BRICS Economic Cooperation Factors in Global Governance

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Abstract. The formation of the BRICS cooperation mechanism was based on the political need to unite several rapidly growing countries. The process of its integration has shown the successful prospect of expanding the functions of the BRICS platform. This article studies the main factors of economic cooperation of the BRICS countries in the context of global governance and reforming the international financial and economic structure. The BRICS is one of the most important actors in the global governance of the 21st century, which brings together the most important forces of the developing countries in a new era; each of them is a regional power in Europe, Asia, South America and Africa. The study gives the thorough analysis of the national programs in the field of international economic activity, provides practical measures to resolve conflicts of interests among the BRICS countries and promote mutual understanding. The conclusion reveals the trend towards the formation of a multipolar system in international relations and the growing interdependence of the BRICS countries, noting the importance of economic integration and financial cooperation among these countries that is to get enhanced in order to defend together against the threat of unstable external environment and preserve national socio-economic development.

1. Introduction

Relevance. In a short period of its existence, the BRICS mechanism embodies strategic forces in global governance, participates in important international decisions and plays a key role in negotiations on major global issues. When Western countries were under pressure from the economic crisis, the BRICS countries just improved their economic and political status in the international space. In order to advance the global governance system and the financial and economic bloc, the BRICS proposes a reform plan for the participating countries, which show the determination to be united and create a fairer and equitable world system. This is also confirmed by the fact of economic power and productivity - the total GDP of the BRICS countries is about 25% of the total world population, and the total population of these countries is more than 40% of the world population.

The BRICS countries have become an important organizational force in recent years. The confirmation of this can be seen in the high percentage of the compliance with the commitments shown by member countries. Over the years of the organization’s existence, more than 500 decisions have been made, and their implementation by 2017 was 79% [1]. Important economic levers in the development of the organization were: the creation of a New Development Bank with a capital of $100 billion, the growth of mutual trade between the member countries of the BRICS from $13 billion to $297 billion [2]; implementation of the “BRICS+” format, aimed at attracting new countries to the negotiations representing key regions of the world [3]. However, the interaction of the BRICS countries is still at a relatively low level, the states do not have complete voting rights in the international monetary system.
Formulation of the problem. The basis of the BRICS cooperation mechanism is connected with the economic factor. Its purpose is to promote the reforms of the world economic system, stimulate the participation of emerging market economies aimed at obtaining greater rights in the international financial system. The rapid economic growth of the countries with developing economies requires international economic governance in order to have a more equitable and representative place in the world economy.

The BRICS is rapidly closing the gap with developed countries at an amazing rate. It represents the power of growth, and is seen as a synonymous with the transformation of global economic and political relations. However, in recent years, three members of the BRICS (Brazil, Russia and South Africa) have suffered from serious political and economic problems: Brazilian President Dilma Rousseff was removed from his position by impeachment. Russia, on the one hand, is facing severe economic sanctions from the West, and on the other hand, is conducting military activities in Syria. South Africa is involved in the internal corruption scandals, economic downturns. The pace of development in China and India is still moving forward, but the growth is no more than 10% per year. In addition, there are other obstacles, including political and social upheaval caused by inequality and corruption in social development, which have not allowed keeping pace with rapid economic growth in recent years due to insufficient infrastructure. Further obstacles include a large number of environmental problems, the lack of labor balance between rural and urban settlements, the need to develop education, health care and social welfare.

The purpose of this study is to reveal and identify the main position of the economic cooperation of the BRICS countries, as well as its importance in global governance.

In accordance with the goal, the following tasks are formulated and set:

1) to determine the importance of national projects and the economic integration strategy of the international character in each BRICS country for global governance;
2) to analyze the identified foreign economic policies and strategies of the BRICS countries;
3) to identify the existing problems in the international economic interaction between the BRICS countries and the corresponding measures to eliminate problems;
4) to analyze the prospects for the development of the mechanism of the BRICS countries in the field of international economic activity as factors of global governance.

2. Methods

Theoretical and methodological foundations of the study. An analysis of the situation implies the use of a group of interdisciplinary methods and procedures used for the accumulation and primary systematization of materials, including the study of official documents that allows access to sources of objective information, and a comparison that reveals common and excellent features of the studied development process. This article uses situation analysis methods to study the goals and objectives that are used to examine the state economic projects of Brazil, Russia, India, China and South Africa for international integration, relying on multilateral cooperation platforms within the BRICS framework to identify the importance of the BRICS economic cooperation in the global management.

Literature review. This research work is based on a wide range of reputable publications connected with the research of international economic integration and the studies aimed at the explanation of the development of the BRICS countries in recent years: scientific works, monographs, collections, articles of the respected authors from Brazil, Russia, India, China and South Africa. Among the scientific works devoted to the studied problems’ research the following authors can be distinguished: Sharova E. A. [2], Petrakov M. I. [3], Komissina I. N. [5], Skriba A. S. [17], Kefeli I. F. [9, 14], Akhilesh Pillalamarri [11], Vasilyeva N. A. and Lagutina M. L. [13], Becard D. S. R., Barros-Platiau A. F. and Lessa A. C. [18], Briceno-Ruiz J. [21], Khurana G. S. [24].

While writing this work, the authors relied on a documentary database of sources. Among them are the “2017 BRICS Xiamen Summit Final Compliance Report” [1], “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road” [8], “Bulletin on current
trends in the global economy” [22]. In addition, materials from the media were also used in the work [6, 7, 23].

3. Results and Discussion

It should be noted that there is a considerable difference in the economic structure of the BRICS countries and a certain difficulty in achieving a common economic course. In these conditions, each member of the BRICS offers a mechanism of cooperation between the countries of the organization on a platform of dialogue and interaction to facilitate the reform of the global economic community and broad economic cooperation. Furthermore, the characteristics of the national foreign economic projects of the BRICS countries will be described in detail.

3.1. China

China is traditionally famous for its industrial capacity. Since the beginning of the policy of reform and openness, China has been rapidly gaining financial capital and labor, has risen significantly in the main world ratings for economic indicators. At the same time, China is experiencing a serious problem of insufficient availability of energy and natural resources, which is strategically important for the country.

In this regard, China has developed an economic policy aimed at involving the BRICS countries in joint economic projects. An example of such a policy is the initiative adopted in 2013 and dubbed “One Belt, One Road”. The project consists of the concept “Silk Road Economic Belt” (“One Belt”) and the concept of “21st Century Sea Silk Road” (“One Road”). More than one decade is required to implement this project; the expenditures in future will exceed billions of dollars.

This project poses two economic objectives: internal and external. The internal task is aimed at creating a large transport corridor and promoting the transformation of the industrial structure. The external task is connected with the development of economic cooperation with the marginal countries and, first of all, the BRICS countries [4]. The marine part of the project is of great importance for China. 90% of China's foreign trade goes through water [5]. A significant proportion of strategic resources - oil and gas are imported into China by tankers through the South China Sea and the East China Sea to Chinese ports.

The main objective of the project is aimed at redistributing export flows to those countries that have not yet become participants in world trade and, above all, the BRICS countries. As part of the “One Belt, One Road” implementation, the coordination systems are being created for international transport and customs clearance of goods. Moreover, Chinese large corporations, under the auspices of the state strategy of “going outside” (going abroad), are actively exploring the needs of foreign markets and are developing new logistics schemes as well as being involved in the construction of port facilities and road infrastructure.

The project “Silk Road of the 21st Century” will help to strengthen cooperation and trust between countries [6]. The 21st Century Sea Silk Road begins in Quanzhou, then passes through the cities of Guangzhou, Beihai and Haikou to the Strait of Malacca, crosses the Indian Ocean, goes to Calcutta, then through Djibouti and the Suez Canal, to Athens and further to Venice. Further, it is connected with a land route. It is supposed to continue the road to Africa in the South Pacific [7, 8].

The One Belt, One Road project has become the center of diplomatic, international, political and economic cooperation in China's foreign policy, especially with regard to the BRICS countries [9]. Thus, the PRC initiative is a megaproject covering immediately by three continents of the planet - Europe, Asia and Africa.

3.2. India

The Indian example also deserves specific attention. The country has been the world's leading supplier of information and communications technology (ICT) products for the past quarter century. The whole ICT industry brings India more than half of the economic value of the entire manufacturing
sector. However, other sectors of the national economy are developing unevenly due to the strong ICT industry in the country [10].

In 2014, the “Mouse Project” (named for a natural phenomenon - monsoon winds) was made by India. The project was developed under the leadership of Prime Minister Narendra Modi in order to develop relations with the countries of the Indian Ocean. Unlike the Chinese maritime project, the Mouse Project is more modest, judging by its scale of implementation, it is initially aimed at developing cooperation in the field of culture and tourism, and the development of diplomatic and economic strategy is derivative.

The essence of the "Mouse Project" is to create a mechanism for cooperation between India and the countries of the Indian Ocean, including also East Africa, the Arabian Peninsula, the Indian Peninsula and the Indochina Peninsula in Southeast Asia [11].

India proposed the Spice Road project to the Mouse Project, linking India and East Africa with the Mediterranean countries. The aim of the project is to develop a mutually beneficial cooperation platform on the territory of the South Asian continent and the Indian Ocean coast. During the development of the project, the focus was on cultural cooperation; later the project also set economic goals. India is an important constituent element of the 21st Century Sea Silk Road and an important partner of China in the One Belt, One Way project. Indian and Chinese projects do not oppose each other, but complement and develop integration processes in the region [12].

3.3. Russia

Against the background of Western sanctions policies, Russia is overcoming temporary difficulties. The state is to rely on the digitalization of the national economy, expand energy exports, develop its own industry, promote the idea of import substitution in agriculture, household chemicals, electrical appliances, etc. These activities allowed the economic situation to get some bonuses and the domestic production to be promoted, despite the problems in external political and economic situations. However, there is a low growth rate in the Russian economy, compared with previous years. As a productive tool for promoting regional economic integration, Russia in 2015 began to promote the Eurasian Economic Union (EAEU) project and the idea of Greater Eurasia [13, 14]. Currently, the EAEU members are Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan. Moldova is an observer state of the organization. The Eurasian Economic Community (EurAsEC) preceded this union.

On October 1, 2017, in the Chinese city of Hangzhou, a meeting was held between the Minister of Commerce of the People's Republic of China, Zhong Shan, and Veronika Nikishina, a member of the Board (Minister) for Trade of the Eurasian Economic Commission. As a result of the meeting, both sides announced the fundamental completion of negotiations on the preparation of an Agreement on trade and economic cooperation between China and the EAEU. This is the first official document between the PRC and the EAEU, confirming the pragmatic implementation of the attached agreements in the Joint Statement of the Russian Federation and the PRC on cooperation in conjunction with the construction of the Eurasian Economic Union and the Silk Road Economic Belt [15, 16].

The next step in this direction was the signature of the agreement targeted at the harmonization of customs procedures, interagency cooperation, promotion of trade, protection of intellectual property rights, veterinary and phytosanitary control, etc. [17].

3.4. Brazil

As the largest country in South America, Brazil is rich in significant reserves of natural resources and labor. Given the large population (more than 200 million people), thus, over the past five years, the country also hosted the largest sporting events around the world - the World Cup in 2014 and the Summer Olympic Games in 2016. Brazil, in fact, has a growing domestic market and the ability to attract foreign investment, the development of production sectors of the national economy [18]. However, Brazilian political changes and serious social class stratifications have a significant impact on the stability of economic development, causing a slowdown in the official pace of development in general [19]. Nevertheless, Brazil proposed its long-term regional economic integration of South
America - the “Union of South American Nations” [20, 21], the essence of which is to promote trade between countries of this continent, and Brazil itself is the locomotive of the project.

3.5. South Africa

The role of South Africa in the process of economic integration should be noted. South Africa is the continent's largest economy, an important provider of financial services, dominating the richest minerals in Africa. However, the strong social stratifications subsequently with unsuccessful economic reforms significantly damaged the country's economy. There can be noted some increased unemployment and inequality between nations, the fight against crime, which does not allow the country in the coming years to move towards the implementation of sustainable development [22]. The participation of South Africa in the BRICS mechanism has been fixed for achieving the most important goals at the state level (combating poverty and inequality and creating jobs), regional (to receive support from BRICS to combine cooperation with Africa as a whole) and international (reform of international financial institutions and the UN, revival Doha Round of negotiations). In addition, South Africa also expresses hope for productive economic cooperation with the BRICS countries to modernize the African economic situation and infrastructure development, expand cooperation in the area of science and technology, and attract investment and human resources [23].

Table 1. The GDP of the BRICS countries and their share in the world's GDP 2007-2016 (trillion USD)

| Year | Brazil | Russia | India | China | South Africa | BRICS | World | доля BRICS в мире |
|------|--------|--------|-------|-------|--------------|-------|-------|----------------|
| 2007 | 1.37   | 1.30   | 1.24  | 3.49  | 0.29         | 7.68  | 56.84 | 13.52%         |
| 2008 | 1.65   | 1.66   | 1.22  | 4.56  | 0.27         | 9.37  | 62.31 | 15.03%         |
| 2009 | 1.62   | 1.22   | 1.37  | 5.06  | 0.29         | 9.55  | 59.06 | 16.17%         |
| 2010 | 2.21   | 1.52   | 1.71  | 6.04  | 0.38         | 11.86 | 65.34 | 18.14%         |
| 2011 | 2.61   | 1.90   | 1.82  | 7.49  | 0.42         | 14.25 | 72.68 | 19.60%         |
| 2012 | 2.46   | 2.02   | 1.83  | 8.46  | 0.40         | 15.16 | 74.19 | 20.44%         |
| 2013 | 2.46   | 2.08   | 1.86  | 9.49  | 0.37         | 16.26 | 75.91 | 21.42%         |
| 2014 | 2.42   | 1.86   | 2.04  | 10.35 | 0.35         | 17.02 | 77.83 | 21.87%         |
| 2015 | 1.77   | 1.33   | 2.07  | 10.87 | 0.31         | 16.35 | 73.43 | 22.27%         |
| 2016 | 1.80   | 1.28   | 2.26  | 11.22 | 0.29         | 16.85 | 75.28 | 22.38%         |

Source: International Monetary Fund, World Economic Outlook

The spirit of cooperation is based on mutual understanding and a pragmatic solution that needs multilateral coordination and consultation. The five BRICS member countries jointly support initiatives and projects on various forms of mechanism within the framework of the BRICS cooperation. Such a conceptual model is one of the most important specifics in the study of the BRICS cooperation platforms and its deepening. In our opinion, in order to optimize the existing methods and formats of multilateral cooperation among the five countries, the following measures should be put forward and aimed at strengthening the internal relations in the field of economics, politics and humanitarian exchange.

Firstly, each participating country should determine its own economic strategy in several major areas of activity, and focus on joining and interfacing with the current mechanisms of cooperation within the BRICS, defining the priority with the development of the organization and the international community as a future goal. It is necessary to outline the importance of avoiding unfair competition between members of the organization, because some countries have similar economic orientations, consumption of natural resources or other situations [24]. To continue the positive development of the BRICS, internal conflicts should be eliminated (disputed, historical issues postponed) and mutual benefits should be achieved for all parties, while it is equally important to promote the economic integration of the BRICS and create a single market.

Secondly, the BRICS should have its own single voice in the world community. To do this, all five countries need to begin expanding the existing BRICS information exchange channels and constantly...
improve such ongoing dialogue mechanisms at the international level as leaders' summits, ministerial meetings, the BRICS Business Council, the BRICS Think Tanks Council and many other working platforms. These key areas of the national economy are priority areas in the process of deepening mutual trust in order to express themselves in a unanimous voice on behalf of BRICS in the international arena: finance, energy, agriculture, trade and investment, technology transfer, innovation and entrepreneurship.

Thirdly, the deepening of interstate relations and cooperation among developing countries and developed countries should be emphasized and focused on. Since BRICS is a new format of unofficial unification of the five countries of the world, which are mainly the countries with the largest population or reserves of natural resources and with the economies, which are also at a relatively rate of growth compared to other developing countries. It is important to promote the relations with the developed countries, international organizations and institutions [25], which might help the BRICS to enter the international arena, take a more active part in the most important world problems' solution and focus on economic, financial and political process intensification.

Finally, the BRICS cooperation mechanism needs a joint detailed study of the theoretical and practical aspects of each participating country in order to overcome the communication barriers among the countries and build a common understanding of actions in the name of the BRICS. The countries should, through ongoing comprehensive informational and analytical work, increase the level of research and implement the results in a number of important industrial and humanitarian sectors in favor of expanding cooperation within the BRICS. Thees should include the political mutual trust, transparency in economics and finance, trade and logistics, infrastructure, social security, cultural exchanges and others. Adhering to the principles of openness and justice, any action to approximate economic cooperation and cultural exchange among the countries is to be respected by local laws and customs [26].

4. Conclusion

Thus, as a result of the study, and in accordance with the goals and objectives, the authors are able to draw the following conclusions:

Firstly, with the advent of the digital economy in an era of ongoing globalization, the BRICS is required to interact intensively, primarily with the countries of the organization itself. The article analyzes the main provisions of the national projects of China, India, Russia, Brazil and South Africa, reveals the essence and perspective of these projects, which allows us to facilitate the search for a common ground and cooperation between the five countries. The study takes into account and highlights the national specifics in the field of political systems, socio-economic development, cultural differences and other aspects.

Thanks to the good ground for multilateral cooperation, despite the large differences among the BRICS countries, they continue to work actively. This is due to the fact that the current platforms within the BRICS framework are constantly being improved: the BRICS Summit is held annually, at the end of which a joint declaration is issued giving the BRICS countries an official position on current world events and determining the BRICS working plan for the coming year. In addition to the BRICS Summit, the regular meetings of the ministers and the Heads of government departments, who are in charge of the blocks of foreign policy, energy, trade and investment, the economy and finance, culture and education, science and technology, agriculture, etc. also work productively [27]. Thus, having examined the most important mechanisms of cooperation within the BRICS framework, we can say that such practical experiences promote pragmatic cooperation and introduce mutual understanding among the BRICS countries.

Secondly, after analyzing the joint economic activity of the BRICS countries, the authors concluded that the BRICS as an association also pays great attention to international activity and takes a relatively active part in it. From the moment of its formation, the BRICS has already laid down the idea of reforming the world order in such a way that should be fair, multipolar and tolerant for expanded participation of the countries with developing economies. With this desire, the BRICS
adheres to the principles of a political solution to controversial issues of the world community and the idea of multilateral diplomacy.

At the same time, it is also important to deepen relations with the countries of the "West" and other regional powers, major international organizations, and other institutions. The goal of such cooperation is to preserve the multipolarity of the world order, protect it from trade obstacles and protectionism, and promote the reform of international financial and economic management.

Thirdly, having studied the prospects of the BRICS international economic cooperation in global governance, the authors are able to draw the conclusion that the BRICS is bearing fruit not only to its participants, but also to all countries that are in interaction with it through the open and constant dialogues between the South-South and South-North. On the one hand, the cooperation in the field of economic integration among the BRICS member countries is a new type of state relations in reflecting foreign policy, it needs to be continuously updated in terms of the content of such multilateral cooperation, which is likely to turn into a single market or the BRICS free trade area in future. On the other hand, all the BRICS tools and platforms should be improved, since they have appeared only over the past ten years. Compared to long-standing world institutions, the BRICS is still at the initial stage of its functioning.

Finally, the authors analyzed the strategic differences among the BRICS members, which, in their opinion, impede a coordinated approach to developing a common position on international issues. In the same way, the economic problems must be addressed in a win-win format for all concerned. The United States is moving towards increased protectionism under the leadership of the new government, so the BRICS countries also should have the opportunity to have the vital voice and to keep the stance related to reforms and development policies in global governance. The BRICS countries should constantly expand their cooperation in various fields and deepen it. Therefore, in the next few years, the BRICS should strive to remain relevant and become an important and significant international actor playing an alternative role in relation to traditional developed countries of the world. This suggests that the BRICS will become increasingly important in the international financial and economic system and global governance.

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