

EDITORIAL EJAFB  
BRICS FUTURE

PhD Professor Veronica GROSU

In recent months, against the backdrop of the war between Russia and Ukraine, we have witnessed an increase in animosities between different countries, such as the USA and China. We are seeing an amplification of the power of the BRICS countries as more and more countries of the world would like to join, which would obviously lead to the dispelling of the myth of the hegemony of a single international power and would consolidate the transition to a global multipolarism where countries that are rich in natural resources and less concerned with social welfare or the promotion of Western democratic benchmarks are predominant. In recent years, the BRICS has increasingly established itself in the global geopolitical arena as a platform for cooperation in all areas of the emerging countries entering its structure. Given the development of this system of economic cooperation, it is natural to wonder what the future of BRICS would be like. China and Russia's new challenge to the West begins with the BRICS summit. President Xi Jinping has criticized the "abuse" of international sanctions, while his counterpart Vladimir Putin has accused the USA and its allies of provoking a global crisis. Both leaders, linked by "boundless" friendship, agreed to call for greater cooperation between the BRICS countries - an acronym for Brazil, Russia, India, China, South Africa - to play a constructive role globally and push back against the USA.<sup>1</sup> Economically, the five countries, while united by being key emerging economies in their respective geographic regions, are far from a homogeneous group. China and India are major producers and importers of natural resources, while Brazil and Russia are major resource exporters. Moreover, politically, Brazil, South Africa and India are more or less consolidated democracies, China is an authoritarian country, while, despite the fact that its leaders have been elected through electoral processes, Russia seems not yet to have fully completed its process of democracy in transition.<sup>2</sup> Despite the negative effects generated by the COVID-19 pandemic, we note that the BRICS countries have managed to cope with it even better than other developed countries, registering an economic growth during this period.

Table no. 1 - GDP evolution during the pandemic and post pandemic period in BRICS countries compared to other emerging and developed economies

Countries	2021 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	Consist. Negative Growth since COVID19 Outbreak	Number of Quarters to Return to Positive Growth
<b>BRICS</b>									
Brazil	1.3	1.6	-0.3	-10.9	-3.9	-1.1	1.0		3
Russia	2.6	2.9	1.4	-7.8	-3.5	-1.8	-0.7	*	
India	-4.6	3.3	3.00	-24.4	-7.4	0.5	1.6		2
China	6.0	6.0	-6.8	3.2	4.9	6.5	18.3		1
<b>Other EMES in G 20</b>									
Turkey	1.0	6.4	4.5	-10.3	6.3	5.9	7		1
Indonesia	6.0	6.0	3.0	-5.3	-8.5	-2.2	-0.7	*	
Mexico	0.0	0.8	-2.2	-18.6	-8.5	-4.5	-2.9	*	
Argentina	0.4	0.4	-4.9	-19.9	10.1	-4.7	*		
<b>Advanced Countries</b>									
USA	-2.1	2.3	0.3	-9.0	-2.8	-2.4	0.4		3
Japan	1.3	1.0	-2.1	-10.3	-5.8	-1.3	-1.5	*	
	1.4	0.9	-1.9	-11.3	-3.7	-2.8	-3.2		

Source: CEIC, CRA Research Group<sup>3</sup>

BRICS performance in the first two decades of the third millennium is definitely two-speed. On the one hand, we have the incredible run of China, whose real GDP has grown by 980% since 2001 and on the other hand there is a small group led by India (+480%) and closed by Brazil and Russia. The COVID-19 crisis has further widened the gap between the first class and the others, with Russia now in the midst of a crisis due to the aftermath of the attack in Ukraine.<sup>4</sup> Some of

these countries, such as South Africa and Brazil, are still USA allies and are integrated into the its system; others, such as China and obviously Russia, are regarded by the USA as strategic enemies. India, on the other hand, has a more ambiguous attitude: it is closely tied to the USA in an anti-Chinese capacity, but not in an anti-Russian capacity, as various abstentions at the UN meeting following the Russian invasion of Ukraine have shown.

Brazil, being located in Latin America, is considered by the Americans as a country under their sphere of influence and in fact it is. However, from the USA point of view, Brazil should be kept in sight, precisely because it is the only South American state that would have the capacity to establish itself as a regional power on the continent. While Russia has acted militarily and strategically by infiltrating intelligence into Western countries, over the years, China has strengthened its trade partnerships in African and Asian countries, even reaching out to Europe. The New Silk Road remains Beijing's mortgage for the creation of that new global economic order in which China guides the balance of trade and the supply of basic raw materials. In fact, the BRICS intend to build a common financial infrastructure to counter the dollar's dominance and the International Monetary Fund's (IMF) special drawing rights. "By expanding local currency settlements, SCO countries would reduce the risk of being punished by the USA through financial means such as freezing US dollar assets involved in SCO countries' trade," said Dong Dengxin, director of Wuhan University's Institute of Finance and Securities.<sup>5</sup> On the other hand, over the past decade, BRICS countries have asserted the need to express unified positions in the world's major multilateral organizations, intensifying relations between member states. At the same time, they have also felt the need to change the architecture of the international financial and monetary system in order to reduce the role played by the US currency, to strengthen the resistance of member countries to capital outflows triggered by speculative economic processes and to reduce monetary stimulus by the Federal Reserve or launch possible external sanctioning strategies, as is happening today in the case of Russia.<sup>6</sup>

In conclusion, let's not forget that all the other four BRICS countries expressed their opposition to the sanctions imposed on Russia because of their repercussions on the global economy, which highlighted the main weakness of this instrument, namely not so much that they affect both the sanctioned and the unsanctioned, but rather that they cause a strong contrast between rich countries and emerging ones, whose populations are much more affected by the increases in commodity prices. According to the five countries, the development of an effective international tax agenda requires the involvement of the largest number of states on a global scale. In particular, the BRICS aims to involve more and more developing countries in global collaboration between states, with the aim of sharing best practices in international tax cooperation.

Brazil, Russia, India, China and South Africa therefore take the responsibility to lead and ensure the necessary support for developing countries to increase the capacity of national tax administrations to implement automatic exchange of information and thus fight international tax evasion.

Therefore, the accession of other countries, such as Algeria, would represent a threat to European energy security, which would be exposed to geopolitical logics that are no longer manipulated by Brussels, but agreed within BRICS. For example, Algeria's entry into the BRICS would open the door to the accession of other strategic countries for the EU and the USA, which could be a real threat to the Western world.<sup>7</sup>

<sup>1</sup> BRICS - Xi and Putin launch a new challenge to the West, <https://www.swissinfo.ch/ita/tutte-le-notizie-in-breve/brics---xi-e-putin-lanciano-una-nuova-sfida-all-occidente/47698330>

<sup>2</sup> Vincenzo Comito, Il futuro dei BRIC, 2012, <https://sbilanciamoci.info/il-futuro-dei-bric-13455/>

<sup>3</sup> Annex: BRICS CRA Research Group Members in BRICS

BRICS ECONOMIC BULLETIN, <https://brics2021.gov.in/brics/public/uploads/docpdf/getdocu-72.pdf>

<sup>4</sup> Enrico Marro, Twenty years of "Brics": who wins and who loses among emerging countries, Il sole 24 Ore, 2022, [https://www.ilsole24ore.com/art/vent-anni-brics-chi-vince-e-chi-perde-i-paesi-emergenti-AEUwkqkB?refresh\\_ce=1](https://www.ilsole24ore.com/art/vent-anni-brics-chi-vince-e-chi-perde-i-paesi-emergenti-AEUwkqkB?refresh_ce=1)

<sup>5</sup> Michele Manfrin, BRICS consider the introduction of a common currency, 2022, <https://www.lindipendente.online/2022/10/05/i-brics-valutano-lintroduzione-di-una-valuta-comune/>

<sup>6</sup> Giulio Albanese, Geopolitics. From the movement around the Brics an upside-down map of power, Avenire.it, 2022, <https://www.avenire.it/opinioni/pagine/dal-movimento-attorno-ai-brics-una-mappa-capovolta-del-potere>