

## **BRICS' CURRENT ECONOMIC POSITION AND PERSPECTIVES OF ITS PROGRESS**

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**Summary:** This paper accounts for the problem of economic integration and its global influence on world policy and trade. The research was built on the analysis of BRICS. Its members, association of Brazil, Russia, India, China and South Africa, are five cultures with markedly different worldviews in terms of politics, philosophy and economics. The members of the group consider themselves to be partners in an effort to gain global economic supremacy in the coming decade. BRICS has a potential to play a crucial role in the growing influence of developing countries on global political, economic and financial systems. At the same time, BRICS united the countries that are the most vigorously developing on the background of the economic decline in North America and Europe.

**Key words:** BRICS, developing countries, economic integration, global economic supremacy.

**Анотація:** У даній статті представлені результати вивчення питання економічної інтеграції та її впливу у глобальному масштабі на світову політику та торговельні відносини. Дослідження було проведено на основі аналізу об'єднання БРІКС. Його члени, Бразилія, Росія, Індія, Китай та ПАР – це п'ять культур з помітно різним світосприйняттям стосовно питань політики, філософії та економіки. Члени цієї групи бачать себе в якості партнерів у досягненні мети надбання глобальної економічної першості в найближчому десятиріччі. БРІКС володіє потенціалом, щоб відіграти вирішальну роль у зростаючому впливі країн, що розвиваються, в глобальній політичній, економічній та фінансовій системах. У той же час, БРІКС поєднує країни світу, що найбільш динамічно розвиваються на фоні економічного занепаду в Північній Америці та Європі.

**Ключові слова:** БРІКС; глобальна економічна першість; економічна інтеграція; країни, що розвиваються.

**Аннотация:** В данной статье представлены результаты изучения вопроса экономической интеграции, а также ее влияния в глобальном масштабе на мировую политику и торговые отношения. Исследование было проведено на основе анализа объединения БРИКС. Его члены, Бразилия, Россия, Индия, Китай и ЮАР – это пять культур с заметно отличающихся мировосприятием касательно вопросов политики, философии и экономики. Члены этой группы видят себя в качестве партнеров в достижении цели обладания глобальным экономическим первенством в ближайшем десятилетии. БРИКС имеет потенциал, чтобы сыграть решающую роль в увеличивающемся влиянии развивающихся стран в глобальной политической, экономической и финансовой системах. В то же время, БРИКС объединяет страны мира, которые наиболее динамично развиваются на фоне экономического упадка в Северной Америке и Европе.

**Ключевые слова:** БРИКС, глобальное экономическое первенство, развивающиеся страны, экономическая интеграция.

In the current global economic and political situation, when in the terms of aftercrisis period the world is searching for new ways to develop on a global scale, we should pay attention to the activity and dynamics of a relatively new, but rapidly developing association – BRICS.

Since the moment when in 2003 the first report of the financial group The Goldman Sachs Group Inc. (which was devoted to the prospects for Brazil, Russia, India and China in the XXI century) was published, acronym BRIC(S) has been in general use. Interest to the countries of this group is rising with every passing year. Relevance and importance of BRICS are realized not only by business and government structures, but also by civil society, particularly in the scientific community around the world.

BRIC is to be known now as BRICS because South Africa has become its member. Thus, nowadays BRICS is a powerful block of developing economies which, according to the International Monetary Fund, will account for as much as 61% of global growth in three years' time.

The integration combines 3 billion people (that is about 43% of the population) and territory of 39.7 million square kilometers (that is more than a quarter of the Earth's land area). Beneficial position of these countries is ensured by a large amount of the most important resources for the global economy. For example, Brazil is rich in agricultural products; Russia is the largest in the world exporter of mineral resources; India possesses cheap intellectual resources; China is an owner of cheap labor force; South Africa is rich in natural resources. BRICS countries in total also earn about 13 billion dollars of GDP per year, which equals 21% of world production [1, p. 2].

The five countries are located on three continents, have considerable influence both on their region and the whole world. Together they have more important impact on global economy of natural resources. Thus, the BRICS association is the largest in the world market, it has a high regional differentiation in terms of socio-economic development, population density and transport accessibility. Each of them is represented by a different number of federative units. In Russia there are 83 regions, in India – 35 (28 states and 7 union territories), in China – 31, in Brazil – 27, and South Africa has 6 urban districts and 46 districts. In fact, only some regions are attractive to foreign investors, especially the ones which are already on the level of economic development that may compete with the countries of G 6.

Members of BRICS differ from each other in terms of natural resources, level of industrialization and impact on the global economy. It is important to eliminate these differences, since seeing BRICS as an association might lead to wrong assumptions about the five countries' individual current and future roles in the global economy. Therefore, there are five cultures with markedly different and individual worldviews in terms of politics, philosophy and economics. In fact, members of the grouping see themselves to be partners in an effort to gain global economic supremacy in the coming decades.

According to forecasts of *The Goldman Sachs Group Inc.*, which were made in 2009, it was expected that the GDP of BRIC(S) country-members by 2032 would surpass the GDP of six most developed countries (USA, Japan, England, France, Germany and Italy), that China would be the leader and the largest economy in the world in 2027. Russia (until 2028) and Brazil (until 2036) are expected to exceed Italy, France and Germany. In terms of GDP, India will have

exceeded Japan by 2050 and it will yield to the U.S. and China. Only the maximum GDP per capita among BRIC(S) countries in 2050 is expected to be obtained in Russia. Its size will be larger than that of Italy and of Germany, as well as approaching the level of France. In other member states of BRIC(S) this figure will be significantly lower [2, p. 4].

It should also be noted that the analysts of *The Goldman Sachs Group Inc.* did not expect BRIC(S) to coordinate its economic policies. Especially at the initial it wasn't allowed that they would form an economic block. However, over time, we observe the fact that the four BRIC countries (and South Africa) are trying to form a political co-operation and thereby convert its growing economic power into greater geopolitical influence.

In our opinion, BRICS owns a potential to play a crucial role in the growing influence of developing countries in global political, economic and financial system which in nowadays environment are not stable and are subjected to change. At the same time, BRICS united the countries that are most vigorously developing on the background of the economic decline in North America and Europe.

Analysis of the expansion of BRICS provides us with evidence that South Africa has a much lower economic performance. For example, the volume of South African GDP only equals a quarter of Russia, which is GDP used to be the lowest among the other members of the group. Still more illustrative example is the gap between South Africa and China, which ranks the second place (after the USA) in the world. However, South Africa is undoubtedly an influential political and economic power on the continent that is increasingly attracting international attention. In addition, South Africa has access to the markets of many African countries and, which is more important, to their raw materials.

In connection with deepening of economic problems in the world, the African continent obtains a particular importance. Africa is a zone of strategic interests of new centers of power. Thus, the interaction of BRICS, both individually and as an association, with the African continent becomes an important factor in international development. This situation is supported by the fact that over the last decade it has seen an increase of economic activity in Africa by China, India and Brazil. It should also be stated that South Africa is the largest world exporter of a number of minerals and has a substantial scientific and technical potential. Integration of this country is evidence of the importance of African component in the BRICS modern system of international relations.

Integration of South Africa, as a representative of the African continent, allows BRICS to increase its international status and strengthen its position in global economic relations. Due to this fact the inflow of foreign investments into the country becomes probable.

This extension also has a positive impact not only on the power of association, but also on its status, as the new member has the most developed economy in Africa, although in the list of all countries in the world it takes only the 31<sup>st</sup> place. The country is also behind a number of other Asian and Latin American countries. But for Africa BRICS is important in geopolitical terms, namely, to be

able to have influence on political and economic cooperation on the territory of three continents. In its turn South Africa needs to take some serious measures to promote its economic growth.

Members of BRICS pursue principles of state sovereignty, loyalty to a polycentric world, in which there should not be a dominant power. And there should also be respect for authority and powers of the UN. BRICS states separately, except China, cannot have a significant impact on the global economic order, but as a unity, they are able to obtain considerable influence. The structure of BRICS is of an effective format in the prospect of gaining a common position with China, which previously was not inclined to do anything with anyone and coordinate its actions [3, p. 148]. Stated most generally, China cannot tolerate the existence of an independent alliance of Russia, Brazil, India and South Africa, therefore, it takes the format of BRICS. Especially because BRICS is a conglomeration of countries in economic power comparable with China.

The world's attitude to BRICS is constantly changing. Members of the group also perceive integration differently. However, it is obvious that the format of BRICS gives them additional opportunity for acting in foreign policy effectively.

Participation of BRICS in the further development of multilateral contacts is evidenced by the fact that the summits are held regularly. Such contacts are supplemented by periodic five-sided meetings between the ministries of foreign affairs, finance ministers and other government agencies.

Summarizing all the above, it should be stated that BRICS is a reality of the world economy and politics. This informal international integration has taken its place in international economic and political relations. BRICS has a vast development potential, both with current composition of countries and prospective partners. With a large resource base and economic potential, BRICS has a real opportunity to take a leading position in world economic relations.

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