



Macro Analysis of the BRIC – Geopolitical, Economic and Legal Challenges for Business Investment

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Abstract : The four BRIC countries, namely, Brazil, Russia, India and China, since the year 2009 have been unanimous in working together with similar to an alliance of sorts. However, the success of this so-called alliance, especially in the long run has long been a subject of debate. This study focusses on the Geopolitical, Economic and Legal Challenges for Business Investment in the BRIC nations.

Introduction

The four BRIC countries, namely, Brazil, Russia, India and China, since the year 2009 have been unanimous in working together with similar to an alliance of sorts. However, the success of this so-called alliance, especially in the long run has long been a subject of debate. Different authors and researchers over a period of time have presented their views and the respective role of these countries in the success or failure of this alliance. While all BRIC countries have become altogether in the course of recent decades, and have come up with extraordinary measures in the elimination of poverty, the debate remains whether the alliance can be termed significant with regard to geopolitical or socio-economic concerns at all. Some feel that the BRIC nations' collaboration has largely been restricted and they have started to fundamentally separate as far as economic performance is concerned, with the exceptions being India and China which have registered high growth in recent years. The prediction of Goldman Sachs in 2003 that BRIC by 2050 will collectively be larger than combined economies of G6 (the United States, Japan, Germany, France, Italy, the United Kingdom) has received particular attention (Neill, 2007).

Despite rapid economic growth and continued positive economic viewpoint, the respective BRIC economies are still dedicated in comparatively lower worth added fragments of the value chain (Rahman, 2016). Other factors which play an important role in the emergence of BRIC includes high population (Human Labour), large area, high rates of economic growth and the motive of developing 'development-friendly international economic institutions' (Wilson, 2015).

Three of the BRIC nations, namely, Russia, India and China are actually ancient civilisations. Also, two of the members, namely Russia and China are superpowers as on date. Their presence provides geopolitical and geostrategic strength top with the alliance. The BRIC nations have a New Development Bank (NDB), now known as the BRICS Bank and the Contingent Reserve Arrangement (CRA), now known as Common Fund of Reserves to suit their needs. From the geopolitical point of view, for Brazil, the possibility of financing integration projects in its geographical surroundings by the New Development Bank introduces important factors (Carmona, 2014).

While in the digital economy the technologies are rapidly developing (introduction and massive implementation of cryptocurrencies and blockchain technologies), there are questions of legal regulation that are inevitably raising before states (Gruzdev, 2017).

BRIC has been hailed as a fast-tracking agent in the change of the worldwide monetary administration framework. The part nations have figured out how to build their state in real universal money related foundations and have been relentlessly boosting the change of those establishments. There has been an increment in the portrayal of the BRIC nations in the IMF and World Bank.

Another territory which has seen quick development in exchange the BRIC economies is intellectual property rights. The BRICS centre around IP developed at its Annual Summit in Durban, South Africa, in 2012, where the gathering's exchange priests embraced a BRICS Trade and Investment Cooperation Understanding, which specifically incorporated an arrangement for participation in protected innovation. To push ahead for the collaboration among the BRICS IP offices a guide named as the

Intellectual Property Offices Participation Roadmap was settled upon in the Magaliesburg, South Africa, on May 16, 2013. Although, South Africa is a new entry to the BRIC alliance, it faces similar economic, geopolitical and legal challenges as compared to its counterparts.

The Geopolitical, Economic and Legal Challenges for Business Investment

Geopolitical Challenges

About 26% of the world geographical area is covered by the BRIC nations. Moreover, the BRIC nations are a home to about 42% of the world's total population which is roughly around 2.88 billion. The geopolitical challenges for BRIC lie in the fact that they have to compete with the developed countries and the organisations which serve as watchdogs such as NATO. The geopolitical challenges individually faced the BRIC countries can be summarised as under -

China - There is a new labour division within NATO; while the United States is heading steadily towards the Asian pivot policy – seeking to achieve hegemony in the Pacific basin, squeezing China as much as possible in its own territorial sea – Europeans, increasingly walled in their own fortress, seek to be in charge of the “stabilization” of its long and unstable regional environment – which runs from the North African Sahel to Ukraine, the current object of the strategic arm wrestling between Moscow and Brussels (Carmona, 2014). Moreover, the geopolitical containment strongly acts to foster divisions and instability in the strategic environment of each of the BRICS (Carmona, 2014). The troubled China Sea and the ongoing tensions at the Russian-Ukrainian border are classic examples of this containment.

Brazil - Furthermore, the contention occurs in less perceived cases as well, such as the control of the South Atlantic by NATO from an “islands cord” and the permanent campaign to fracture the South American union, either through fostering instability in countries such as Venezuela and Argentina – the two main partners of the Brazilian project – or through open interventions through agents, as is the creation of Alianza del Pacífico, focused on clear geopolitical purposes against Brazil (Carmona, 2014).

Russia - The first major move representative of Russia's new stance was the action that ensured the bases for a game changer in the war in Syria, preventing, through bold diplomatic maneuver, the consummation of the NATO intervention based on the gross manipulation regarding the alleged use of chemical weapons by the government of Bashar al-Assad (Carmona, 2014). With the U.S. military secured in two theatres and Moscow holding huge money saves, Russia has a chance to extend its impact in Eastern Europe and Central Asia out of the blue since the finish of the Cold War. The BRIC summit, in this manner, gives another gathering in which Russia can position itself politically. However, this advantage to Russia barely meets the expressed reason for the alliance.

India - After excellent execution in 2014, just India among the BRIC countries demonstrated negative profits for the stock trades in 2015. This shows India has tumbled from among the best entertainer in developing markets in 2014 to the just a solitary one in BRICS nations with negative returns in 2015. This circumstance rose because of a blend of costs of items to be specific; oil, antagonistic cash developments, and troublesome neighbourhood factors.

Economic Challenges

Coming to Economic conditions of the alliance, starting with the common features, all BRICs are characterized by big land size, a large population (between 1321 million in China and 143 million in Russia) but lower incomes, wages and productivity than the EU. In 2007, GDP per capita at PPP ranged from 50% of the EU average in Russia to only 8.5% in India (Jayati Ghosh, 2009).

China - In order to ensure that it has an equal say in the working of BRICS Bank activities and China does not get an upper hand, India, in particular, will have to ensure that all BRICS countries contribute equally (Rahman, 2016).

Russia - Developing a common framework for the cause of development is another challenge which the BRIC nations face, especially Russia. China relies on cheap labour and resources at low prices, while India follows China's model in terms of workforce and Russia and Brazil hold huge advantages over stocks of natural resources and international market speculation (Irina Gabriela Radulescu, 2013).

Brazil – The economic objectives are clearly present in the negotiations of economic rules currently carried out by the United States as the TPP (short for Trans-Pacific Partnership) – which includes Chinese surroundings yet excludes Beijing – and the TTIP (acronym for Transatlantic Trade and Investment Partnership, between the U.S. and the European Union) (Rahman, 2016). At the hemispheric level, the Pacific Alliance, arising under clear inspiration from the U.S. State Department, has an equal strategic motivation: to isolate Brazil and the more autonomous bloc of South American countries (Carmona, 2014).

India - It is worth noting that the first meeting of Modi with his two major neighbours – Russia and China – has taken place on Brazilian soil – from which it was agreed on the densification of the Indian presence in the Shanghai Cooperation Organization, an alliance in the geopolitical dispute in the world's heartland (Carmona, 2014). Modi's interventions reiterated India's commitment to the BRICS, reinforced by the fact that the prime minister goes back to New Delhi with the first presidency of the NDB – it is important to note that the idea came up in the fourth Summit, held in India in 2012 (Palit, 2017).

Legal Challenges

The main source of the contemporary legal regulation of investor relations are international treaties among which one should highlight bilateral investment treaties, also called as BIC, since they have a regulating effect on the investment relationship compensating in such a way shortcomings in the national legislation (Akhnadova, 2017).

Brazil - In order to achieve legal resolution, one of the initiatives is the BRIC is the BIPF. Recognising the need for fresh legal perspectives, five Intellectual Property law firms, Daniel Advogados from Brazil, CCPIT from China, Remfry & Sagar from

India, Gorodissky & Partners from Russia and Adams & Adams from South Africa, came together to discuss intellectual property issues of the day in their respective jurisdictions and to brainstorm collectively for suitable responses (Anand, 2017).

China - Coming to China, despite the ICO prohibition and cryptocurrency restrictions, China shows its interest in blockchain technology (Gruzdev, 2017). At the end of March 2014, the People's Bank of China issued the circular, which stated that by 15 April 2014 Chinese banks and payment systems should get the accounts of 15 Chinese websites selling bitcoins closed and in China, transactions in bitcoins are today allowed for individuals and prohibited for entities (Gruzdev, 2017).

India - India ranks above its peers in rule of law due to a relatively well functioning judiciary, however, cases drag on for years, and further improvements in the legal process are necessary to improve the business climate (Neill, 2007).

Russia - The mechanism regulating the settlement of investment disputes reflected in the BICs concluded between Russia and the BRICS countries are similar but with one exception – the possibility of recourse to the International Centre for Settlement of Investment Disputes created by the 1965 Washington Convention (Akhnadova, 2017).

Critical Analysis and Discussion

The current economic situation of the BRIC countries has a lot to forecast their future economic status. As per researchers when China begins to be old, it is expected to be reasonably advanced and developed, yet at the same time not more extravagant than the US or Japan regarding per-capita salary. The economy is typically characterized in relative terms, while financial advancement is both a flat out and relative idea. By and large, an economy is considered to have accomplished 'created' status upon its promotion into the OECD. A compelling standard guideline has put per-capita pay of \$10,000 as the limit of developed nation status. Economies over this line are genuinely created, also, are regularly predictable in sectoral structure of yield, urbanization, future, national riches, capital stock per work hour, instruction and administration division improvement, and so on. For China, this day may not be excessively far away. Various statistics demonstrate that when China turns into a developed country in 2027, its per-capita GDP ought to have outperformed \$10,000 in all situations. Nonetheless, even by 2030, the most hopeful situation proposes that per capita GDP could reach almost \$22,000 (2005 costs), yet remain well beneath BRICs appraisals of per capita GDP in the US (\$61,000), Japan (\$60,000) and Germany (\$51,000) of that year.

Coming to the Indian economy, India's current urbanization rate of 29% is still low contrasted and 81% for South Korea, 67% for Malaysia and 43% for China. Provincial urban movement in India can possibly quicken to more elevated amounts as, according to the encounters of different nations, the pace of movement tends to quicken after a basic dimension of 25%-30% urbanization is come to, and because of quicker monetary development. The production of new Special Economic Zones (SEZs) can possibly change the profitability of the farming area. In a perfect world, India ought to create economy-wide framework furthermore, the vital venture atmosphere to empower the move from horticulture to industry and administrations. Without legislative assets (or the capacity) to do as such, the SEZs will draw in private-division just as a remote venture, accordingly growing genuinely necessary framework, produce business and encourage urbanization. Russia's strong economic performance and financial recovery over the last eight years owes a lot to rising oil prices and the extremely favourable tail-winds from high global growth (Neill, 2007). But Putin's economic policies also deserve some of the credit for proceeding with structural reforms, saving rather than spending the oil windfall, and promoting diversification of the economy through tax policy (Neill, 2007).

The salience of the Russia-China-India trilateral in running BRIC is also a reflection of the importance that Asian emerging markets have in BRICS, indeed, this is another challenge for the BRIC as it moved ahead (Palit, 2017).

It is also a critical situation for the BRIC to settle on its future motivation. Starting at now, two critical issues have dominated the alliance. These are environmental change and development finance. At some point or another, the BRIC should grow its plan for expanding its importance in the worldwide perspective. There are a few basic worldwide concerns where it can contribute without troubles on part of any of the present individuals. These incorporate overseeing cataclysmic events, medical problems that are normal concerns for all BRIC countries just as worldwide exchange and account issues of basic intrigue. Indeed, it likely could be a smart thought to consider a BRIC view in discussions like the WTO, where China and India are now cooperating to chop down exchange mutilating ranch endowments kept up by cutting edge economies. The possible last challenge for the BRIC, obviously, is chosen by what degree they can live the present advancement plan to a political or key motivation. That would, in any case, be a much troublesome consent to reach.

It is increasingly accepted that Competition is the foundation of the new policy orientation of most economies around the globe. Advancing competition is comprehensively acknowledged as the best available tool for advancing reasonable growth and advancement and therefore prosperity in a nation. Legal strategy rivalry as a public arrangement shows transparent and viable co-activity in the multipolar request. The dynamic integration of the world economies vigorously depends on participation among BRIC Countries. BRIC countries have numerous similitudes and their moulding of rivalry approach and laws brings forth monetary advancement and high rate of development. Hence, the BRIC Competition authorities, with their tradition of convergence and co-activity, can set a case of global governance for others to follow in the field of rivalry laws and strategies.

Conclusion and Recommendations

There is no doubt that despite being in an alliance, there seem to be quite a lot of differences, mostly fundamental in nature between the 4 BRIC nations. To sum things up, Brazil is probably going to keep battling in the midst of inner hardship, as opposed to developing as compelling worldwide performing partners; Russia will proceed as a noteworthy Eurasian influence; while India and particularly China will keep on moving as far as riches, influence, and impact. This makes one wonder concerning what, precisely, holds the BRIC together? The adequacy and improvement of their monetary collaboration stay to be seen.

China, once more, might be the unequivocal factor here. The nation has solid relations with Russia and has sought after Asian monetary incorporation. Also, China has commonly poor relations with neighbouring Asian forces, regardless of whether Japan, Vietnam, or India. Without a doubt, China's BTI rating for territorial participation has declined from 8 out of 10 out of 2010 to 5 of every 2018. The average values of social indicators (except population) are less than that of developed countries and this needs to be focused on by the BRIC for immediate policy considerations (Rahman, 2016).

While the European Union has been incapacitated by interior emergencies and the United States reflected on withdrawal from world undertakings, there is an opening for solid authority by the BRIC and China. The truth will surface eventually whether they will most likely catch this chance. Looking at the more recent policies and future development plans of the BRIC, a certain 'convergence' of their development strategies can be observed: More export orientation and state-led industrial policy in Brazil; greater industrial diversification and promotion of investment in Russia; more emphasis on the development of other sectors than services, higher expenditures on infrastructure investment in India; and a gradual switch from export-oriented to more domestic-market oriented growth with less dominance of manufacturing in China (Jayati Ghosh, 2009).

Also, each of the BRIC countries is party to World Intellectual Property Organisation (WIPO), the Berne Convention for Protection of Literary and Artistic Works, Paris Convention for the Protection of Industrial Property and is a signatory to the WTO's TRIPS Agreement and for enforcement of intellectual property, a number of measures have been adopted to check infringements and counterfeit goods (Anand, 2017). An extremely strong BRIC association in terms of digital economy and innovation can help increase growth and promote transparency along with supporting the Sustainable Development Goals (Anand, 2017).

By far most of the new web clients that are holding on to be associated are essentially in Asia and Africa. They would be the ones who look towards the BRIC nations to keep up the transparency, flexibility, security and steadiness of the computerized domain. Innovation

is at a phase where approaching wellbeing or training is going to pivot upon whether one is carefully associated or not. Opportunity itself turns into an element of whether that association is on a fundamental 2G handheld cell phone or on an advanced mobile phone utilizing broadband. In this way, it is vital to connect the advanced separation, in such a case that not taken care of legitimately, can both enlarge and develop with each move in innovation. Thusly, if the computerized partition must be crossed over, and connected over the world, it is for the BRIC nations to take administration, what's more, shape the worldwide plan considering a billion new entrants.

For the multinationals, planning for investments and increased business interest in India, choosing joint venture can be a smooth ride to ensure their entry in the Indian market. The regulatory issues and the volatility of the market can be better understood and managed by a local partner. But, what should also be kept in mind is that going by past results; joint ventures often tend to emphasize short-term performance over long-term goals, long-term commitment, and an alignment between the interests of the global and local partner (Vimal Choudhary, 2012). Another method preferred nowadays by the multinationals is the path through e-commerce. E-commerce can help them reach out the diverse culture, languages, market, clothing and eating habits of the Indian community. Multinationals must build trusted communities using social networks such as Facebook and Whats App. Digital assets, search engine strategies, big data analytics, and social media marketing techniques perfected in the West can readily be adapted to work in the Indian marketplace (Vijay Govindarajan, 2016). Both the strategies, be it the joint ventures or the e-commerce are yet to see their full strength capitalisation by the foreign market. Hopefully, in the coming years, we have a better investment platform in India, more so with India climbing up the world ratings of ease to do business.

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