

BRICS and Other International Groupings



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International Groupings includes



- **BRICS**
- **G20**
- **MFIs led by**
 - **the IMF and**
 - **the World Bank.**

BRICS

Comprises five countries

- i. Brazil
- ii. Russia
- iii. India
- iv. China and
- v. South Africa



BRICS HQ, St. Petersburg



Background of BRICS



- **BRIC** established in 2001
- Becomes **BRICS** in Dec, 2010, with SA coming to its fold, in line with the country's foreign policy to strengthen South-South relations.
- **Acronym coined** by Mr. Jim O Neill, the then Chief Economist of Goldman Sachs
- Coming together of 5 important emerging powers hailed as ***'way to reshape the world economy'***
- The countries too different - culturally and socially, to be grouped together
- Some perceived it as marketing ploy by Goldman Sachs

BRICS : Formidable Scale

Collectively represents about

- 18% of the global trade
- 23% of GDP,
- generated 30% of the world's growth since 2001
- 30% of the territory and
- 40% of foreign currency reserves
- 42% of the population



Objectives of BRICS



- Seeks to deepen, broaden and intensify cooperation within the grouping and among the individual countries for more sustainable, equitable and mutually beneficial development.
- To promote mutual trade and investment, create business friendly environments in their respective countries
- To enhance market access, opportunities and inter-linkages
- To strengthen macro-economic policies and strive for inclusive growth and eradicate poverty across the region
- To seek cooperation with non BRICS countries as well, and to help and assist developing countries to gain advantage in trade and climate change negotiations.

Aspirations

- Member Countries' to accomplish by 2050:
- China aims to be a manufacturing superpower of the world
- India aims to lead the service sector
- Brazil and Russia aim to be dominant suppliers of raw materials.



Major Achievement of BRICS



- Setting up of the New Development Bank (NDB)
- **Objectives**
 - to mobilise resources for infrastructure and sustainable development projects in the BRICS countries.
 - an area of clean energy, sustainable development, transport, infrastructure, irrigation, etc.
- BRICS nations signed Contingent Reserve Arrangement (CRA) in 2014 as part of the Fortaleza Declaration at the Sixth BRICS summit
- CRA seeks to provide future financial assistance to the BRICS countries, just in case and just in time of financial crisis.

Theme : 2020 BRICS Summit



- **Theme of 2020 BRICS Summit**

‘Global Stability, Shared Security, and Innovative Growth’

- It was 12th BRICS summit and the 1st virtual affair
- Held at St. Petersburg in Nov, 2020,



Issues in 2020 Summit

Prime Minister Modi touched upon the following issues while addressing the 12th BRICS Summit:

- **Terrorism** must be addressed in a unified manner.
- To confront and hold accountable the countries which support and sponsor **terrorism**
- **UNSC Reforms** : credibility and effectiveness of the institutions for global governance
- underscored the issue of cooperation amongst the BRICS partners on the production of the **COVID-19 vaccines**
- the scope of **trade improvement** amongst the BRICS nations



Aatmanirbhar Bharat Campaign

- India introduced **Aatmanirbhar Bharat** campaign to its BRICS partners.
- The campaign based on resilient India
- it can act as a **force multiplier for the global economy** in the post-COVID-19 world.
- India **delivered essential medicines to more than 150 countries** because of the capability of the Indian Pharma Industry.
- Importance of BRICS **Summit for India and China**
- Bilateral talks were held between India and China on the pressing issues.
- Amid the border standoff, Prime Minister Modi and Chinese President Xi Jinping faced each other in the BRICS summit for the second time after the Shanghai Cooperation Organisation (**SCO**) Summit.
- BRICS summit do provided reasonable opportunities to India and China for the exchange of ideas on several issues.

Broken BRICS : Its Limitations



- BRICS countries not able to meaningfully negotiate important issues like global terrorism and climate change, undermining their roles
- Lack of common understanding of common policy and political actions between the BRICS partners
- Dominance of China in the grouping dampens bondage
- Overarching bilateral issues prevents its potential to emerge as a major global powerhouse
- For BRICS to remain relevant, member Countries have to take a leaf or two out of the book of OECD.

The G20



- A collection of **twenty** of the world's largest economies formed in 1999
- HQ in Cancún, Mexico
- Comprises the world's largest and fastest-growing economies and **accounts for**
 - 85% global GDP
 - over 75% of global trade
 - Two-third of World population
- The **G20** members : Argentina, Australia, Brazil, Canada, China, the European Union, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, United Kingdom, and United States. .

Conception of The G20



- Conceived as a bloc to bring together the most important industrialized and developing economies to strengthen international economic and financial stability
- **A** policy coordination grouping, plays a critical role in creating an enabling environment for inclusive global growth and development.

Objectives of the G20



- The main **Objectives of G20**
- to achieve global economic stability and sustainable growth, promote financial regulations that reduce risks and prevent future financial crisis.
- to help countries to align their domestic policies in order to prevent future crisis.
- Mounting expectations of fiscal support, debt reductions to help the global economy recover from the coronavirus-driven issues.

Theme of the 15th summit of G20



- The 15th summit of The G20 held in November, 2020 in a virtual mode
- Chaired by the Saudi Arabia
- Its theme was
"Realising the opportunities of 21st Century for all"

Achievements of G20



- G20 made important progress in reshaping the governance of global Finance by implementing macro-prudential policies, increasing Lending capacity of IMF
- Played a key role in financial crisis during 2008 by injecting USD 1.1 trillion as financial aid into the global economy
- G-20 leaders working together to reform the global financial system, since 2009
- Helped countries to align their domestic policies in order to prevent future crisis
- G20 leaders pledged to inject USD 5 trillion into the global economy to contain job and income losses in Covid-19 period.



Bretton Woods institutions (BWIs)

- The **IMF** and **the World Bank** created to bring about orderly development of the world economy in the post-World War-II era
- **Both** set up at a meeting of 43 countries in **Bretton Woods**, New Hampshire, USA in July 1944
- Seek to help rebuild the shattered post-war economy and to promote international economic cooperation

Objectives of IMF

- To foster global monetary cooperation,
- To facilitate international trade
- To lend to countries during balance of payment difficulties, technical assistance and training in the area of expertise.





The World Bank

- With 189 member countries, staff from more than 170 countries, and offices in over 130 locations, the World Bank Group is a unique global partnership:
- Provides financial and technical assistance to developing countries for their development programmes such as reducing poverty and Improving standards of living.
- Keynes hoped a new bank could help boost the **world** economy by expanding the money supply.
- Instead, the **Bretton Woods** system gave the US currency the dominant position in the **world** economy and allowed the US to run a trade deficit without having to devalue.
- **Types of LOANS**
 - Investment loan that support economic and social development projects; and
 - Development policy loans for quick disbursing finance to support countries during a crisis.

Limitations of the World Bank



- Though the World Bank represents 189 countries, run by a number economically powerful countries.
- WB still operates for the most part with processes and systems that were designed half a century ago.
- It is an odd combination of a University, Bank and a foundation.
- Though poverty alleviation is its basic objective, has become a lending institution with high indebted poor countries.



The Fund & The Bank: Complementary Roles

- While the **IMF** focusses on macro economic and financial stability issues, the stability of the world's monetary system,
- the **World Bank** concentrates on long-term economic development and poverty reduction by offering assistance to middle-income and low-income countries
- **IMF** is the largest public lender of funds in the world
- 189 Member countries
- **Its Membership** open to any country that conducts foreign policy and accepts the organization's statutes.

Relevance of BWIs



- During last 75 years, IMF and World Bank made contributions to knowledge and expertise on development and macroeconomic issues.
- Amongst the significant norm-setters, knowledge-holders and influencers of the international development and financial landscape.
- Yet, both the Bank and the Fund's policies have been under intense scrutiny with reference to their principles and policies and accomplishment of the stated objectives.
- Perceived that both these Institutions support an economic order that benefits elites and private sector interests at the expense of poor and marginalised communities.
- Amidst a changing global order, the continued relevance of **multilateralism** is now facing a challenge.

Before we move to **'Quiz'**



**Any
Comment/Suggestion/Queries**



QUIZ (1/3)

Quiz Question-1

BRICS countries collectively represent in the total world population?

- a) 32%
- b) 37%
- c) 42%
- d) 50%



QUIZ (2/3)

Quiz Question-2

The Headquarters of the BRICS is located in

- a) St. Petersburg
- b) Shanghai
- c) Johannesburg
- d) Beijing



QUIZ (3/3)

Quiz Question-3

In which year the BWIs were established?

- a) 1944
- b) 1945
- c) 1948
- d) 1953



References



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Thank you