

BRICS +6, A Threat To The Political and Economic Balance of the West

written by Ms Zarka Khan | October 1, 2023



The BRICS group of emerging economies, formed in 2010 which consists of Brazil, Russia, India, China, and South Africa, has been a driving force in the global economy for over a decade. The invitation of becoming new- members has been accepted by Saudia Arabia, UAE, Iran, Ethiopia, Egypt, and Argentina transforming the traditional BRICS, into BRICS+6. This membership will come into effect from 1st January 2024. The group's GDP has risen to over 35% of global GDP at purchasing power parity (PPP) and accounts for over 46% of the world's total population. The BRICS are slightly larger than the G7 in terms of purchasing power parity. But when evaluated in current nominal US dollars, the group is still much smaller than its advanced-economy equivalent since their currencies trade at values that are much lower than what PPP implies.

The BRICS+6 alliance has already had a substantial impact on the world economy. Global commerce and investment are being boosted by the group's increasing demand for goods and services. The group's businesses are also becoming into significant players in the international market, going up against Western firms in a variety of areas. Additionally, the BRICS+6 group is becoming more significant in the world's financial markets. The central banks of the group currently hold a sizable amount of US Treasury bonds, and more and more people are using their currencies for investments and trade abroad.



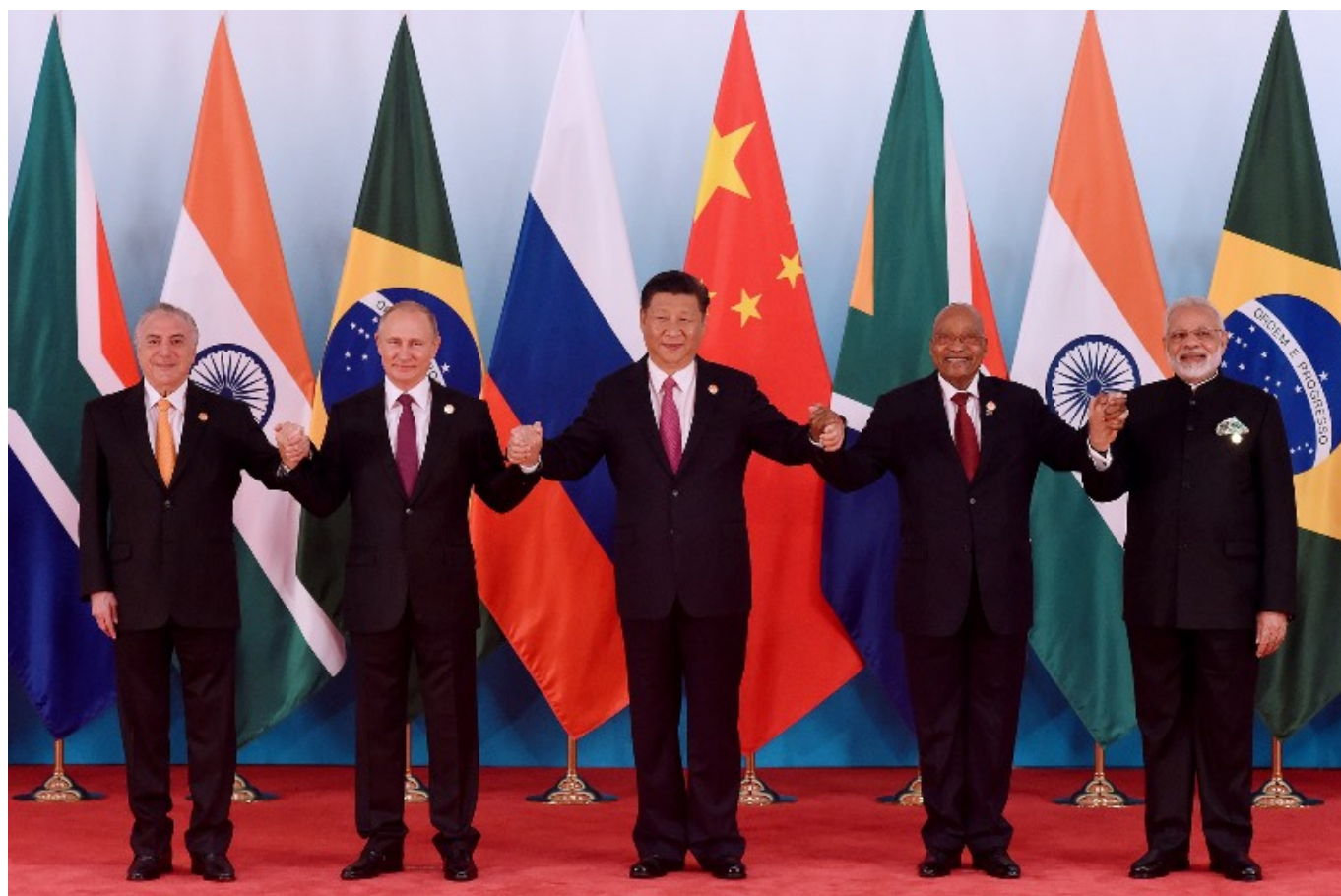
The BRICS+6 alliance is making more of an impact on the global scene. In international organizations like the G20 and the UN, the group is taking the initiative. Additionally, the group is creating fresh regional coalitions, like the Shanghai Cooperation Organization (SCO).

President Putin, while making his speech at the BRICS summit last month reaffirmed the African states that, Russian support will always remain steadfast in the development of the African continent. The inclusion of Ethiopia will contribute modernization of the nation's agricultural sector. Ethiopia may also benefit from the use of cutting-edge agricultural technologies and know-how from BRICS nations, with Russian grain and fertilizers positioned to help.

Although both the UAE and Saudi Arabia are important oil producers, they have recently expanded their economies into fields like tourism, finance, and technology. The BRICS group's economy would become more varied and resilient as BRICS would have access to healthy markets which will help build capital. Another benefit that the inclusion of UAE and Saudia Arab offerss is that they are the top fuel producing economies in the world. These countries along with Russia can potentially pose a threat to the supply and demand of oil across the world. This is an indirect message to the hegemony of the western economies. While many must view this as a potential method of obtaining fuel for a cheaper rate, we must consider the fact that western economies depend on fuel imports from all the three countries.

China is one of the largest investors in Iran. Iran has been sanctioned by the western world, but China chose to have good ties with Iran. With pipelines that connect Pakistan to China, China has invested 400 billion dollars in the Iran Oil and Gas industry. The completion of this developmental aid will result in China obtaining discounted fuel and gas over the next 25 years. This will also benefit the other countries included in the BRICS+6 and they will also be able to get subsidies on fuel and gas if they maintain good ties with Iran. China has signed a trade pact with Iran that is scheduled to boost by 150% this year. Considering the sanctions that Iran had to face at hands of the west, China proved to be a competitor that seeks economic prosperity not an ethnic or religious bias.

Argentina is a major producer of agricultural products, minerals, and energy, which would add to the diversity of the BRICS economy. This would make the BRICS group more resilient to shocks in any one sector. It has a large domestic market and strong economic ties to other countries in Latin America. BRICS businesses could benefit from access to these new markets, particularly in sectors such as infrastructure, technology, and energy. Additionally, Argentina is a member of the G20 and other international organizations. Its inclusion in the BRICS group would make the group more representative and influential on the global stage. This would give the BRICS countries a greater voice in shaping the global economic and political order.



The inclusion of Egypt is a major benefit to the BRICS economies as most of the economies involved produce finished products. An essential commercial route the rest of the globe is the Suez Canal. It offers a time and money-saving bypass for ships moving between Asia and Europe. Additionally, the canal brings in billions of dollars annually for Egypt. This canal is an economic artery for Egypt and is seen as a benefit by BRICS as it they might receive levies in delivering their products through the Suez canal. Egypt is a member of the Arab League and the African Union, and it is a major player in the Middle East and North Africa region. Its inclusion in the BRICS group would make the group more representative and influential on the global stage.

If we pinpoint the locations on a map, BRICS have made their presence noteworthy by connecting to all parts of the world. The BRICS has promised to invest in all the developing economies to not only promote their markets but to raise the standard of living in these countries too. The BRICS have also planned on creating a mutual monetary unit and developing their own currency. All the trade performed in these

countries will be dealt in their own currency, possibly giving the currency a preference over the US dollar.

Adding the UAE, Saudi Arabia, Argentina, Iran, and Ethiopia to the BRICS+6 alliance will increase the group's dominance on the political and economic fronts. The group will thereafter be able to challenge the current global order and take on a more significant role in world affairs.