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## The economic agenda of BRICS

- Jayshree Sengupta



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The 11th BRICS (a grouping of five countries — Brazil, Russia, India, China and South Africa) summit was held on November 14, 2019 in Brasilia. It was a quiet affair which Prime Minister Modi attended, but there were no earth-shaking pronouncements and, on the whole, it went largely unnoticed. The western media specially did not take much notice of it, yet the BRICS meeting confirmed that the group, thought to be a challenger of G7 group of advanced countries, was still together and building consensus for future collaborations.

BRICS remains a powerful bloc, though it may not be hyperactive during the present times. Its total output

was 23.2 per cent of the world's GDP in 2018. Its population was 41 per cent of the global population in 2015. It came up with a lot of fanfare in 2009. The subdued tone of its 11th Summit Declaration is surprising. Are the BRICS under the current global situation of disorder and threat of recession no longer wanting to play a significant role in the global economy?

Each member is indeed undergoing serious problems. India is undergoing a severe economic slowdown, Brazil is growing at only 1.1 per cent and there are no signs of recovery. It has high inflation and unemployment. South Africa is also experiencing 0.8 per cent growth, soaring youth unemployment and high debt, China is suffering low economic growth due to trade war with the US and Russia is dealing with US and EU sanctions and its growth rate has been 1.1 per cent for 2019.

Not surprisingly, President Xi Jinping pointed out in his speech that there is a growing wave of protectionism and bullying by advanced countries (mainly the US) in their bid to reduce trade deficits with the Emerging Market and Developing Economies (EMDEs) which include the BRICS. It is doing immense harm to global trade and is leading to shrinkage in investment flows which is bringing hardships to millions of people in the developing countries. BRICS has to cooperate in many areas to keep the growth of trade and investment from declining further and a beginning was made at the Summit.

BRICS member countries will nearly account for 50 per cent of world's economic growth in 2020. China is supposed to be the main protagonist of the Fourth Industrial Revolution. The importance of innovations, digital economy and AI are going to be felt by BRICS members in the next few years and they can cooperate to promote re-skilling so that new jobs are created while old jobs are being lost. Cooperation in technology is going to be very important for the BRICS in the future.

Modi emphasised the need for more FDI flows from BRICS members, claiming that "India is the world's most open and investment-friendly country." He emphasised on simplifying intra-BRICS business which will increase mutual trade and investment. He also requested that priority areas in business be identified for the next 10 years and the blueprint of the intra-BRICS collaboration should be drawn and pointed to the complementarities between members and urged the forum to map such complementarities. BRICS members have diverse endowments—from having huge amounts of raw materials and natural resources, high technology, and a big market — hence, it is possible to draw a map for collaborations in the future, through joint ventures for mutual benefit. Xi said that China will open its market further, expand imports and improve business environment to create better conditions for multinational companies' development. It is a promise which has to be met if China really wants to grow again at a fast pace. Its industrial growth has to pick up so that neighbouring countries can contribute.

While the leaders agreed on the international financial institutions' reforms, they did not condemn the slow pace of such reforms strongly enough which is not beneficial for the developing countries. On the IMF, BRICS had the usual reservations about the IMF not reforming the quota size and realigning quota shares of member countries in favour of EMDEs which remain under-represented at the Fund. (A member country's quota determines its maximum financial commitment to the IMF, its voting power and access to IMF-financing. It is based on a member's relative position in the world economy). The Declaration said, "We call upon the IMF to start work on quota and governance reform on the basis of the principles agreed in 2010 under the 16th General Review of Quotas in right earnest and within tight timeframe."

A new feature was the announcement of opening of New Development Bank regional offices in member countries and one will be opened in New Delhi in 2020. The Regional Offices shall contribute to expanding its operations and striving for a more robust portfolio for all member countries. It reiterated its support for the ongoing collaboration to develop BRICS' own local bond markets. But there was no mention of developing BRICS' own credit rating agency.

The BRICS declaration addressed the demand deficit in the global economy and suggested additional sources

of growth, infrastructure, skill development, particularly for young people, sustainable investment, investment in local basic services and outward investment to areas of high potential growth, including on the African continent.

BRICS also underscored the importance of cooperation among members in agriculture: “We recognise the importance of science-based agriculture and deploying ICT to that end.” During the Summit, Russia and India noted \$25 billion bilateral target for trade for 2025 has already been achieved and marked the progress in oil and natural gas imports. Russia invited India to invest in the Arctic region for natural gas.

BRICS also voted for cooperation in fight against transnational crime, drug trafficking, money laundering and organised crime.

On the whole, the group of five important countries in the world seem to be getting on with their agenda of cooperation and exchange in various economic fields. Whether a free trade agreement will ever emerge from it is not clear due to China’s presence. India has withdrawn from RCEP due to pressure from domestic producers against signing the Treaty as it would open the floodgates for Chinese goods into India. China and India have condemned protectionism even though both have resorted to it when pushed to the wall. All five members have to be economically stronger in the future to be able to call the shots for significant changes in the global economy.

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