiqué released after the first summit it is stressed that BRICS countries are committed to advance reform of international financial institutions, so as to reflect changes in the world economy. The summit communiqué states that emerging and developing economies must have a greater voice and representation in international financial institutions, and that their heads and senior leadership should be appointed through an open, transparent and merit based selection process.²¹

In the communiqué the BRICS leaders call for a stable, predictable and more diversified international monetary system, and they go on to suggest a set of principles on which a reformed financial and economic architecture should be based, namely; democratic transparent decision making and implementation process in international financial institutions; a solid legal basis; compatibility of activities of effective national regulatory institutions and international standard setting bodies; and a strengthening of risk management and supervisory practice.

These principles were the first indication of collective BRICS vision for a new financial and economic order, namely one that is rule based, democratic and transparent. These are all things that reflect the desire to constrain the dominance of West in the international financial system and its institutions, and these concepts take on wider meaning and also apply to the political dimension of the BRICS vision for a new global order.

In the communiqué the BRICS countries also stress the important role that will be played by international trade and Foreign Direct Investment in the recovery of the world economy, and

the Chinese and Indian economies were regarded at the time as critical to recovery of the world economy. The BRICS leaders also use this opportunity to call for significant changes in the international environment by calling for a more stable multilateral trading system, and curbing of trade protectionism. They are thus once again signalling that they perceive the current system to be dominated and manipulated by the West, and that they want to see a new global order that is more stable, predictable and fair.²²

The communiqué released after the second summit again stresses the central role played by the G20 in combating the global financial crisis. The BRICS countries state that they welcome the fact that the G20 was confirmed as the premier forum for international economic coordination and cooperation of all its members' state. When they do so they are reflecting back on the previous decades, when the G8 dictated global financial and economic policies. The communiqué goes on to articulate clearly that compared to previous arrangements, the G20 is broader, more inclusive, diverse, representative and effective with regard of BRICS.

With regard to the reform of the global financial institutions, the BRICS countries regard the Breton Woods institutions, as currently managing the global financial system in its interest. The second BRICS summit communiqué goes further than the first one and states that the BRICS countries will strive to achieve an ambitious conclusion to the ongoing and long overdue reforms of the Breton Woods institutions. It states that the IMF and World Bank urgently need to address their legitimacy deficits, and goes on to make specific suggestions. For instance, the communiqué states that reforming these institutions governance structures requires a substantial shift in voting power in favour of emerging market economies and developing countries to bring their participation in decision making in line with their relative weight in the world economy.

The communiqué also says that the BRICS countries agree on need for an open and merit based selection method, irrespective of nationality, for leadership positions of the IMF and World Bank, and that the staff of these institutions also needs to reflect better the diversity of their membership.

The communiqué then states that the BRICS leaders have asked their finance ministers and central bank governors to look into regional monetary arrangements and to discuss modalities of cooperation between their countries in this area. The frustration the BRIC leaders have expressed with the slow reform of these global financial institutions has resulted in the

BRICS countries establishing their own intra-BRICS financial arrangements as well as an alternative development bank that is intended to serve the interest of the developing rather than the developed world. This decision at the second summit can thus be seen as the starting point of this development.²³

At the third and fourth summits the communiqués concluded that whilst the BRICS countries recovered relatively quickly from global crisis, growth prospects worldwide remain low due to market instability, especially in the Euro Zone. The communiqués make it clear that the BRICS countries blame the building sovereign debts and concern over medium to long term fiscal adjustment in advanced countries for creating uncertain environment for global growth. The BRICS state that it is critical for advanced economies to adopt responsible macro economic and financial policies, avoid creating excessive global liquidity and undertake structural reforms to lift growth that creates jobs.

The BRICS also express concern about the risk of large and volatile cross border capital flows being faced by emerging economies, and they call further international financial regulatory oversight and reform, strengthening policy coordination and financial recognition and supervision cooperation, and promoting the sound development of global financial markets and banking system.

In this context, the communiqués reaffirm the primary role of the G20 as the main forum of international economic cooperation, and argue that its role at this juncture is to facilitate enhanced macroeconomic policy coordination, to enable global economic recovery and secure financial stability, including through an improved international monetary and financial architecture. The BRICS communiqué also calls for more representative international financial architecture, with an increase in the voice and representation of developing countries and the establishment and development of a just international monetary system that can serve the interest of all countries and support the development of emerging and developing economies.

The summit communiqués again singled out the IMF for particular action and call on the urgent implementation of the 2010 governance and quota reform, as well as a comprehensive review of the quota formula better to reflect economic weights and enhance the voice and representation of emerging market and developing countries by January 2013.²⁴

Moreover the BRICS communiqué also argues that the nature of the World Bank should be that of an institution that efficiently mediates North-South cooperation to an institution that promotes equal partnership with all countries as a way to deal with development issues and overcome an outdated donor – recipient dichotomy.

At the fifth summit, the BRICS countries evaluated the policy actions of Europe, the US and Japan aimed at reducing risks in the world economy. The communiqué notes that some of these actions produced negative spill over effects in other economies, it argues that significant risks remain and that the performance of the global economy still falls behind the BRICS expectations. The BRICS also underscore the need for appropriate action to be taken by advanced economies in order to rebuild confidence, foster growth and secure a strong recovery.

The various BRICS summits also address the central role of energy in world economy, and its implications for the global climate. The summit communiqués say that the BRICS countries welcome a constructive dialogue on how to deal with climate change based on the principle of common but differential responsibility given the need to combine members to protect the climate with steps to fulfil the socio-economic development projects of the BRICS countries. In the field of energy and climate change the BRICS countries are thus signalling a vision for co-management of new global order that seeks to find a balance between the concern and interests of both the North and the South.

In the 8th BRICS summit held at Goa, during this summit they reaffirmed their commitment to a strong, quota based and adequately resourced IMF (borrowed resources by the IMF should be on a temporary allotment). They strongly committed to support the coordinated effort by the emerging economies to ensure that the Fifteenth General Review of Quotas, including the new quota formula, will be finalised within the agreed timelines so as to ensure that the increased voice of the dynamic emerging and developing economies reflects their relative contributions to the world economy, while protecting the voices of least developed countries (LDCs), poor countries and regions.²⁵ Moreover they welcomed the inclusion of the RMB into the Special Drawing Rights (SDR) currency basket on 10 October 2016.²⁶

The summit of WTO, BRICS reiterated their support for the multilateral trading system and the centrality of the WTO as the cornerstone of a rule based, open, transparent, non-discriminatory and inclusive multilateral trading system with development for their core agenda. They noted the increasing number of bilateral, regional, and multilateral trade

agreements, and reiterate that these should be complementary to the multilateral trading system and encourage the parties there on to align their work in consolidating the multilateral trading system under the WTO in accordance with the principles of transparency, inclusiveness, and compatibility with the WTO rules.²⁷ They appreciated the progress in the implementation of the Strategy for BRICS Economic Partnership and emphasise the importance of the BRICS Roadmap for Trade, Economic and Investment Cooperation until 2020.²⁸ They believed close cooperation between the sectoral cooperation mechanisms, BRICS Contact Group on Economic and Trade Issues, the BRICS Business Council, New Development Bank and the BRICS Interbank cooperation mechanism is crucial in strengthening the BRICS economic partnership.²⁹ They welcomed, in this context, the continued realisation of the major BRICS economic initiatives such as enhanced cooperation in e-commerce, “single window”, IPR cooperation, trade promotion and micro, small and medium enterprises (MSMEs). They recognised non-tariff measures (NTMs), services sector, and standardisation and conformity assessments as possible areas of future cooperation. They noted the meeting of BRICS Trade Ministers in New Delhi on 13 October 2016 and welcome its substantive outcomes.³⁰ These economic initiatives are the evidence of their inclusiveness in this group through promoting synergies and complementarities among this group, which lead to institutional integration process.

They welcomed India's initiative to host the first BRICS Trade Fair in New Delhi. This is an important step towards the implementation of Strategy for BRICS Economic Partnership. They believed that this will further consolidate trade and commercial partnership among BRICS countries. The BRICS trade fair will help in future through promoting start up projects and increasing capabilities among the young skilled population within the BRICS. This trade fair help to promote people to people contact within the BRICS countries,

The BRICS leaders are agreed that Medium-Small Scale Market Enterprises (MSMEs), which provide major employment opportunities, at comparatively lower capital cost, and create self-employment opportunities in rural and underdeveloped areas. MSMEs thus help assure equitable wealth distribution nationally and globally.³¹ They commend organisation of BRICS second round-table on MSMEs by India with a focus on technical and business alliances in MSMEs Sector. They agreed to work for greater integration of MSMEs in Regional and Global Value Chains.³² This initiative will attract foreign direct investment on Medium and small scale industries in BRICS countries which make strong economic growth

in grass roots level of economy. This would be reducing poverty eradication in rural and urban areas of BRICS countries through given mass employment opportunities.

Moreover they stressed the importance to foster an innovative, invigorated, interconnected and inclusive world economy. They enhanced their consultations and coordination on the G20 agenda, especially on issues of mutual interest to the BRICS countries, and promote issues of importance for the Emerging Market and Developing Economies (EMDEs). They will continue to work closely with all G20 members to strengthen macroeconomic cooperation, promote innovation, as well as robust and sustainable trade and investment to propel global growth, improve global economic governance, enhance the role of developing countries, strengthen international financial architecture, support for industrialisation in Africa and least developed countries and enhance cooperation on energy access and efficiency. They stressed the need for enhanced international cooperation to address illicit cross-border financial flows, tax evasion and trade mis-invoicing.³³ They considered that G20 is a good platform for protecting developing countries concerns and interests, capable to change international order. This platform will enhance South –North cooperation in global affairs like on international issues terrorism, refugees' issues, and environmental and sustainable development issues.

In addition they strongly emphasised the importance of enhancing intra-BRICS cooperation in the industrial sector, including through the BRICS Industry Ministers Meetings, in order to contribute to the accelerated and sustainable economic growth, the strengthening of comprehensive industrial ties, the promotion of innovation as well as job creation, and improvement of the quality of life of people in BRICS countries.³⁴ These made the peculiar initiative for job seekers and fulfil their dreams within the BRICS countries through industrial cooperation between themselves.

They commended during the Goa summit that their Customs administrations on the establishment of the Customs Cooperation Committee of BRICS and on exploring means of further enhancing collaboration in the future, including those aimed at creating legal basis for customs cooperation and facilitating procedures of customs control.³⁵ They noted the signing of the Regulations on Customs Cooperation Committee of the BRICS in line with the undertaking in the Strategy for BRICS Economic Partnership to strengthen interaction among Customs Administrations.³⁶ These initiatives are enhanced simplifying customs rules and

regulations related with trade which leads to reduce tariff and non- tariff issues between BRICS member states.

With an evaluation of the above given facts, it can be said that the macroeconomic, financial, energy, climate change and development policies of the BRICs countries, as reflected in the outcomes of the eight summits held between 2009 and 2016, thus clearly reflects a strategy aimed at bringing about a world order that will reflect a new system that is no longer central around serving the interests of the Western developed world, but instead seeks to find a balance between North and South. The vision of BRICS for economic, financial and development dimensions towards a new global order are thus closely aligned with the goals it seek to achieve.

Conclusion

To conclude that the economic growth of BRICS is unquestionably the stepping stone to its development, which is going to benefit around 43 percent of world population dwelling in the five member countries. One of the major objectives of the group is the development of a multilateral system which supports developing countries interests and concern in global level. It can be seen that regarding certain issues, the BRICS act as coalition block within a multilateral system on issues related to IPR, antidumping, environment, food subsidies and IMF quota reform. Another important power orientation of BRICS is that the memberships of countries like Russia and China had veto power (permanent members) and rest of the countries as non-permanent members in the United Nation Security Council, having a say on global security issues. This is the one of the aspect BRICS should promote shared democratic values in multilaterals institutions. Moreover the BRICS nations are members of major international institution like WTO, IMF, World Bank, G20, and UN which also influence the group on having the power to determine and negotiate on matters of international importance. The continental accessibility of countries such as like in Latin America, Africa, South Asia, Asia, and Eurasia enhances the increased role BRICS's in a global trade system and global politics. Moreover the authoritarian, totalitarian, democratic and federal interests working towards common concerns and interest makes it a unique group. In this context BRICS's intra-regional trade relations have made it possible to achieve trust and cooperation among the member states especially through the promotion of economic interdependence. As well defined institutional mechanism needs to be build in order to better evaluate and manage strong economic ties among the member states.

The geographical and political supremacy of the constituent countries in their own region should be used to further assert the role of BRICS, thereby giving it a strong voice in global politics. The BRICS Summits could be effectively used as a platform to promote bilateral discussions among other regional or non-regional groupings to which the constituent countries are part of. The new trend which can be noticed in the last few BRICS summits is the inclusion of neighbouring states of the member countries as partial stakeholders. These relations are visible in various summits held on Fortaleza (Mercosur countries), Durban (African countries), Goa (South Asian countries), and Ufa (Shanghai Cooperation members). This will further enhance the possibility of cooperation through bilateral and multilateral engagements and can be used to reinstate the BRICS identity in a complex and highly interdependent global arena. The BRICS association will become more transparent and division of powers within the institution will be ensured with by constituent bodies such as like New Development Bank, Contingent Reserve Arrangements, Business Forum, and Trade Union. It will help foster greater intra-regional trade among BRICS countries and in the setting up of a strong institutional architecture. This will help BRICS to solve and effectively negotiate political tensions among member states, thereby giving it legitimacy and a strong voice in a multilateral world order.

The BRICS's evolution on multilateral trade system is that it protects developing countries interests in multilateral forums like UN, IMF, WTO and G20 summits. The BRICS act as a bargaining coalition bloc for various causes like IPR, environmental issues, anti-dumping issues, labour standardization, and tariff issues. It aims at protecting developing countries interests and concerns against Western dominations in above mentioned multilateral forums. The countries like India and Brazil alone can't influence multilateral forums for which this organisation gives them a reasonable negotiating space in a multilateral system. So that major international institutions are like IMF, WTO is compelled to admit BRICS suggestions in their negotiations. The BRICS nations act as a bargaining coalition bloc in IMF meetings with regard of quota reforms. The next example is in the matter of Intellectual Property Rights issue (IPR), the BRICS nations considers it as a common issue which generated developing countries interests and concerns in IPR issues. At the first meeting itself, the BRIC countries discussed the situation of the global economy and other pressing issues of global development, and strengthening collaboration within the BRIC group. This results in BRICS synergies and complements with each other in terms of their economic cooperation. The concludes of the various communiqués released after first five summits of the BRICS

countries articulate an alternative vision for a new global order that is more democratic, just, fair, rule based, and which requires the collective decision making and co-management of all states, both when it comes to the specifics of international financial system and its institutions, but also more broadly as it pertains to international trade and the political system, including global institutions like the UN. The macroeconomic, financial, energy, climate change and development policies of the BRICS countries as reflected in the outcomes of the eight summits held between 2009 and 2016 clearly reflect a strategy aimed at bringing about a world order that will reflect a new political economy that is no longer central around serving the interests of the Western developed world, but instead seeks to find a balance between North and South in global politics. The vision of BRICS for economic, financial and development dimensions of a new global order are thus closely aligned with their vision for the political dimension. In this context BRICS summits and released communiqués are referred as integral part of their integration not in terms of economic dimension but in terms of political dimension. While considering the overall economic dimension of BRICS, its economic growth that is the stepping stone of its development. It gives the organisation a power over multilateral power which supported developing countries interests and concern at global level.

Another evolution factor is that the BRICS Business council coordinates multinational companies from BRICS countries for the adherence of deep integration among the group. Countries like India, Brazil and South Africa might give a good platform for receiving strong investment from China and Russia. The linkages between multinational companies and BRICS countries help in reducing tension and fostering deep cooperation among them.

For India, BRICS initiatives help in resolving bilateral issues with China in terms of border conflicts. The Chinese initiatives like One Belt One Road (OBOR) programme helps to resolve border conflict with India and supports India –China economic relationship. China is willing to start student exchange programmes with India which will take the sophisticated Sino-Indian relationship to a new dimension. The Sino-Indian relationship should be viewed more in economic rather than military and social terms. Here economic relationship becoming mutually benefiting for each other reduces conflict and finally leads to synergetic cooperation with two rich civilizations.

The Sikkim border between China and India has been a source of diplomatic and military tensions in bilateral relations since decades but India and China has grabbed international

attention lately, as tensions escalated over Doklam border issue. Growing tension between these emerging powers is a threat to the entire region and might have negative implications on the global economy since it is highly interdependent. By evaluating the occurrence of events in the current scenario, it can be said that the BRICS is the most effective forum for discussing and negotiating this issue. On the backdrop of accumulated tension between both countries, it is the responsibility of BRICS, as a political and economic alliance to retain its legitimacy and safeguard its member's interests.

The Chinese President Xi Jinping during the Seventh meeting of BRICS senior representatives on security issues in Beijing called for more cooperation among the BRICS countries on economics, finance and security. The security heads of the five-nation grouping, including India's national security adviser AjitDoval, was present there. With a military standoff on the Sino-India border, such bilateral negotiating forums can be opened up only through an organization like BRICS. Discussions were also made on this occasion between National Security Advisor AjitDoval and his Chinese counterpart Yang Jiechi to discuss a way forward in resolving the dispute between two countries and promoting peace. It is to be noted that even during previous BRICS meetings, the host country encourages the heads of the delegations to hold bilateral meetings in which they exchange views on bilateral relations, BRICS cooperation and multilateral affairs. Hence the BRICS meetings should be strategically seen as a platform to discuss political and security cooperation among nations, especially India and China.

The 9th BRICS Annual Summit will be taking place at China, Xiamen on September 2017. Considering the changing dynamics of international relations, the summit has adopted a global approach this time and invited five non-member states. However it will be a challenge for the group to safeguard the multilateral trade system and oppose protectionist policies that will have an adverse effect on developing economies. It is under these circumstances that the BRICS group becomes important in the current global scenario. In order to safeguard the interests of developing countries, the members should be able to resolve bilateral issues within the framework of the group and stand united in the forefront against various international issues. The withdrawal of troops by China and India prior to the 9th BRICS Summit gives green signal to this trend, providing a temporary resolution to Doklam issue.

The Contingent Reserve Arrangement (CRA) is another milestone initiative from BRICS summit which emphasized financial stability among the member states. Under this initiative

trade transaction is calculated through their own currencies, for example India can import from BRICS countries using Indian currency which makes appreciation tendency of Indian currency. Moreover India can import largely manufacturing products from China using Indian currency which satisfy our large domestic demand. Same way India can largely import crude oil from Russia to satisfy our domestic consumption through the medium of Indian currency. In other way India can import Brazilian minerals and metals to reduce raw material scarcity in our industrial sector using Indian currency. The same way India can largely import South African gold for maintaining financial stability using Indian currency. The CRA helps BRICS member states to reduce the use of US dollar in their trade transaction, which is good for their economy to reduce financial and macroeconomic instability. The CRA is a positive influential factor in BRICS intra-regional trade. It is these facts that make the CRA an integral part of regional integration in BRICS group which promote economic regionalism. This is a new dimension of regional integration in international political economy which does not emphasise geographical proximity. The BRICS is on an ongoing process of new dimension of regional integration, becoming possible through mutual interests and concerns. The BRICS intra-regional trade facilitates the member countries national interests into mutual interest. These factors play a vital role in BRICS regional integration process in the backdrop of the concept of economic regionalism. Moreover CRA becomes an important trade creation factor of BRICS regarding intra-regional trade, which results in member states becoming further economically interdependent.

The next major initiative from BRICS is an export credit arrangement which gives a favourable platform for trade to take place. For a country like India with balance of payments not favourable, this initiative greatly benefits exports growth and reduces the burden of trade deficit. The world trade depends on dollar terms trade, so that we can access anything from BRICS through credit bases. It is also an influential factor in India's foreign trade with regard to BRICS. This may favourer in the initiation of trade relations for BRICS member like Brazil, South Africa, and India along with Russia and China. This initiative will facilitate by reducing the trade gap between India and China, Brazil and China, South Africa and China, India and Russia, Brazil and Russia, and South Africa and Russia.

To conclude, the BRICS countries are home to 42 per cent of the world's population. Their total share in the global economy has risen from 12 per cent to 23 per cent in the past decade, while contributing to more than half of global growth with strong international voice on

power politics and that is good for the countries of the BRICS in the international political economy.

End Notes

¹www.risingpowersinitiative.org

²The gravity model of international trade in international economics, similar to other gravity models in social science, predicts bilateral trade flows based on the economic sizes (often using GDP measurements) and distance between two units.

³Accessed data from <http://www.imf.org/external/pubs/ft/weo/2001/01/>.

⁴G8 became G7 in March 2014 when Russia was excluded due to its annexation of Crimea.

⁵De Coning, Mandrup, and Odgaard (ed.). op. cit., p. 30.

⁶Joint statement of BRIC Countries' Leaders. (15, April, 2010).
<http://en.kremlin.ru/supplement/524/print>.

⁷Joint Statement by the BRICS Countries leaders. (14 April 2011). Sanya: Hainan, China. Paragraph 7.

⁸Joint statement by the BRICS Countries leaders. (29 March 2012). New Delhi: India. Paragraph 4.

⁹De Coning, Mandrup, and Odgaard. (ed.). op. cit., p.29.

¹⁰Ibid., p.30.

¹¹8th BRICS Summit reports.op.cit.

¹²Ibid.,

¹³Ibid.,

¹⁴Ibid., p.29.

¹⁵8th BRICS Summit reports. op. cit

¹⁶Joint statement by the BRICS Countries leaders. (16 June 2009). Yekaterinburg: Russia. Paragraph 12.

¹⁷Ibid., Paragraph 14.

¹⁸Ibid.,

¹⁹Ibid.,

²⁰Joint statement by the BRICS Countries leaders. Yekaterinburg.op.cit., Paragraph 14.

²¹De Coning, Mandrup, and Odgaard. (ed.). op. cit., p.38.

²²Ibid., p.38.

²³Ibid., p. 39.

²⁴Ibid., pp. 39-40.

²⁵8th BRICS Summit reports.op.cit., p.7.

²⁶Ibid., pp.7-8.

²⁷Ibid.,

²⁸Ibid., p.8.

²⁹Ibid.,

³⁰Ibid., P.8.

³¹Ibid.,

³²Ibid.,

³³Ibid.,

³⁴Ibid., pp.10-11.

³⁵Ibid., p.10.

³⁶Ibid., p. 9.

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