

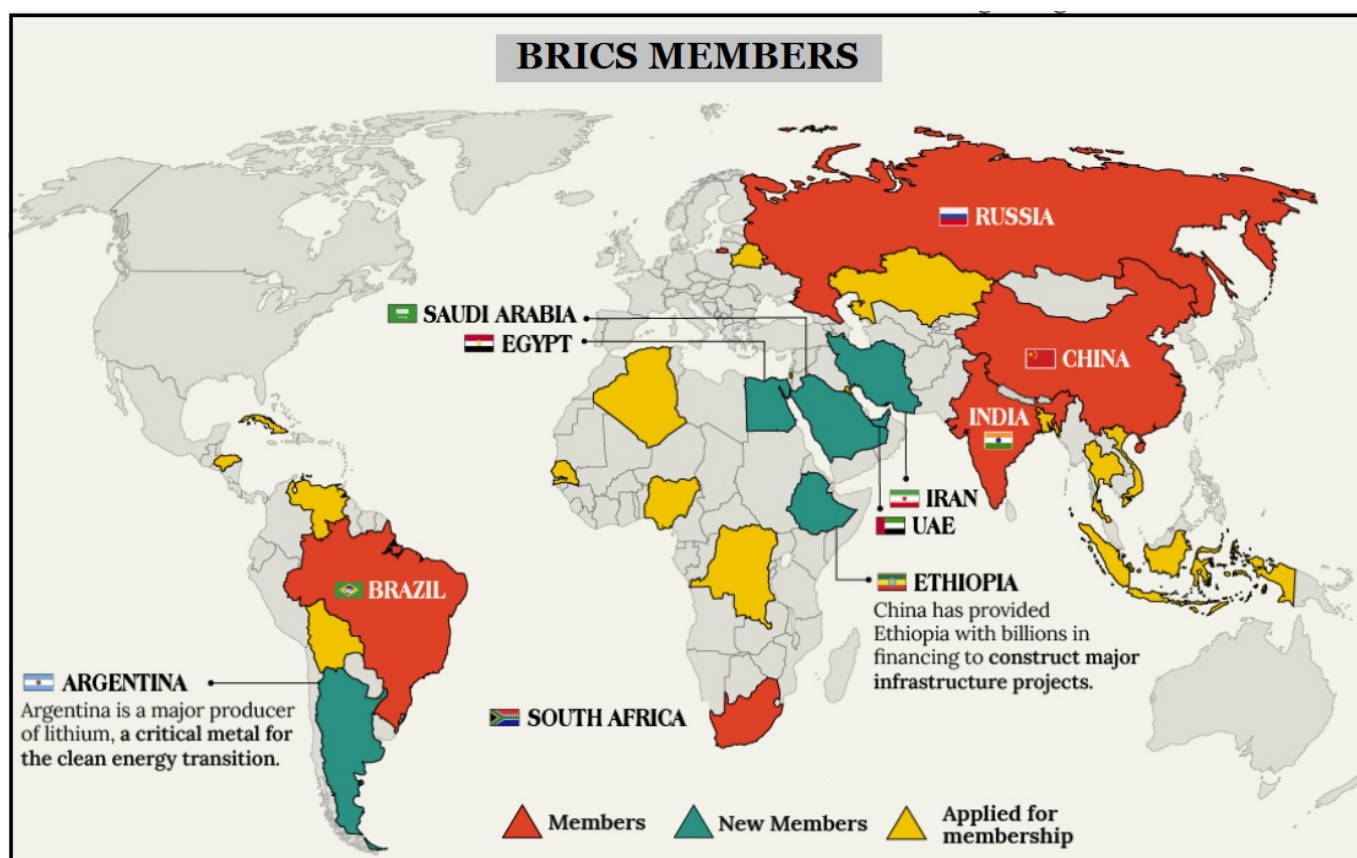
Implications of BRICS Expansion

Why in news?

During the [15th BRICS summit](#), 5 member grouping has invited 6 countries to become new members.

What is BRICS?

- Originally conceived as BRIC by Jim O'Neill, the grouping consisted of Brazil, Russia, India, and China.
- **Launch-** It was launched by a meeting of the Foreign Ministers of Brazil, Russia, India and China in 2006.
- BRIC turned into BRICS in 2010, with the entry of South Africa.
- **Chair-** Chaired by member countries in rotational basis.
- South Africa is the chair for 2023.
- **First summit-** It was held in Yekaterinburg in 2009.



- **New Development Bank (NDB)-** It is established in 2014 by Fortaleza declaration. It is formed to provide development assistance. The NDB has already financed 96 projects valued at 33 billion dollars
- **Contingent Reserve Arrangement-** It is established to support countries facing

short-term balance-of-payments pressures.

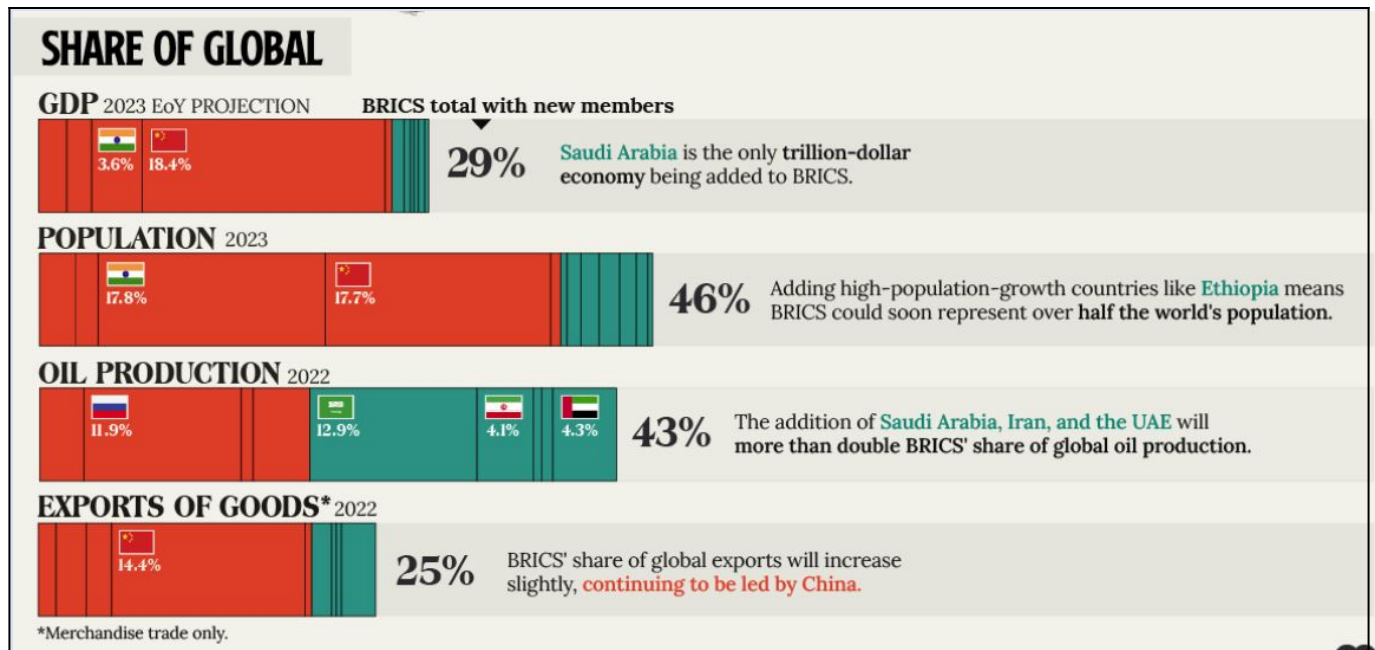
- **BRICS Expansion**- It was reported that 40 countries have shown interest in BRICS' membership, with 22 having submitted formal applications.
- However, the 5 member grouping had invited 6 new members.

Region	Countries
West Asia	Iran, Saudi Arabia and United Arab Emirates
Africa	Egypt and Ethiopia
Latin America	Argentina

What is the need for BRICS expansion?

- **Dominance of West**- BRICS is formed with the West-dominated international institutions that had emerged after the Second World War. It includes
 - World Bank,
 - International Monetary Fund,
 - United Nations and its various bodies, particularly the United Nations Security Council,
 - World Trade Organization.
- **Future dynamics**- At Johannesburg, the UN Secretary General António Guterres described those institutions as reflecting "*yesterday's world*". The United States has led the western alliance in both the political and economic areas.
- **Against West led world order**- BRICS challenges West-led world order. It promotes
 - Intra-BRICS economic and political cooperation,
 - Builds institutions outside western control, and
 - Robustly for wide-ranging reforms to accommodate interests of emerging economies.
- **Fair international order**- *The Johannesburg Declaration* asserts that the members' "*strategic partnership*" will be directed at achieving a more representative, fairer international order.
- **Wider coverage**- The proposed BRICS expansion will have 46% of world population, while its share of the global GDP will go from 31.5% in PPP terms to 37%, far ahead of the GDP of 30.7% of the G-7.
- **Global trade**- With the proposed BRICS expansion the global exports and global imports will be boosted by 3.7% and 3% respectively.
- **Energy sector**- The global output will increase from 20% to 42%.
- **Geo-strategic value**- It will bring considerable geo-strategic value to the grouping.

Countries	Importance
Saudi Arabia	35% of the oil production goes to China and India
Iran	Increased oil production despite US sanction, most of it goes to China
Egypt and Ethiopia	They are an important presence in the strategically important Horn of Africa and the Red Sea.
Argentina	2 nd largest economy in Latin America
Russia	Major oil supplier to China and India, now looking at Brazil as market



- **Outlook for global affairs-** From 2020, both Saudi Arabia and the UAE have shrugged off the U.S. yoke and shaped independent foreign policy paths for themselves.
- **Diplomatic relations-** Saudi Arabia has pursued de-escalation and dialogue, ending the Qatar blockade in January 2021, engaging with Turkey, and opening interactions with Iran from April 2021.
- These regional engagements culminated in the China-brokered accord with Iran in March this year.
- **UAE- Iran** -The UAE has also normalised ties with Iran and is focusing on expanding its maritime footprint across the Gulf, the Gulf of Aden, the Red Sea and the Horn of Africa.
- **Regional cooperation-** Iran's entry into BRICS, besides its role in the energy sector, opens up opportunities for
 - Accelerated regional economic cooperation,
 - Revival of the moribund north-south connectivity projects through the [Chabahar port](#) with which India is associated.

To know more about the need for BRICS expansion and common currency, click [here](#)

What lies ahead?

- India and other BRICS members insist on asserting their strategic autonomy in a multipolar world order, with member-nations demanding that their voices be heard and their interests respected.
- A recent media report described the Johannesburg summit as a "*turning point in modern history*".

References

1. [The Hindu - BRICS expansion implications](#)

2. [The Hindu- Explaining BRICS expansion](#)

