



UNIVERSITI  
TEKNOLOGI  
MARA

Cawangan Negeri Sembilan  
Kampus Rembau

2024

# RONA TINTA

e-BULETIN  
EDISI  
2024

FAKULTI PENGURUSAN & PERNIAGAAN  
UNIVERSITI TEKNOLOGI MARA  
CAWANGAN NEGERI SEMBILAN, KAMPUS REMBAU



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# UNDERSTANDING BRICS

**SYAZLIANA KASIM**

BRICS is an acronym for an association of five major emerging economies: Brazil, Russia, India, China, and South Africa. Initially coined as "BRIC" in 2001 by economist Jim O'Neill of Goldman Sachs, the grouping originally included only Brazil, Russia, India, and China. These countries were highlighted for their rapidly growing economies and potential to significantly influence global economic trends. In 2010, South Africa was added to the group, leading to the current BRICS configuration. This collective of nations represents a significant portion of the world's population, landmass, and economic output, positioning it as a formidable force in global politics and economics. This article explores the historical development, economic impact, political influence, and future prospects of BRICS.

## **Historical Development**

The concept of BRICS originated in the early 2000s, when the global economic landscape was dominated by the advanced economies of the United States, Europe, and Japan. The inclusion of Brazil, Russia, India, and China into a single grouping was based on their potential to become global economic powerhouses. These countries were experiencing rapid industrialization, urbanization, and economic growth, which prompted speculation about their future role in the global economy.

In 2006, the BRIC nations began meeting as a formal group, with their first ministerial meeting taking place on the sidelines of the United Nations General Assembly. This marked the beginning of a more structured cooperation among these countries. The first official BRIC summit was held in Yekaterinburg, Russia, in 2009, where leaders discussed ways to enhance cooperation and reform international financial institutions like the International Monetary Fund (IMF) and the World Bank.

South Africa's inclusion in 2010 transformed BRIC into BRICS, making the group more representative of different regions across the Global South. South Africa's addition was significant as it brought in an African perspective, further diversifying the group's global influence.

### **Economic Impact**

The BRICS nations collectively represent over 40% of the world's population and approximately 25% of global GDP. This economic clout is significant, as it challenges the dominance of traditional economic powers. The BRICS economies are characterized by large populations, vast natural resources, and diverse economic structures. Each member brings unique strengths to the group:

1. **Brazil** is a major agricultural exporter, with vast natural resources and a strong manufacturing sector.
2. **Russia** is a global energy giant, rich in oil, natural gas, and minerals.
3. **India** has a rapidly growing economy, driven by its services sector and a large, young workforce.
4. **China** is the world's second-largest economy, with a massive industrial base and a dominant position in global trade.
5. **South Africa** serves as a gateway to Africa, with a well-developed financial sector and abundant natural resources.

The BRICS countries have taken steps to reduce their dependency on Western-dominated financial institutions. In 2014, they established the New Development Bank (NDB), headquartered in Shanghai, with the aim of financing infrastructure and sustainable development projects in BRICS and other developing countries. The NDB is seen as an alternative to the World Bank and IMF, providing a platform for BRICS nations to exert greater influence over global financial governance.

Additionally, the Contingent Reserve Arrangement (CRA) was created to provide liquidity support to BRICS countries in times of economic crisis. The CRA is a financial safety net designed to address short-term balance of payments pressures and prevent financial instability within the group.

## **Political Influence**

BRICS is not just an economic grouping; it also has significant political dimensions. The members of BRICS share a common interest in promoting a multipolar world order, where power is more evenly distributed across various global actors rather than being concentrated in the hands of a few Western nations. This aligns with their historical experiences of colonialism, economic marginalization, and political exclusion.

The BRICS nations have consistently advocated for reforming international institutions to better reflect the current global order. They have called for greater representation in the United Nations Security Council, the IMF, and the World Bank, arguing that these institutions are outdated and do not adequately represent the interests of emerging economies.

Moreover, BRICS has emerged as a platform for coordinating positions on various global issues. The group has taken unified stances on topics such as climate change, terrorism, and sustainable development. For example, at the 2015 BRICS summit in Ufa, Russia, the group reaffirmed its commitment to addressing climate change and supported the adoption of the Paris Agreement.

However, the political influence of BRICS is not without challenges. The member countries have differing political systems, economic structures, and foreign policy priorities. For instance, China and India have longstanding border disputes, and Russia's actions in Ukraine have created tensions with other BRICS members. These differences sometimes hinder the group's ability to present a united front on global issues.

## **Challenges and Criticisms**

Despite its successes, BRICS faces several challenges. The economic growth of BRICS countries has been uneven, with some members, like Brazil and South Africa, experiencing economic stagnation or recession in recent years. Political instability and corruption have also plagued certain BRICS nations, undermining their economic potential.

Moreover, there are concerns about the dominance of China within BRICS. As the largest economy in the group, China wields considerable influence, which sometimes leads to perceptions of an unequal partnership. Some critics argue that BRICS risks becoming a platform for advancing Chinese interests rather than a truly cooperative grouping.

The lack of institutionalization within BRICS is another challenge. Unlike other international organizations, BRICS does not have a permanent secretariat or a formal treaty underpinning its operations. This lack of structure can limit the effectiveness of the group's initiatives and make it difficult to implement agreements reached at summits.

## **Future Prospects**

The future of BRICS will largely depend on how the group navigates its internal challenges and external pressures. As global power dynamics continue to shift, BRICS has the potential to play a crucial role in shaping the 21st-century world order. To do so, the group will need to enhance its internal cohesion, deepen economic cooperation, and continue advocating for a more inclusive and equitable global governance system.

The expansion of BRICS to include other emerging economies has been discussed, with countries like Indonesia, Turkey, and Argentina expressing interest in joining the group. An expanded BRICS could further enhance its global influence, although it would also require careful management to ensure that the group remains effective and coherent.

In conclusion, BRICS is a significant player in global economics and politics, representing the aspirations of emerging economies to have a greater say in the world order. While the group faces challenges, its collective potential is undeniable. As the global landscape continues to evolve, BRICS will remain a key forum for dialogue and cooperation among some of the world's most important emerging powers.