

BRICS lays solid foundation for global economic recovery

by Liu Chen, Lin Jianyang

HONG KONG, March 26 (Xinhua) -- India's New Delhi is at present in the limelight for the upcoming fourth BRICS Summit slated for March 28 to 29, where leaders of major emerging economies will gather to discuss topics like global governance, sustainable development and cooperation.

Though still a relatively young mechanism, BRICS has showed its strength as a rising economic clout with prominent contribution to world economic growth since the outburst of financial crisis, laying solid foundation for future global economic recovery.

STRONG YEARS

BRICS, grouping Brazil, Russia, India, China and South Africa, represented a gathering of important emerging economies which were playing an increasingly big role in world economy during the last decade.

The aggregate GDP of the BRIC countries (before South Africa joined in late 2010) has close to quadrupled since 2001, from around three trillion U.S. dollars to between 11-12 trillion U.S. dollars in 2010, said Jim O'Neil, a senior Goldman Sachs economist, in his newly published book "The Growth Map".

"The world would have to pay attention," he said.

Since the outburst of the financial crisis, the BRICS, with its power of "withstanding the shakings of the world's economic foundations" and emerging more robust than ever, has seriously drawn attention of the world.

A Goldman Sachs report in 2009 showed that, since the start of the 2008 global financial crisis, 45 percent of global growth had come from

BRIC.

"If you look at what was taking place over the last four years or so, you have clearly seen a gravitation of growth away from advanced economies in the west, struggling with aftermath of global financial crisis," Leif Eskesen, chief economist for India and ASEAN of HSBC, told Xinhua.

Eskesen believed though reasons of growth might differ among the BRICS countries and other emerging markets, but structural reforms, economic liberalization, investment flows and proper fiscal policies contributed a lot during the past "strong years".

Meanwhile, BRICS countries have made tremendous contribution to the world economy by increasing employment, cutting poverty, pouring in capital, exporting and importing, among others.

According to IMF, BRICS, the cooperative quintuplet, with roughly over 40 percent of the world's total population and more than a quarter of the world's land area, was estimated to have a combined nominal GDP of 13.6 trillion U.S. dollars in 2011, accounting for 19.5 percent of the world's total.

However you choose to interpret the data, the importance of these countries in global economic growth was beyond dispute, said O'Neil.

FUTURE GROWTH MOMENTUM

However, BRICS' ability for sustainable growth seemed to be challenged by recent slowdown in economy, with India's GDP in last quarter of 2011 expanding by 6.1 percent, the slowest pace in nearly three years, and China setting a lower target growth of 7.5 percent for 2012.

The important thing of looking ahead was "sustaining the rebalancing between imports and exports", Eskesen told Xinhua. " That requires continuation of efforts to roll out key structural reforms."

According to IMF, for emerging economies, the priority was to ensure a soft landing as domestic growth slowed amid a deteriorating external environment and volatile capital flows.

Countries like China, where inflation pressure was expected to ease, fiscal positions were sound, and external surpluses were large, could increase expenditure, including social spending, while, India, with relatively high inflation and public debt and limited policy space, could warrant a more cautious stance toward policy easing, said IMF in its report on global economic prospects released in February.

For a longer term, experts were still quite optimistic about BRICS as the global growth powerhouse in the future. "The growth prospect of the BRICS, overall, is still quite strong," said Eskesen.

Investment guru Mark Mobius said early March in an investment summit that rising economic demand amid high population growth, fiscal discipline and diversified trade ties will keep emerging markets on a growth track.

If the BRICS achieve their goals, "it will be good for the world, and good for us", said O'Neil.