ECONOMIC PRIORITIES OF BRICS

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(Abstract)

1. When speaking about the economic aspects of cooperation in BRICS we should have in mind two imperatives. First, that the previous system of global government (the Bretton Woods system) was deeply eroded and nowadays needs a complete overhaul or a replacement by a new system. Second, that the ultimately revealed tendencies evidence that the global economy from now on will be defined by the global megablocs (intercontinental integration units).

2. The BRICS model is not yet fully defined. It is still in the process of developing. Initially it was evident that the format did not correspond to the traditional patterns of economic integration. It doesn't mean, though, that BRICS fails to suppose the realization of multilateral economic programs or the creation of mutual institutions on the basis of common interests and joint approaches.

3. During the first round of BRICS Summits (2009-2013) the BRICS agenda and the initiatives for various projects in pentalateral cooperation were being increased with a high tempo. But, frankly speaking, it was all being done rather extensively. The creation and putting in action of corresponding mechanisms to fulfill commonly adopted decisions were, by all means, left behind the self-extending circle of new initiatives and proposals.

The effectiveness of BRICS and the corroboration of its authority among its member-states and in the international level, all in all demand a transition to the practice of the purpose-centered intensive development. Which is to be stipulated by a clearer detachment of priorities and by a concise concentration of collective efforts and means around those.

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4. As it seems to me, the most important priorities are already being revealed. First of all it is a project of the BRICS Development Bank. The meeting of the Group of five negotiators in Sidney in the beginning of this year within the G-20 consultations frames, allowed them to make an important step in closing-up of the positions. Second, there appeared a common political decision, a direct consequence of the economic crisis, to create a currency reserve pool. The creation of the common stock exchange for the “five” will permit “to bridge up” the member-states stock markets, which in itself has a huge practical significance. Among the priorities, many specialists also justify the need to create cooperative mechanisms for the insurance markets.

5. Worth mentioning, that one of the BRICS primary common aims (even in quadrilateral format) initially dealt with the increasing of the capital and votes share in the IMF. This decision was approved by the G-20 meeting and adopted by the IMF in 2010. However, the IMF traditional “heavyweights” seem not to be in a hurry to put up with this decision. Obviously, to overcome their position one needs to put some additional efforts.

6. The lessons of 2008-2009 economic crisis and the recent changes in the world development trends continuously underline the significance of national currencies in mutual payments between the “five” and between them and the member-states of the regional integration groups where Brazil, Russia, India, China, and South Africa occupy leading positions.

7. Brazil has a full right to represent Latin American region within the BRICS scheme. It has a possibility to adequately transmit the BRICS interests up there, to the format of the Group of five. From the other side, with the creation of BRICS, the Latin American countries have largely extended the frames of their international economic maneuverability, providing for the diversification of their foreign trade, investment sources and technological innovations.