


**BRICS BLOC IN LIGHT OF INTERNATIONAL ECONOMIC CHALLENGES: A STUDY OF REALITY AND DIMENSIONS**

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ARTICLE INFO	<u>ABSTRACT</u>
<p><b>Article history:</b></p> <p><b>Received</b> ust 2022</p> <p><b>Accepted</b> 01 November 2022</p>	<p><b>Originality/value:</b> The BRICS bloc is one of the most important international economic blocs that plays an important role in the global economy, so most of them are moving towards obtaining an economic position that is commensurate with their natural capabilities and capabilities. Russia, India, China and South Africa, represent the emerging economies of the world, and these countries aim to overcome the hegemony of the US currency as a global reserve, and the BRICS group constitutes more than a quarter of global GDP and more than 16% of global trade and about 30% of the land area and 44% of the world's population and more than 40% of the world's energy production.</p>
<p><b>Keywords:</b></p> <p>Economic Challenges; BRICS; GDP.</p> 	<p><b>Purpose:</b> The study is aimed at knowing the formation of the BRICS bloc as an emerging economic force within its economic dimensions, showing the international economic system of the BRICS countries and their ability to confront international economic institutions, and analyzing the economic indicators of each member country to know the economic size of each country.</p> <p><b>Theoretical framework:</b> the study has relied on the deductive approach starting from real constants in collecting data and facts, as well as adopting the descriptive analytical method in studying the international economic system and the economic components of the BRICS countries within its economic dimensions.</p> <p><b>Design/methodology/approach:</b> it is proved that the BRICS contingent reserve arrangements to protect against global liquidity pressures, which include currency issues, have affected the members' national currencies negatively due to global financial pressures. The economy is unstable and needs these potential reserves. The problem of the study emerges from certain questions including how strong the international economic system for the BRICS countries is and whether these countries were able to overcome global economic crises within their economic dimensions.</p> <p><b>Research, Practical &amp; Social implications:</b> The study hypothesized that the BRICS countries have tremendous economic power as a result of building their international financial system, which they established, which enabled them to overcome the global financial crisis, unlike most countries in the world that were under the brunt of this crisis, and this is a clear indication of the success of this bloc and prove its hypothesis. In connection with the value of the study, it reflects that the BRICS countries occupy an important position in the international economy as a rising economic power through their economic nature and strategic position, in addition to the great economic capabilities that these countries possess, and this was an invitation to establish this bloc, which is a successful economic step in the face of international economic financial institutions.</p>

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**Finding:** The most prominent findings of the research are that the presence of China in this bloc added a powerful and insignificant force to it as a result of its economic strength, which is the second largest economy in the world, and the economic strength of the BRICS bloc has led to increased economic development and the formation of a strong economic union that faces all the challenges that the bloc is exposed to.

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## O BLOCO BRICS À LUZ DOS DESAFIOS ECONÔMICOS INTERNACIONAIS: UM ESTUDO DA REALIDADE E DIMENSÕES

### RESUMO

**Originalidade/valor:** O bloco BRICS é um dos mais importantes blocos econômicos internacionais que desempenha um papel importante na economia global, portanto, a maioria deles está caminhando para obter uma posição econômica que é proporcional às suas capacidades e capacidades naturais. Rússia, Índia, China e África do Sul representam as economias emergentes do mundo, e esses países visam superar a hegemonia da moeda americana como reserva global, e o grupo BRICS constitui mais de um quarto do PIB global e mais de 16% do comércio global e cerca de 30% da área terrestre e 44% da população mundial e mais de 40% da produção mundial de energia.

**Objetivo:** O estudo visa conhecer a formação do bloco BRICS como uma força econômica emergente dentro de suas dimensões econômicas, mostrando o sistema econômico internacional dos países BRICS e sua capacidade de enfrentar as instituições econômicas internacionais, e analisando os indicadores econômicos de cada país membro para conhecer o tamanho econômico de cada país.

**Estrutura teórica:** o estudo se baseou na abordagem dedutiva a partir de constantes reais na coleta de dados e fatos, assim como na adoção do método analítico descritivo no estudo do sistema econômico internacional e dos componentes econômicos dos países BRICS dentro de suas dimensões econômicas.

**Desenho/método/abordagem:** está provado que os acordos de reserva contingente dos BRICS para proteção contra pressões de liquidez global, que incluem questões cambiais, afetaram negativamente as moedas nacionais dos membros devido a pressões financeiras globais. A economia é instável e precisa dessas reservas potenciais. O problema do estudo emerge de certas questões, incluindo o quão forte é o sistema econômico internacional para os países BRICS e se esses países foram capazes de superar crises econômicas globais dentro de suas dimensões econômicas.

**Pesquisa, implicações práticas e sociais:** O estudo levantou a hipótese de que os países BRICS têm um tremendo poder econômico como resultado da construção de seu sistema financeiro internacional, que eles estabeleceram, o que lhes permitiu superar a crise financeira global, ao contrário da maioria dos países do mundo que estavam sob o peso desta crise, e isto é uma clara indicação do sucesso deste bloco e prova sua hipótese. Em relação ao valor do estudo, ele reflete que os países BRICS ocupam uma posição importante na economia internacional como uma potência econômica crescente através de sua natureza econômica e posição estratégica, além das grandes capacidades econômicas que estes países possuem, e isto foi um convite para estabelecer este bloco, que é um passo econômico de sucesso diante das instituições financeiras econômicas internacionais.

**Encontrar:** As descobertas mais proeminentes da pesquisa são que a presença da China neste bloco acrescentou-lhe uma força poderosa e insignificante como resultado de sua força econômica, que é a segunda maior economia do mundo, e a força econômica do bloco BRICS levou a um maior desenvolvimento econômico e à formação de uma forte união econômica que enfrenta todos os desafios aos quais o bloco está exposto.

**Palavras-chave:** Desafios Econômicos, BRICS, PIB.

## EL BLOQUE BRICS ANTE LOS RETOS ECONÓMICOS INTERNACIONALES: UN ESTUDIO DE LA REALIDAD Y LAS DIMENSIONES

### RESUMEN

**Originalidad/valor:** El bloque de los BRICS es uno de los más importantes bloques económicos internacionales que juega un papel importante en la economía mundial, por lo que la mayoría de ellos están avanzando hacia la obtención de una posición económica acorde con sus capacidades y aptitudes naturales. Rusia, India, China y Sudáfrica, representan las economías emergentes del mundo, y estos países aspiran a superar la hegemonía de la moneda estadounidense como reserva mundial, y el grupo BRICS constituye más de una cuarta parte del PIB mundial y más del 16% del comercio mundial y cerca del 30% de la superficie terrestre y el 44% de la población mundial y más del 40% de la producción energética mundial.

**Objetivo:** El estudio tiene como objetivo conocer la formación del bloque BRICS como fuerza económica emergente dentro de sus dimensiones económicas, mostrando el sistema económico internacional de los países BRICS y su capacidad para enfrentarse a las instituciones económicas internacionales, y analizando los indicadores económicos de cada país miembro para conocer la dimensión económica de cada país.

**Marco teórico:** el estudio se ha basado en el enfoque deductivo partiendo de constantes reales en la recogida de datos y hechos, así como adoptando el método analítico descriptivo en el estudio del sistema económico internacional y los componentes económicos de los países BRICS dentro de sus dimensiones económicas.

**Diseño/metodología/enfoque:** se demuestra que los acuerdos de reservas contingentes de los BRICS para protegerse de las presiones globales de liquidez, que incluyen cuestiones monetarias, han afectado negativamente a las monedas nacionales de los miembros debido a las presiones financieras globales. La economía es inestable y necesita estas reservas potenciales. El problema del estudio surge de ciertas cuestiones, entre ellas la solidez del sistema económico internacional para los países BRICS y si estos países fueron capaces de superar las crisis económicas mundiales dentro de sus dimensiones económicas.

**Investigación, implicaciones prácticas y sociales:** El estudio plantea la hipótesis de que los países BRICS tienen un enorme poder económico como resultado de la construcción de su sistema financiero internacional, que establecieron, lo que les permitió superar la crisis financiera mundial, a diferencia de la mayoría de los países del mundo que estuvieron bajo el peso de esta crisis, y esto es una clara indicación del éxito de este bloque y probar su hipótesis. En relación con el valor del estudio, se refleja que los países BRICS ocupan una posición importante en la economía internacional como una potencia económica en ascenso por su naturaleza económica y posición estratégica, además de las grandes capacidades económicas que poseen estos países, y esto fue una invitación a establecer este bloque, que es un paso económico exitoso frente a las instituciones financieras económicas internacionales.

**Conclusiones:** Los hallazgos más destacados de la investigación son que la presencia de China en este bloque le agregó una fuerza poderosa e insignificante como resultado de su fuerza económica, que es la segunda economía más grande del mundo, y la fuerza económica del bloque BRICS ha llevado a un mayor desarrollo económico y a la formación de una fuerte unión económica que enfrenta todos los desafíos a los que el bloque está expuesto.

**Palabras clave:** Retos Económicos, BRICS, PIB.

## INTRODUCTION

BRICS countries occupy an important position in the international economy as a rising economic power through their economic nature and strategic position, in addition to the great economic capabilities that these countries possess, and this was an invitation to establish this bloc, which is a successful economic step in the face of international economic financial institutions. The research aims to know a number of objectives, including understanding the formation of the BRICS bloc as an emerging economic power within its economic dimensions, showing the international economic system of the BRICS countries and their ability to confront international economic institutions, and analyzing the economic indicators for each country of the bloc's members to know the economic size of each country. The research problem arises from questions, including the extent of the strength of the international economic system for the countries of the BRICS bloc, and whether these countries were able to overcome the global economic crises within their economic dimensions. The study assumes that the BRICS countries enjoy great economic power as a result of building their international financial system, which they established, which enabled them to overcome the global financial crisis, unlike most countries in the world that were under the brunt of this crisis, and this is a clear

indication of the success of this bloc and prove its hypothesis. In order to prove the hypothesis of the research and achieve the goals, the research relied on the deductive approach starting from real constants in collecting data and facts, as well as adopting the descriptive analytical method in the study of the international economic system and the economic components of the BRICS countries within their economic dimensions.

## **FOUNDATION AND BACKGROUND OF THE CONCEPT**

The idea of establishing the BRICS bloc began at the Kanunke Conference in Mexico in 1999 within the World Trade Organization conference. Since the beginning of this bloc includes three countries (Russia, India, and China), and it is called (RIC), then Brazil joined it and called it (BRIC) [1]. The idea of the emergence of the BRIC goes back to (Jim O'Neill), who is one of the senior economists of the American investment bank (Goldman Sachs) Bank of Wall Street in November of 2001, O'Neill described the BRIC economies as outperforming the global economy in 2015, and the economies of the first seven industrialized countries (G7) represented by the United States of America, Germany, France, Italy, and Japan in the year 2050 [2]. (Jim O'Neill) indicated in his use of this bloc as a point for the transfer of the weight of the global economy away from the bloc of the seven industrialized countries [3]. Jim O'Neill was the first to predict the development of the great economic growth achieved by the BRIC through his prospective studies, through which he showed that there is an international economic power that can maintain a fast pace according to the statistics related to the volume of trading and the national product, as he published his study (Break Dream) [4]. In (2003), the path towards (2050), and he also showed that the path of domination in the international economy is heading toward countries (Brazil, Russia, India, China) and that the establishment of BRIC was the result of the meetings held between the governments of these countries, specifically in the year (2006) Ministers of these countries convened Meetings and negotiations in New York according to the meeting of the General Assembly of the United Nations to form this bloc relative to these countries [5]. In the year (2008), Jim O'Neill's assumption, specifically with the outbreak of the global financial crisis, proved that the BRIC countries had overcome economic stagnation and achieved "rapid" growth, which allowed some to imagine the leadership of this bloc in 2030, and the subsequent growth of these economies [6]. The emerging countries are in control of international transformations on the one hand, and the deterioration of the performance of the United States of America and the European Union on the other [7]. In 2010, South Africa conducted negotiations to join this bloc and officially joined "in 2011", to become its name (BRICS) [8]. South Africa's inclusion in this bloc from China's

point of view is important and necessary because China is the first trade for South Africa to be Pretoria is the BRICS front towards the African continent in light of the Chinese-American race for hegemony and trade in this continent on the one hand, and South Africa's importance to the strategy on the other hand, which overlooks the Atlantic Ocean to the west and the Indian Ocean to the east from the south direction within the Cape of Good Hope road [9].

### **BRICS Goals**

The BRICS group aims to make the international financial system diversified so that future changes can be predicted [10]. The five BRICS countries seek to achieve many goals, including:

1. Achieving geo-political and geo-economic integration among the member states in order to achieve global balance and end the unipolar politics through which the United States of America dominates world politics and economy.
2. Strengthening cooperation in the field of sustainable development and investment in the field of infrastructure in order to develop it and ensure food security through the establishment of development projects [11].
3. Reforming the international financial system through the establishment of an international financial institution auxiliary to international institutions, the World Bank and the International Monetary Fund, with the aim of confronting the dominance of the US dollar over the international payment systems and their reserves, and supporting growth and development at the global level, so the resources of the BRICS Development Bank will be available to BRICS countries and developing countries [12].
4. Endeavors led by President Putin to establish a long-term strategy and establishment of an Energy Forum, a Fuel Reserve Bank and an Energy Policy Institute for the purpose of enhancing the energy security of the BRICS group.
5. Deepening economic cooperation between them, supporting environmental trade and improving its quality among the countries of the group.
6. Providing local currency loans to one another in order to reduce the dependence on the US dollar
7. .It is working to establish an international institution that uses national currencies other than the dollar, but this does not mean that it will abandon the dollar, but rather it will try to reduce the role of the dollar in these countries and weaken the impact of the US Federal Reserve system on their economies.

8. Working on the establishment of the New Development Bank, a development bank based in Shanghai, China, of which India was its first president, and the establishment of an emergency reserve arrangement for the BRICS countries, as stated at the Sixth BRICS Summit in Fortaleza, 2014.

9. Working on the strategic nature of the BRICS partnership for cooperation in the fields of youth, migration, industry, energy, peacekeeping, the environment and combating infectious diseases, as stated at the Seventh Summit in Ufa, 2015 [13].

## **THE BRICS INTERNATIONAL FINANCIAL SYSTEM**

The most prominent devices of the BRICS financial system can be referred to as follows [14]:

1. The capital of the BRICS bloc: the capital of the bloc is estimated at about (200) billion dollars, distributed over the size of the BRICS economies, as China pays (100) billion dollars, as the capital of the BRICS International Development Bank, and (100) billion dollars to the cash reserve fund. Vladimir Putin also announced at the 2017 (Russian Ufa) summit that the BRICS governments had signed, within this summit, the document establishing the bank for about 100 billion dollars, which obliges BRICS members to pay 10 billion dollars, and work begins with a capital estimated at (50) dollars.

2. The New Development Bank of the BRICS bloc: The membership of this bank is limited to member countries and works with a capital of (50) billion dollars as a first step, distributed equally among the members of the countries at the rate of (10) billion dollars for each country, and it was approved by the Chinese Parliament and its location in the city of Shanghai The Chinese head of its administration (Kandapur Vaman), who stated that the bank was able to provide loans and aid in 2016.

3. BRICS Foreign Reserve Fund: This fund was established among its members, and it was agreed on a contribution mechanism between them through China pumping (41) billion dollars into the fund due to its ownership of the largest economy in the BRICS bloc, while (Russia, Brazil, India) contribute With equal shares amounting to (18) billion dollars, and South Africa's contribution to the fund amounted to (5) billion dollars, which is the lowest contribution for being the smallest economy in the BRICS bloc in times of economic instability.

## THE CHALLENGES FACING THE BRICS BLOC

The BRICS countries face many challenges including [15]:

1. Brazil: Managing currency fluctuations in global risks and the risks to the markets is one of the great challenges for Brazil. The macroeconomic dynamism in Brazil is still clearly lower than that of other countries in the BRICS group, as well as the assessment of the development of countries' risks in international trade markets, which constitutes a negative response and there is a barrier to commercial activities in Brazil which is inefficient employment, in addition to the promotional programs to promote trade and develop Research is insufficient, technological capacity shows unevenness in Brazil's situation and that activities focused on innovation and illusory spread are below average. The following table shows the most prominent real economic factors that Brazil is facing.

Table (1) Brazil's economic indicators for the period (2011-2019)

Imports (millions of US dollars)	Exports (millions of dollars)	GDP Per Capita	Gross Domestic Product (Million US dollar)	Population	Years
226, 243	256, 038	12, 594	2, 476, 651	196,604,000	2011
223, 149	242, 579	11, 346	2, 254, 109	198,351,000	2012
239, 620	242, 178	11,199	2, 243, 854	200,004,000	2013
171, 446	191, 126	11, 386	2, 346, 523	201,718,000	2014
171, 446	191, 127	8, 846	1, 799, 882	204,471,769	2015
137, 552	185, 235	8, 751	1, 795, 365	206,163,053	2016
137, 552	185, 235	8, 528	1, 772, 591	207,833,823	2017
150, 749	217, 739	8, 649	1, 795, 926	209,469,323	2018
185, 357	236, 466	9, 821	2, 055, 512	211,049,527	2019

2. Russia: Forecasting is a major challenge due to its high growth rate, unreliable sales data, poor communication throughout the supply chain, poor customer response due to unreliable deliveries and delays at customs, and unstable and inconsistent legal policies leading to better law enforcement arbitrary. Transportation in Russia is also a challenge due to poor transport infrastructure, lack of warehouses and logistics, lack of modernization of ports, as well as frozen inland waterways, which creates an unreliable commitment on the part of customers. The following table shows the most important data related to Russia.

Table (2) Russia's economic indicators for the period (2011-2019)

Imports (millions of US dollars)	Exports (millions of dollars)	GDP Per Capita	Gross Domestic Product (Million US dollar)	Population	Years
306,091	516,993	14,320	143,998	143,056,383	2011
316,193	524,766	15,276	141,379	143,300,00	2012
314,945	527,266	15,953	103,370	143,666,931	2013
286,649	497,834	14,069	234,154	146,267,288	2014
182,782	343,908	9,262	710,474	146,544.710	2015
207,441	301,780	8,262	76,315	146,800,000	2016
182,257	353,104	10,751	298,772	146,900,000	2017
240,226	451,459	11,289	1,657,290	146,800,000	2018
71121,00	111836,00	2,592	342,226	146,780,720	2019

3. India: The concept of integrated logistics from a third party is not common in its use, which leads to a high cost of logistics, and the distribution network and warehouse capacity are not considered of great importance, which leads to obstacles in reaching the final product to the customer. Reliance on commercial and long highways is not good, and the lack of GPS tracking technology to instantly update the location of goods is a dominant factor, which is one of the challenges faced by the BRICS group, in addition to the internal structure of the ports is not at the technological level required to deal with goods quickly. The following table shows the most important economic indicators for India.

Table (3) India's economic indicators for the period (2011-2019)

Imports (millions of US dollars)	Exports (millions of dollars)	GDP Per Capita	Gross Domestic Product (Million US dollar)	Population	Years
462,403	301,483	1,498	1,823,052	1,221,156,319	2011
488,976	289,565	1,482	1,827,637	1,236,686,732	2012
466,046	336,611	1,486	1,856,721	1,252,139,596	2013
459,369	317,545	1,574	2,039,127	1,293,859,294	2014
390,745	264,381	1,606	2,103,588	1,309,053,980	2015
365,705	260,327	1,729	2,289,754	1,324,171,354	2016
444,052	294,364	1,614	2,652,245	1,339,180,127	2017
617,946	322,292	2,010	2,718,732	1,349,217,956	2018
519,677	321,093	1,923	595,512	1,352,916,575	2019

4. South Africa: In South Africa, the lack or scarcity of a centralized environment presents confusion and uncertainty in the work culture of companies that arise as a result of logistics providers (3pis), retailers, carriers and suppliers as well as bottlenecks in the



unpredictable supply chain, loss of inventory, and security Lean due to unskilled and temporary workforce. One of the implications of the supply chain is theft, as truck hijacking adds a significant cost to the supply chain in addition to some other obstacles such as the cost of transportation, which is still a very important issue because this represents 65% of the total logistics costs, lack of skills, economic uncertainty and inefficiency Ports and the lack of accurate forecasting, which is an important tool for the integration of the supply chain, due to the small market. For more clarity, see the following table, which shows economic indicators for South Africa.

Table (4) South African economic indicators for the period (2011-2019)

Total Imports	Total Exports	GDP Per Capita	Gross Domestic Product	Population	Years
million US dollars					
124,430.0	108,814.7	7,997	416,879	52,003,759	2011
127,154.1	99,606.0	7,488	396,332	52,832,659	2012
126,330.0	96,153.5	6,824	366,821	53,687,124	2013
121,949.8	93,043.3	6,430	350,901	54,544,183	2014
104,651.4	81,002.0	5,732	317,578	55,386,369	2015
91,594.2	76,214.4	5,267	296,273	56,207,649	2016
101,325.9	88,946.8	6,120	349,433	57,009,751	2017
113,604.9	93,970.1	6,354	368,135	57,792,519	2018
111 531	108 471	5 934.1	386 563	58,558,267	2019

5. China: China’s dominance in the BRICS bloc represents a dilemma for others, as the Chinese economy is now not only the second largest in the world, but also the largest among each of the BRICS countries. China’s political ambition creates challenges that have made it difficult for it to reach solutions. The Chinese manipulation of its currency is causing major problems for the manufacturing sectors in other emerging powers, and the central banks of other countries have registered to protest against the devaluation of the Yuan. The following table shows the capacity of the Chinese.

Table (5) China's economic indicators for the period (2011-2019)

Imports (millions of US dollars)	Exports (millions of dollars)	GDP Per Capita	Gross Domestic Product (Million US dollar)	Population	Years
1,743,395	1,898,388	5,583	7,522,103	1,376,497,632	2011
1,818,199	2,048,782	6,329	8,570,348	1,384,206,407	2012
1,949,992	2,209,007	7,081	9,635,025	1,391,883,335	2013
1,959,235	2,342,293	7,702	10,534,526	1,399,453,966	2014
1,679,564	2,273,468	8,167	11,226,186	1,406,847,868	2015
1,587,921	1,843,793	8,116	11,221,836	1,414,049,353	2016
1,843,793	2,263,371	8,677	11,221,836	1,421,021,794	2017
1,587,921	2,097,637	9,580	13,368,073	1,427,647,789	2018
2,215,158	2,528,426	8,682	12,237,782	1,433,783,691	2019

### THE DIMENSIONS FACING THE BRICS BLOC

When addressing the dimensions of the BRICS bloc, there are four possible scenarios in the development of the BRICS, and the most likely are [16]:

1. Preserve the status of an "emerging countries forum" that exists to discuss a global agenda formulated by other countries and supranational alliances.
2. Increasing its ability to influence the global agenda by using the tools of political integration such as expanding its membership and building a political alliance.
3. Increasing economic growth and trade among the BRICS countries by intensifying their economic integration and building a complete economic union. Thanks to its growing economic power, this union will be able to find answers to the challenges facing these countries [17].
4. Striving not only for economic integration, but also for political and cultural integration. Economic integration, if it is greatly enhanced, will enable the members to achieve a high competitive capacity sufficient to address the global problems facing all mankind.

The BRICS bloc represented a multipolar approach and a strategy for peaceful coexistence based on four basic principles for its sustainability, which are:

1. Mutual respect for the sovereignty of states and their territories.
2. Not to interfere in the affairs of other countries except in accordance with agreed rules and standards and within a multilateral framework.
3. Enhancing legal equality among all countries of the world.
4. Enhancing mutual benefits between countries and supporting national development paths.

## CONCLUSIONS AND RECOMMENDATIONS

1. Establishing an international financial system for BRICS members parallel to the new world order for the purpose of confronting major global currencies such as the dollar and the euro.
2. The BRICS bloc, despite its modernity, is internationally organized and possesses a great economic power that has been able to overcome the global economic crisis.
3. Despite the strength of the BRICS bloc in economic terms, it is considered modest in front of the international financial institutions.
4. The presence of China in this bloc added strength and dominance to it as a result of its economic strength, which is the second largest economy in the world.
5. The economic strength of the BRICS bloc has led to an increase in economic development and the formation of a strong economic union that faces all the challenges facing the bloc.

## RECOMMENDATIONS

1. Working to increase compatibility among the members of the BRICS countries through necessary commodities and capital markets with the necessity of establishing free trade zones with other countries.
2. Call for the establishment of financial institutions to be more competitive with the global financial system.
3. Establishing integrative initiatives on all economic and social aspects that, in turn, enhance mutual benefits between countries to strengthen the path of economic growth in the bloc.

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