



EMERGENCY ECONOMIES: BRICS

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Abstract

The world economy has been marked in recent years by sustained progress of developing countries. These countries share high demographics and strong GDP growth due to economic policies that aim to modernize industry and invest in research and innovation. Brazil, Russia, India, China and South Africa are the four countries, identified with the acronym BRICS- with a gross domestic product that has seen significant growth rates over the past 25 years. The BRICS countries are characterized by considerable territorial expansion, a large population, and a sustained rhythm of wealth-producing industry.

Keyword: BRICS; emerging economy; GDP.

JEL Classification: M00

I. Introduction

The BRICS countries comprise five emerging countries that have experienced enormous efforts in economic development in recent years: Brazil, Russia, India, China and South Africa. Currently, these countries contribute with 19.9% to world growth, Brazil is very rich in mineral resources and oil and gas deposits, besides wood, coffee and cane sugar. Brazil is classified as the first economic power of Latin America. However, 6% of Brazilians live in poverty, the huge slums that rise on the edge of the big cities. Instead, Russia is mainly producing oil and gas. With its oil and gas pipeline system, it supplies energy to many European countries. Since 2000, GDP has grown by 6% per year, but the distribution of income to the population is still unbalanced: 26% of Russians live below the poverty line. In India, today considered the world's fifth-largest power, low

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labor costs and the skills of qualified workers have allowed the development of the IT and electronics industry. However, in the absence of environmental laws, several multinational companies have transferred the most damaging productions into this country.

In recent years, China, following the United States in the ranking of the richest countries, has increased its exports of low-priced products such as home appliances, clothing and toys. However, the pollution problem produced by the industry, primarily the discharge of toxic waste and coal extraction, remains alarming. South Africa, boasts a rich mining extraction, especially platinum, gold and diamonds, the most industrialized African country, with a GDP equal to one third of the total GDP of Saharan Africa and the South. Still, 75% of the country's wealth is in the hands of a small percentage of British and African people, while 20 million mostly black Africans live with less than \$2 a day.

In order to cope with the growth of several emerging economies, new acronyms have been proposed to complement the BRICs; Mexico, South Africa, Korea, Turkey, being the main potential participants, and since 2001, since we started talking about the BRIC, several adaptations of the original group have been proposed:

- BRICS, includes South Africa;
- BASIC, includes South Africa, but excludes Russia, which has seen less promising growth in recent years;
- BRICSAM, South Africa plus Mexico
- N11, which would include emerging economics, proposed in O'Neill (2007);
- BRIC and MIST, to add Mexico, Indonesia, South Korea and Turkey.

So, as you can see, it's not just a game of acronyms, it's an attempt to create new groups of countries and savings, new brands that have an implicit added value resulting from the replica that these new countries can give in the form of successful economic performance, to the BRIC countries.

II. Common features of BRICS countries

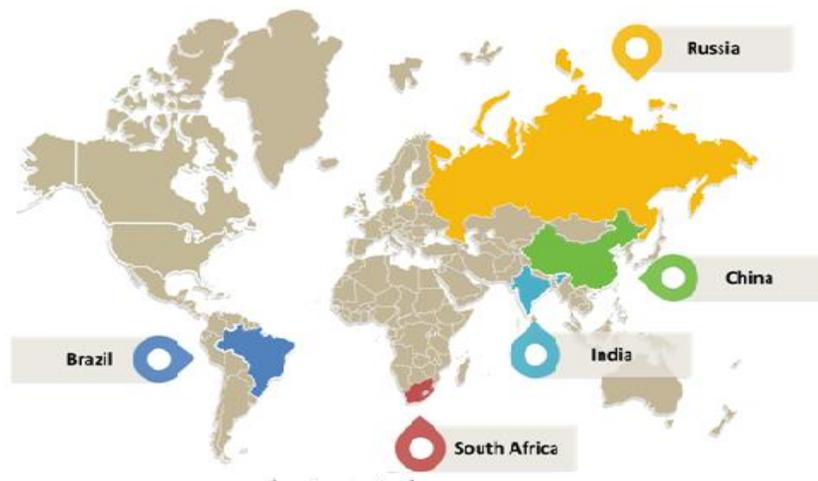
Currently BRICS is not just an acronym, a synthetic way to indicate a group of fast-growing countries, practically these countries have started a common (in general) way for a few years, and have joined in defining an overall of the objectives to be met, have assumed a homogeneous position regarding the most consolidated economic powers - especially those of the G6 group, namely: United States, Japan, Great Britain, Germany,



France, Italy (Tittarelli, 2013). Emerging markets had their first summit in June 2009 in Ekaterinburg, Russia. In 2010, these countries were included in the International Monetary Fund with a voting right equal to the most important countries (US, Japan, France, Italy, Germany and the United Kingdom).

The economic development of these markets cannot be attributed to a single cause. In fact, if Brazil, Russia and South Africa had this growth, mainly because of their natural resources, China has focused on the development of manufacturing, becoming the main exporter of cheap goods in a few years, while India becoming the main exporter of services. What these countries link to in return is the positive reaction to the global economic crisis. If the United States and Europe still face a period of recession, emerging markets have just slowed their growth. China and India, for example, have never dropped below 6% of GDP growth in these years.

Figure 1- Map of BRICS countries



Source: <https://yourfreetemplates.com>

Thus, over time, these countries have learned to collaborate with each other, thus enhancing their power and potential. Since the Brazilian meeting in 2010, the interaction and economic-political coordination between these countries have grown and recently they have acted together on various international platforms. For example, they mobilized \$75 billion for the International Monetary Fund and met to decide on a common foreign



policy approach, particularly in response to European and American Middle Eastern policies. It is therefore obvious that the role and share of emerging markets is intended to increase, especially since in the coming years, the economies of the North (USA and Europe) will have a very slow recovery (<https://www.anee.it/brics/>).

A retrospective analysis of what has happened over the last decades in the countries where BRICS (Brazil, Russia, India, China, South Africa) is commonly called up, gives rise to a suspicion that it is difficult to understand on how this economic success does not spread over all social categories as well. Although this economic success is known to all, it is important to remember that it was profoundly different between the BRICS countries, both in terms of duration and intensity. Accelerating economic growth has taken place since 1978 in China; and from the second half of the 1980s, especially since 1990, in India; since 1999 in Russia and South Africa; and since 2001 in Brazil.

With regard to the intensity of economic growth among BRICS, China and India had a significantly higher growth rate in their fast-growing period. In China, the average annual per capita GDP increased by 7.4% between 1978 and 2013, while in India it grew by 5.2% from 1992 to 2013. Between 1978 and 2013, in China, the real GDP exceeded 8.6% per year, and between 1992 and 2013 it rose to 6.5% in India. Situated below, in terms of pace of development, but at a considerable distance, there are Russia, after the economic collapse of the 1990s, and South Africa, after the long stagnation of the 1980s and 1990s, and finally Brazil in the 2000s (Valli, 2015).

Table 1- General Indicators on the BRICS countries

	GDP, Current prices (Billion US Dollar)	GDP per capita current prices (US Dollar)	Inflation average consumer prices (percent change)	Population (Millions)	Current account balance (percent of GDP)
Brazil	2,055	9,895	3.4	207.7	-0.5
Russia	1,527	10,608	3.7	144.0	2.6
India	2,611	1,983	3.6	1,316.9	-2.0
China	12,015	8,643	1.6	1,390.1	1.4
South Africa	349	6,180	5.3	56.5	-2.3
Comparative data of USA and Germany					
USA	19,391	59,501	2.1	325.9	-2.4
Germany	3,685	44,550	1.7	82.7	8.0

Source: IMF World Economic Outlook Database (April 2018)



These countries have now become enormously important in the global economic landscape, not only because they represent a large market for products and services for multinational companies but also because they offer new production opportunities at a low cost and with great potential for development. They are now an attraction for investments made by multinationals, knowing that even banks have begun buying shares from these countries. The BRICS have imposed their own presence on the market due to their potential, namely: size, population and growth rate, participation in global flows in terms of GDP growth, intensification of trade, investment, migration and the development of innovation.

III. Conclusion

We can conclude that the international economic scenario regains its dynamism due to the continuous emergence of emerging economies currently considered to be developed. BRICS countries are only the first successful example of countries that knew how to manage their own domestic resources, while at the same time contributing to a slowdown in the economic growth of economically developed industrialized countries, knowing to exploit the international attention to impose themselves in the global economic system and finally to leave the state of the "third world". The BRIC acronym turned out to be not just an appellative that would help to recognize new frontiers, but which contributes to creating an economic and political block capable of interconnecting with international powers.

Other notes

[1] The acronym was first proposed in O'Neill (2001) in the context of a Goldman report Sachs.

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