



The Centre for International Governance Innovation

# WORKING PAPER

Emerging Economies

## Economic Size Trumps All Else? Lessons from BRICSAM

ANDREW F. COOPER  
AGATA ANTKIEWICZ  
TIMOTHY M. SHAW



Working Paper No.12  
December 2006

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## **Economic Size Trumps All Else? Lessons from BRICSAM\***

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Working Paper No. 12  
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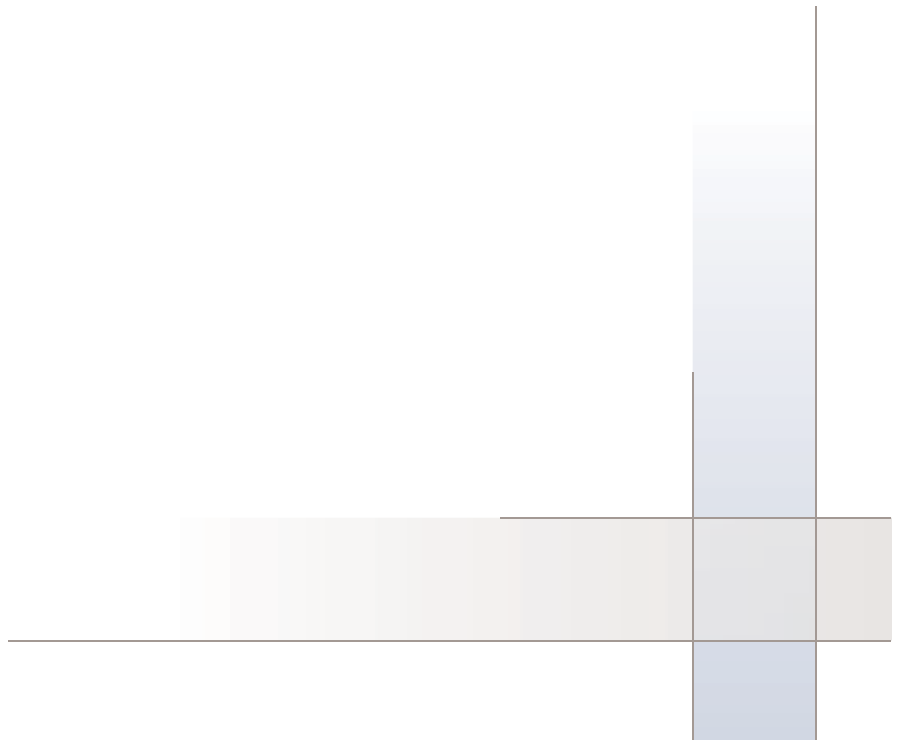
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## Author Biography

Andrew F. Cooper is Associate Director and Distinguished Fellow at The Centre for International Governance Innovation and is Professor of Political Science, University of Waterloo. Holding a DPhil from Oxford University, he writes, lectures, and comments on International Political Economy, Comparative and Canadian Foreign Policy, and Global Governance and the Practice of Diplomacy. Dr Cooper has been a Visiting Professor at Harvard University, Australian National University, and Stellenbosch University in South Africa. In 2000 he was selected as a Canada-US Fulbright Scholar in the Western Hemisphere Program at the School of Advanced International Studies (SAIS), Johns Hopkins University, Washington, D.C., and as Léger Fellow, Department of Foreign Affairs and International Trade, Canada in 1993-94. His recent books include: *Intervention without Intervening: The OAS Defense and Promotion of Democracy in the Americas* (Palgrave 2006); *Canada Among Nations 2006: Minorities and Priorities* (MQUP 2006); *Reforming from the Top: A Leaders' Twenty Summit*, and *International Commissions and the Power of Ideas* (both UNUP 2005); and, *Test of Global Governance: Canadian Diplomacy and United Nations World Conferences* (UNUP 2004).

Agata Antkiewicz is Senior Researcher at The Centre for International Governance Innovation, where she oversees the BRICSAM and economic governance projects. She holds an MA in Economics, specializing in International Trade and International Relations, from Poland's University of Economics in Wrocław. Ms Antkiewicz's authored or co-authored articles have been published by; *The World Economy*, *Review of International Organizations*, and *National Bureau of Economic Research*. Currently, she works with John Whalley and John M. Curtis on various research endeavours.

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## **Abstract**

Continuing CIGI's BRICSAM research, this paper questions whether size (economic or population) of emerging economies alone is enough to warrant accommodation in the rules and structures of the international system. The global realignment of states following the resulting power vacuum brought on by the end of the Cold War is finally materializing, as a new triangular formation has taken shape: the 'first world' club of the OECD; the 'second world' of emerging economies; and, a heterogeneous 'third world' of the rest. The interplay between and mobility among these groups of states deserves in-depth analysis. The core of this paper observes the economic and social trends of countries in the second tier, and their upwards aspirations towards the top-tier of the global architecture. Traced through a variety of indices, the growth of the BRICSAM group of countries (Brazil, Russia, India, China, South Africa, ASEAN-4 and Mexico) is demonstrated to be a powerful force in international economics and political economy. For the inclusion of these states, a change in the key aspects of global economic governance, the international architecture and geopolitics seems inevitable, and with it, new challenges arise for decision-makers and scholars alike.

*In the coming decades, China and India will disrupt workforces, industries, companies and markets in ways that we can barely begin to imagine...How these Asian giants integrate with the rest of the world will largely shape the 21st century global economy.<sup>1</sup>*

*As the Davos programme illustrates, India, long overshadowed by China...is the country of the moment. Signs abound of an India surging with self-confidence...At the root of this change is a reappraisal of the country's economic potential. This has been brought on by a jump in the trend growth rate to 7 to 8 %, double the "Hindu rate of growth"...As the balance of power in the global economy shifts towards Asia, such turbocharged growth rates promise to shorten the time-frame in which India rises up the ranks of the world economic powers.<sup>2</sup>*

*China and India, 49th and 50th, respectively, ranked much more closely than in previous years. While China dropped three ranks, India moved up five places...India's improved rank mirrors the country's somewhat higher position in the technology index...Both countries continue to suffer from institutional weaknesses which, unless addressed, are likely to slow down their ascension to the top tier of the most competitive economies in the world.<sup>3</sup>*

*When it comes to the most important reforms of all, it is China, not India, that seems to be frozen in the headlights. In order to continue to climb the economic ladder, China must create an independent judiciary and give much more social and political freedom to its people. India's legal and electoral systems are highly imperfect, but they have existed for decades and have entered the normal transactions of Indians' daily lives. Meanwhile, the economy is lifting many more people out of poverty than it used to...<sup>4</sup>*

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<sup>1</sup> *Business Week*, "China and India" (22 August 2005), 38.

<sup>2</sup> *Financial Times*, "India and Globalization: Special report on the world's fastest growing democracy" (26 January 2006), 1.

<sup>3</sup> World Economic Forum, *Global Competitiveness Report 2005/6* (London: Palgrave MacMillan, 2005), xv.

<sup>4</sup> Edward Luce, "One Land, Two Planets," in Sue Matthias, ed, "Special Issue: India," *New Statesman* (30 January 2006), 25.



## 1. Introduction

The global political economy is in flux, even if most scholars of classical international relations fail to so recognise the multifaceted character of this trend. Much of this new pattern reflects a thickening or expanding density of interaction. The sheer scope of actors with a stake in the global political economy, needs rethinking for illumination. States increasingly interact with a host of major international non-governmental organizations and multinational corporations (MNCs), many of which in effect have their own 'foreign policies', brands and forms of 'public diplomacy'.<sup>5</sup> The question of mediation amidst such complexity - and with such huge stakes attached to outcomes - is highly salient given this context. Institutions and forums, whether formal structures or think tank/policy networks, let alone diasporas, matter more than ever; hence novel forms of mixed actor global regulation.<sup>6</sup>

In parallel with such 'horizontal' transnational adjustment, the vertical axis of states has changed as well. One direction is downwards: of some 200 national governments at least 50 are characterised as 'weak' or 'fragile' states.<sup>7</sup> The other direction - the core of this paper - is upwards: 'emerging economies' aspiring towards the top-tier of global architecture.

At first glance, these two tendencies may appear to be contradictory, producing very different results at odds with each other. But on closer examination the two trends - downwards and upwards - can be seen as two sides of the same coin. Moreover, a distinctive post-bipolar triad of distinctive state types is gradually evolving: a 'first world' club of members of the Organisation for Economic Cooperation and Development (OECD); a new 'second world' tier of 'emerging economies'; and an extensive and heterogeneous 'third world' (previously the G77) of the rest.<sup>8</sup> In turn,

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<sup>5</sup> Evan H. Potter, "Canada and the New Public Diplomacy," *Discussion Papers in Diplomacy* 81 (The Hague: NIIR/Clingendael, July 2002).

<sup>6</sup> Fred Gale and Marcus Haward, *The Political Economy of Commodity Regulation: State responses to voluntary forestry and fisheries certification* (London: Palgrave Macmillan, forthcoming).

<sup>7</sup> United Kingdom, "Why we need to work more effectively in fragile states" (London: Department for International Development [DFID], January 2005).

<sup>8</sup> See special issue of *International Affairs* on 'emerging economies' or 'emerging powers', 82, no. 1 (January 2006): 1-94.

a new typology of non-state actors has likewise been recognised: of global to local non-governmental organizations (NGOs) and multinational corporations (MNCs).<sup>9</sup>

What is apparent in both triangular formulations - amongst states and between state and non-state actors - is that a cult of bigness has taken hold. In the immediate post-Cold War era, there appeared to be an abundant space for middle-sized actors using agile forms of economic creativity and diplomatic agility to create niches for themselves: classic Canadian-Australian, smaller-European 'middle power' ambitions/illusions.<sup>10</sup> Evidence of both types of relocations is apparent through new multilateralisms in the 1990s, including heterogeneous coalitions/networks such as Ottawa and Kimberley Processes around landmines and conflict diamonds, respectively, along with the International Criminal Court.

In the post-bipolar era, the recipe for competitive success is quite different, with the trend among private companies most apparent: Walmartization. But there are contradictory signs as well, such as a split among NGOs on the basis of size and scale (Oxfam versus smaller groups), advocacy versus sub-contracting, and so on. And the emerging economies espouse a wide variety of forms of capitalism beyond established Anglo-American and European corporatist styles: not only the great traditions of Japan, China and India but also Brazil, and Singapore.<sup>11</sup>

Among states, the extent of global reordering has been obscured by a lingering preoccupation with the old North Atlantic - the United States and the European Union. What this paper attempts to do is focus on the reconfiguration from a state-centric basis through a close look at the second of these triangular formulations: the emergence of new economies/powers. Along with others, we characterise these as the "BRICSAM" states including; Brazil, Russia, India and China as the core group (the BRICs), extending to South Africa, ASEAN-4 (Indonesia, Malaysia, Philippines, Thailand), Mexico, South Korea, and other non-emerging economies, especially a set of regional powers such as Egypt, Iran, Nigeria and Turkey. Such a perspective

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<sup>9</sup> Commonwealth Foundation, "Citizens and Governance: Civil society in the new millennium" (London, September 1999), 16.

<sup>10</sup> Andrew F. Cooper, ed., *Niche Diplomacy: Middle Powers after the Cold War* (London: Macmillan, 1997).

<sup>11</sup> Ananya Mukherjee Reed, ed., *Corporate Capitalism in Contemporary South Asia: Conventional wisdom and South Asian realities* (London: Palgrave Macmillan, 2003).

leads onto "new regionalisms" (more fluid and open than formal, interstate arrangements) between the global and local: ecological (eg. river basins/island groups), economic (including brands and logistics), informal/illegal (eg. drugs, gangs and guns, migrations), social (eg. linguistic and religious communities), strategic (eg. regional security, mutual deterrence), among others.<sup>12</sup>

But a consistent feature of these mid-level states, notwithstanding other variations, is their relative size in both global and regional dimensions. This character raises many points – economic and political, regional and global. But the core question must be whether size is enough to change the rules/structures of the extant global system. A reference point in this case can be Russia's admission to the Group of Eight (G8). This was done not because of market size, which was shrinking until the recent energy price rises, but because it was aspiring to meet "democratic" conditionalities. It exists as something of a bridge as it is at the fringe of the G8 as well as at the border of BRICSAM.

A possible connecting point is whether there is a discrepancy between economic scale and political deficiencies, legitimating resistance from the international institutions and the 'old' club powers in the G8 or Trilateral Commission? Does the apparent contrast between more/less liberal/predictable political economies, exemplified by the place of civil society in, say, India by contrast to that in China (even Hong Kong) matter?<sup>13</sup>

How different are the emerging economies of the new century from the "model" newly industrialized countries (NICs) of 1970s and 1980s? The NICs declined to follow the dictates of "extreme" liberalisation advocated in the erstwhile Washington Consensus. But their distinctive "Asian values" did not exclude cronyism/patrimonialism, including diasporas: hence the Asian crisis, leading to increased resistance to orthodox liberalisation conditionalities.

It is also undeniable that the move of BRICSAM, notably China and India, into the second world is impacting other markets and continents such as Africa for

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<sup>12</sup> Morten Boas, Marianne H. Marchand and Timothy M. Shaw, eds, *The Political Economy of Regions and Regionalisms* (London: Palgrave Macmillan, 2005).

<sup>13</sup> Fahimul Quadir and Jyant Lele, eds, *Democracy and Civil Society in Asia* (London: Palgrave Macmillan, 2004).

energy/raw materials/services etc. Like the post-crisis NICs, they will come to be characterised by less state direction, more market freedom, more globalisation, and increased influence of diasporas, as captured in the special issue of *Business Week*:

'Rarely has the economic ascent of two still relatively poor nations been watched with such a mixture of awe, opportunism and trepidation. The postwar era witnessed economic miracles in Japan and South Korea. But neither was populous enough to power worldwide growth or change the game in a complete spectrum of industries. China and India, by contrast, possess the weight and dynamism to transform the 21st century global economy.'<sup>14</sup>

As we recognised at the start, such analysis presents a range of profound implications for a set of overlapping analytic fields as well as applied policies: not just political science/ economy but also development,<sup>15</sup> regional<sup>16</sup> and security<sup>17</sup> studies, to which we return at the end of this paper. But first, we look at economic size before turning to some of the limitations of macro- economic preoccupations.

## **2. Macro-Economic Underpinnings of the Power Shift<sup>18</sup>**

It is relevant to any discussion on the global development in the new century to note the changing economic stance of the emerging powers and their possible influence on both the global economy and the global institutional architecture. The unprecedented growth in China and India draws attention to the new players on the global stage. There are scenarios predicting that in less than 40 years the economies of Brazil, Russia, India and China will be bigger than those of the G6 in US dollar terms.<sup>19</sup>

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<sup>14</sup> *Business Week*, "China and India", 34.

<sup>15</sup> Jeffrey Haynes, ed, *Palgrave Advances in Development Studies* (London: Palgrave Macmillan, 2005).

<sup>16</sup> Boas et al, eds, *The Political Economy of Regions*

<sup>17</sup> Sandra J. MacLean, David R. Black, and Timothy M. Shaw, eds, *A Decade of Human Security: What prospects for global governance and new multilateralisms?* (Aldershot: Ashgate, forthcoming).

<sup>18</sup> This part draws on Agata Antkiewicz and John Whalley, "Shifting Economic Power: From OECD to BRICSAM".(mimeo).

<sup>19</sup> Wilson Dominic, and Roopa Purushothaman, "Dreaming with the BRICs: The path to 2050," *Global Economics Papers* 99 (New York: Goldman Sachs, October); Antkiewicz and Whalley, "Shifting Economic Power."

The tables below present the main economic indices of the BRICSAM countries in comparison to those of the OECD and world where applicable. Table 1 presents the growth rates of BRICSAM economies compared to the OECD and world. While the growth rates of the emerging powers tend to be unstable (see Brazil 2000-2005

Table 1. BRICSAM Growth Rates, selected years (%)

Country	1985	1990	1995	2000	2001	2002	2003	2004	2005
Brazil	7.9	-4.3	4.2	4.4	1.3	1.9	0.5	5.2	2.6
China	13.5	3.8	10.5	8.0	7.5	8.3	9.3	9.5	9.2
Egypt	6.6	5.7	4.7	5.1	3.5	3.2	3.2	4.3	4.5
India	5.6	5.8	7.6	3.9	5.2	4.1	8.6	6.9	7.1
Indonesia	3.5	9.0	8.4	4.9	3.8	4.4	4.9	5.1	5.3
Iran	1.8	11.2	2.9	5.0	3.4	7.4	6.6	6.5	4.8
Malaysia	-1.1	9.0	9.8	8.9	0.3	4.1	5.3	7.1	5.1
Mexico	2.2	5.2	-6.2	6.6	-0.2	0.8	1.4	4.4	3.0
Nigeria	9.7	8.2	2.5	4.2	3.1	1.5	10.7	3.6	5.2
Philippines	-7.3	3.0	4.7	6.0	3.0	3.1	4.7	6.1	4.7
Russia	..	-3.0	-4.1	10.0	5.1	4.7	7.3	7.2	5.9
South Africa	-1.2	-0.3	3.1	4.2	2.7	3.6	2.8	3.7	4.5
South Korea	6.8	9.2	9.2	8.5	3.8	7.0	3.1	4.6	3.7
Thailand	4.6	11.2	9.2	4.8	2.2	5.3	6.9	6.1	4.6
Turkey	4.2	9.3	7.2	7.4	-7.5	7.9	5.8	8.9	5.1
OECD	2.8	2.5	2.5	3.9	1.1	1.6	2.2	3.6	2.9
World	3.6	2.9	2.8	4.0	1.4	1.8	2.9	4.1	4.3

Sources: CIA The World Factbook, OECD Factbook 1990-2004, \$US using PPPs and Current Prices, The World Bank. World Development Indicators online.

Table 2a. Relative GDP Size of BRICSAM on Alternative Bases

Country	Unit: USD Billions								
	1985	1990	1995	2000	2001	2002	2003	2004	2005
Brazil	222.9	462.0	704.2	601.7	508.0	460.8	505.8	605.0	605.6
China	304.9	354.6	700.3	1,080.7	1,180.0	1,270.7	1,416.6	1,650.0	1,833.0
Egypt	34.7	43.1	60.2	99.4	98.5	89.9	82.4	75.1	81.5
India	227.2	316.9	355.2	457.4	479.0	509.0	600.6	692.0	735.6
Indonesia	87.3	114.4	202.1	165.0	164.0	200.1	238.5	258.0	245.3
Iran	179.8	120.4	95.3	96.2	117.0	113.7	137.1	163.0	182.5
Malaysia	31.8	44.0	88.8	90.3	88.0	95.2	103.7	118.0	124.1
Mexico	195.6	261.3	286.7	581.4	622.0	649.1	639.1	676.0	717.0
Nigeria	28.4	28.5	28.1	42.1	48.0	46.7	57.6	72.1	78.1
Philippines	30.7	44.3	74.1	75.9	72.0	76.7	79.3	86.4	90.3
Russia	n.a	516.8	395.5	259.7	307.0	345.1	430.1	582.0	740.7
South Africa	67.1	112.0	151.1	132.9	118.0	110.5	165.4	213.0	191.3
South Korea	96.6	263.8	517.1	511.9	482.0	546.7	608.1	680.0	726.5
Thailand	38.9	85.3	167.9	122.7	116.0	126.8	143.0	63.0	180.9
Turkey	67.2	150.6	169.3	199.3	145.0	183.9	240.4	302.0	344.8
OECD	9,453.6	16,879.2	21,124.1	26,940.3	27,885.7	28,871.6	29,155.8	32,295.4	33,102.8
World	12,360.0	21,685.9	29,357.4	31,573.4	31,300.0	32,521.7	36,527.8	40,900.0	43,920.0
BRICSAM Total	1,613.2	2,918.1	3,995.9	4,516.8	4,544.5	4,824.7	5,447.9	6,235.6	6,877.2
BRICSAM/OECD	17%	17%	19%	17%	16%	17%	19%	19%	21%
BRICSAM/World	13%	13%	14%	14%	15%	15%	15%	15%	16%

Sources: CIA The World Factbook, OECD Factbook 1990-2004, \$US using PPPs and Current Prices, The World Bank. World Development Indicators online.

and Turkey 2000-2002), they are, for the most part, significantly higher than those of the OECD and match or surpass the world average. A more striking picture emerges from Table 2 which compares the size of BRICSAM GDP (individually and as a group) based on current prices and official (market) exchange rates to GDP at purchasing power parity (PPP) rates reflecting differences in the prices of goods and services across countries.

Table 2b. Relative GDP Size of BRICSAM on Alternative Bases

GDP PPP Country	Unit: USD Billions								
	1985	1990	1995	2000	2001	2002	2003	2004	2005
Brazil	621.1	781.6	1,017.8	1,250.0	1,310.0	1,360.0	1,380.0	1,480.0	1,580.0
China	864.7	1,479.2	2,998.1	4,820.0	5,320.0	5,830.0	6,450.0	7,120.0	8,158.0
Egypt	93.4	125.0	162.1	226.0	239.0	253.0	267.0	282.0	337.9
India	738.6	1,179.9	1,712.6	2,450.0	2,630.0	2,790.0	3,080.0	3,360.0	3,678.0
Indonesia	200.9	329.8	534.5	625.0	673.0	677.0	730.0	780.0	899.0
Iran	172.8	204.1	287.5	355.0	379.0	428.0	464.0	505.0	551.6
Malaysia	51.7	81.8	145.8	208.0	212.0	223.0	236.0	246.0	248.0
Mexico	411.0	519.3	640.4	887.0	904.0	922.0	953.0	1,010.0	1,066.0
Nigeria	42.8	69.8	86.9	111.0	116.0	126.0	143.0	156.0	132.1
Philippines	135.2	193.4	235.2	305.0	320.0	329.0	349.0	378.0	451.3
Russia	n.a	1,220.7	861.3	1,030.0	1,100.0	1,170.0	1,300.0	1,410.0	1,535.0
South Africa	228.6	288.8	333.6	418.0	443.0	463.0	486.0	510.0	527.4
South Korea	189.4	343.2	565.7	762.0	808.0	875.0	918.0	981.0	983.3
Thailand	106.5	202.9	347.5	386.0	404.0	432.0	471.0	510.0	545.8
Turkey	164.5	251.8	332.3	440.0	424.0	464.0	500.0	553.0	551.6
OECD	11,836.2	16,879.2	21,124.1	26,940.3	27,885.7	28,871.5	29,713.9	31,397.2	32,182.2
World	19,223.6	27,059.5	34,678.8	45,000.0	47,200.0	49,300.0	52,300.0	55,900.0	59,380.0
BRICSAM Total	4,021.2	7,271.4	10,261.2	14,273.0	15,282.0	16,342.0	17,727.0	19,281.0	21,245.0
BRICSAM/OECD	34%	43%	49%	53%	55%	57%	60%	61%	66%
BRICSAM/World	21%	27%	30%	32%	32%	33%	34%	34%	36%

Sources: CIA The World Factbook, OECD Factbook 1990-2004, \$US using PPPs and Current Prices, The World Bank. World Development Indicators online.

The difference in the relative BRICSAM size calculated on alternative bases is dramatic. Based on GDP at current prices, BRICSAM relative size in 2005 is approximately 21 per cent of that of the OECD, while on the PPP basis it spikes to 66 per cent. Simple projections show that if the annual growth differential between BRICSAM and OECD continues at a modest 4 per cent, BRICSAM GDP will be bigger than that of the OECD around the year 2045 (current prices) or 2015 (PPP).

Population figures (Table 3) show BRICSAM accounts for close to 60 per cent of world's population and more than 3 times the population of the OECD. It is important to note that even though most of the BRICSAM countries experience

Table 3a. Population and Population Growth in BRICSAM, selected years

Population Total		Unit: Millions						
Country	1985	1990	1995	2000	2001	2002	2003	2004
Brazil	135.20	147.96	159.48	170.10	172.39	174.49	176.60	178.72
China	1,051.04	1,135.19	1,204.86	1,262.64	1,271.85	1,280.40	1,288.40	1,296.50
Egypt	46.51	52.44	58.18	63.98	65.18	66.37	67.56	68.74
India	765.15	849.52	932.18	1,015.92	1,032.47	1,048.64	1,064.40	1,079.72
Indonesia	163.04	178.23	192.75	206.26	209.01	211.82	214.67	217.59
Iran	47.10	54.40	58.95	63.66	64.53	65.54	66.39	66.93
Malaysia	15.68	18.20	20.61	23.27	23.80	24.30	24.77	25.21
Mexico	75.47	83.23	91.15	97.97	99.38	100.82	102.29	103.80
Nigeria	83.20	96.20	111.27	126.91	130.01	133.19	136.46	139.82
Philippines	54.23	61.04	68.34	76.63	78.32	79.94	81.50	82.99
Russia	143.86	148.29	148.14	145.56	144.75	144.07	143.42	142.81
South Africa	31.31	35.20	39.12	44.00	44.81	45.35	45.83	45.58
South Korea	40.81	42.87	45.09	47.01	47.34	47.64	47.91	48.14
Thailand	51.15	55.60	58.61	60.73	61.18	61.61	62.01	62.39
Turkey	50.29	56.15	61.74	67.42	68.53	69.63	70.71	71.73
BRICSAM Total	2,754.04	3,014.52	3,250.47	3,472.06	3,513.55	3,553.81	3,592.92	3,630.67
OECD	988.84	1,024.82	1,088.21	1,128.52	1,136.94	1,145.09	1,153.06	1,160.74
World	4,821.97	5,253.39	5,660.05	6,052.43	6,127.86	6,199.93	6,273.58	6,345.13
BRICSAM/OECD	279%	294%	299%	308%	309%	310%	312%	313%
BRICSAM/World	57%	57%	57%	57%	57%	57%	57%	57%

Sources: The World Bank. World Development Indicators online, OECD Labor Force Statistics.

Table 3b. Population and Population Growth in BRICSAM, selected years

Population Growth		Unit:%						
Country	1985	1990	1995	2000	2001	2002	2003	2004
Brazil	2.02	1.69	1.39	1.23	1.34	1.22	1.21	1.20
China	1.37	1.48	1.09	0.71	0.73	0.67	0.62	0.63
Egypt	2.61	2.31	1.96	1.92	1.88	1.83	1.79	1.74
India	2.06	2.04	1.80	1.69	1.63	1.57	1.50	1.44
Indonesia	1.85	1.81	1.42	1.32	1.33	1.34	1.35	1.36
Iran	4.02	2.20	1.62	1.48	1.36	1.57	1.30	0.81
Malaysia	2.80	3.01	2.52	2.47	2.29	2.11	1.93	1.76
Mexico	2.10	1.91	1.79	1.43	1.44	1.45	1.46	1.47
Nigeria	3.09	2.89	3.02	2.43	2.44	2.45	2.46	2.46
Philippines	2.44	2.35	2.29	2.33	2.21	2.08	1.95	1.82
Russia	0.78	0.39	-0.13	0.52	-0.55	-0.47	-0.45	-0.43
South Africa	2.63	2.06	2.19	2.51	1.85	1.19	1.07	-0.53
South Korea	0.99	1.15	1.44	0.84	0.71	0.63	0.57	0.48
Thailand	1.52	1.79	0.58	0.80	0.75	0.70	0.65	0.60
Turkey	2.46	2.28	1.86	1.70	1.64	1.60	1.56	1.44
OECD	1.01	1.00	1.01	1.01	1.01	1.01	1.01	1.01
World	1.68	1.72	1.55	1.24	1.25	1.18	1.19	1.14

Sources: The World Bank. World Development Indicators online, OECD Labor Force Statistics.

Table 4. Urbanization in BRICSAM, selected years (%)

Country	Urban Population					Rural Population				
	1985	1990	1995	2000	2005	1985	1990	1995	2000	2005
Brazil	70.7	74.7	77.8	81.1	84.2	29.3	25.3	22.2	18.9	15.8
China	23.0	27.4	31.4	35.8	40.5	77.0	72.6	68.6	64.2	59.5
Egypt	43.9	43.4	42.8	42.1	42.3	56.1	56.6	57.2	57.9	57.7
India	24.3	25.5	26.6	27.7	28.7	75.7	74.5	73.4	72.3	71.3
Indonesia	26.1	30.6	35.6	42.0	47.9	73.9	69.4	64.4	58.0	52.1
Iran	53.4	56.3	60.2	64.4	68.1	46.6	43.7	39.8	35.6	31.9
Malaysia	45.9	49.8	55.6	61.8	65.1	54.1	50.2	44.4	38.2	34.9
Mexico	69.6	72.5	73.4	74.7	76.0	30.4	27.5	26.6	25.3	24.0
Nigeria	30.7	35.0	39.5	44.1	48.3	69.3	65.0	60.5	55.9	51.7
Philippines	43.0	48.8	54.0	58.5	62.6	57.0	51.2	46.0	41.5	37.4
Russia	71.9	73.4	73.4	73.3	73.3	28.1	26.6	26.6	26.7	26.7
South Africa	48.3	48.8	52.6	55.5	57.9	51.7	51.2	47.4	44.5	42.1
South Korea	64.9	73.8	78.2	79.6	80.8	35.1	26.2	21.8	20.4	19.2
Thailand	28.1	29.4	30.3	31.1	32.5	71.9	70.6	69.7	68.9	67.5
Turkey	52.4	59.2	62.1	64.7	67.3	47.6	40.8	37.9	35.3	32.7
More developed regions*	70.5	71.8	73.0	73.9	74.9	29.5	28.2	27.0	26.1	25.1
World	41.1	43.2	45.1	47.1	49.2	58.9	56.8	54.9	52.9	50.8

\*More developed regions: Europe plus Northern America, Australia/New Zealand and Japan

Source: Population Division of the Department of Economic and Social Affairs of the United Nations.

population growth rates higher than the world's average (with the exception of China, Iran, South Korea and Thailand in 2005), Russia and South Africa are going the other direction with their negative population growth (see Table 4). Most BRICSAM countries still have considerably higher proportion of rural population than the OECD (with the exception of Brazil, Mexico, Russia, and South Korea). They have, however, experienced a significant shift in their population structure over the past 20 years, where Indonesia, Malaysia and China have seen an average 20 per cent decrease in their rural population.

While the overall BRICSAM inward foreign direct investment (FDI) is increasing steadily (see Table 5), it is very unequal across countries with China alone receiving close to a half of total FDI inflows. It is important to note that, the rate of growth of inward FDI to BRICSAM is more modest than that of GDP and trade. This is due to the level of FDI outflows from the OECD which, over the past few years, has remained at about \$600 billion. With the OECD being the major source of FDI in the emerging economies, it seems FDI has been reallocated from one country to another, especially to China at the expense of Brazil, the Association of Southeast Asian Nations (ASEAN) and Mexico. The unprecedented surge in FDI flowing into Chinese labour-intensive manufacturing sector has begun to plateau in recent



Table 5a. FDI Inflows and Outflows to/from BRICSAM, selected years

FDI Inflows		Unit: USD Millions						
Country	1985	1990	1995	2000	2001	2002	2003	2004
Brazil	1,418	989	4,405	32,779	22,457	16,590	10,144	18,166
China	1,956	3,487	37,521	40,715	46,878	52,743	53,505	60,630
Egypt	1,178	734	595	1,235	510	647	237	1,253
India	106	237	2,151	2,319	3,403	3,449	4,269	5,335
Indonesia	310	1,092	4,346	-4,550	-2,978	145	-597	1,023
Iran	-38	-362	17	39	61	548	482	500
Malaysia	695	2,611	5,815	3,788	554	3,203	2,473	4,624
Mexico	1,984	2,634	9,526	15,483	27,635	15,129	11,373	16,602
Nigeria	486	1,003	1,271	1,310	1,277	2,040	2,171	2,127
Philippines	12	550	1,459	1,345	899	1,792	347	469
Russia	-	-	2,065	2,714	2,748	3,461	7,958	11,672
South Africa	-448	-78	1,241	888	6,789	757	720	585
South Korea	218	759	1,250	8,591	3,692	2,975	3,785	7,687
Thailand	160	2,575	2,070	3,350	3,886	947	1,952	1,064
Turkey	99	684	885	982	3,266	1,063	1,753	2,733
BRICSAM Total	8,135	16,914	74,617	110,988	121,077	105,489	100,572	134,470
OECD	-	175,314	225,268	1,288,014	624,946	561,900	458,800	406,600
World	57,645	207,883	341,086	1,396,539	825,925	716,128	632,599	648,146
BRICSAM/OECD	-	10%	33%	9%	19%	19%	22%	33%
BRICSAM/World	14%	8%	22%	8%	15%	15%	16%	21%

Sources: UNCTAD FDI/TNC Database, OECD International Direct Investment Database.

Table 5b. FDI Inflows and Outflows to/from BRICSAM, selected years

FDI Outflows		Unit: USD Millions						
Country	1985	1990	1995	2000	2001	2002	2003	2004
Brazil	81	625	1,096	2,282	-2,258	2,482	249	9,471
China	629	830	2,000	916	6,885	2,518	-152	1,805
Egypt	3	12	34	51	12	28	21	159
India	3	6	119	509	1,397	1,107	913	2,222
Indonesia	33	-11	1,319	150	125	182	15	107
Iran	-1	0	2	21	-26	39	-356	-114
Malaysia	210	129	2,488	2,026	267	1,905	1,369	2,061
Mexico	222	223	-263	984	4,405	930	1,784	2,240
Nigeria	0	415	192	169	94	172	167	261
Philippines	-3	22	98	-108	-160	59	197	412
Russia	-	-	605	3,177	2,533	3,533	9,727	9,601
South Africa	51	27	2,498	271	-3,180	-399	577	1,606
South Korea	591	1,052	3,552	4,999	2,420	2,617	3,426	4,792
Thailand	1	154	887	-22	346	106	486	362
Turkey	0	-16	113	870	497	175	499	859
BRICSAM Total	1,820	3,468	14,740	16,294	13,357	15,454	18,922	35,844
OECD	-	236,516	315,423	1,235,795	684,258	614,900	592,800	667,800
World	62,193	238,681	358,177	1,239,149	743,465	652,181	616,923	730,257
BRICSAM/OECD	-	1%	5%	1%	2%	3%	3%	5%
BRICSAM/World	3%	1%	4%	1%	2%	2%	3%	5%

Sources: UNCTAD FDI/TNC Database, OECD International Direct Investment Database.

years and some believe that as Chinese wages rise, FDI in manufacturing may slowly shift to other Asian countries offering even lower wages on their labour (for example Viet Nam).

BRICSAM countries also slowly begin to export capital (Table 5) as their MNCs become more active internationally putting more and more emphasis on South-South transactions. A recent study by Foreign Investment Advisory Service (FIAS), a joint facility of the World Bank and International Finance Corporation, finds 35 per cent of total FDI outflows from developing countries in 2003 were directed to other developing countries.<sup>20</sup> BRICSAM are increasingly becoming an important source of capital for other developing countries in part compensating for lower capital inflows from the OECD.

Recent years have also witnessed growing engagement of MNCs from developing countries in the OECD. Chinese acquisitions of IBM's personal computer division,

Table 6. BRICSAM Foreign Reserves, selected years (USD billions)

Country	1985	1990	1995	2000	2001	2002	2003	2004
Brazil	11	7	50	32	36	38	49	53
China	13	30	75	168	216	291	408	614
Egypt	1	3	16	13	13	13	14	14
India	6	2	18	38	46	68	99	127
Indonesia	5	7	14	29	27	31	35	35
Iran	–	–	–	–	–	–	–	–
Malaysia	5	10	24	30	30	34	45	66
Mexico	5	10	17	36	45	51	59	64
Nigeria	2	4	1	10	10	7	7	17
Philippines	1	1	6	13	13	13	14	13
Russia	–	–	14	24	33	44	73	121
South Africa	0	1	3	6	6	6	6	13
South Korea	3	15	33	96	103	121	155	199
Thailand	2	13	36	32	32	38	41	49
Turkey	1	6	12	22	19	27	34	36
BRICSAM Total	55	109	319	549	629	782	1039	1421
OECD*	255	604	758	915	933	1076	1338	1566
World	429	913	1,460	1,977	2,097	2,470	3,101	3,560
BRICSAM/OECD	22%	18%	42%	60%	67%	73%	78%	91%
BRICSAM/World	13%	12%	22%	28%	30%	32%	34%	40%

\*High income OECD member aggregate as per World Bank definition  
 Definition: foreign reserves=total reserves-gold

Source: The World Bank. World Development Indicators online.

<sup>20</sup> Joseph Battat and Dilek Aykut, "Southern Multinationals: A Growing Phenomenon" (Washington, DC: Foreign Investment Advisory Service, The World Bank, November 2005)

MG Rover business in Britain, Canadian-listed PetroKazakhstan and attempted takeovers of Unocal and Noranda have attracted a lot of media attention and showed MNCs from developing countries are gaining experience and get ready to compete internationally.

Table 6 reports data on foreign exchange reserves of BRICSAM which in 2004 accounted for approximately 40 per cent of world's total and are close to 80 per cent of those of the OECD. China accounts for almost a half of combined BRICSAM foreign exchange reserves (due to large trade surplus and inward FDI). In 2005, Chinese reserves exceeded \$800 billion, over 1000 per cent increase since 1995. Some believe that growing Chinese foreign reserves currently kept in US treasuries may even threaten the stability of the American economy if transferred somewhere else (for example used as cash for buying companies abroad). Currently, China, India, Russia, and South Korea are amongst the biggest holders of foreign exchange reserves in the world. Growing accumulation of foreign exchange reserves may also increase outward investment from the BRICSAM countries.

Table 7 presents the relative sizes of BRICSAM and OECD trade. BRICSAM's total exports of merchandise and commercial services in 2004 were approximately 19 per cent of world's exports and 28 per cent of those of the OECD. China leads

Table 7a. Relative Trade of BRICSAM and OECD (total merchandise and commercial services), selected years (USD millions)

EXPORT	1985	1990	1995	2000	2001	2002	2003	2004
Brazil	27,632	35,120	52,511	64,047	66,941	69,152	82,654	107,948
China	30,275	67,839	167,210	279,349	298,999	364,972	484,603	655,385
Egypt	6,632	8,290	11,712	14,376	12,943	13,835	16,998	21,730
India	12,414	22,578	37,393	58,409	60,160	68,375	80,177	115,233
Indonesia	19,434	28,163	50,759	70,464	62,722	65,685	69,250	72,330
Iran	14,508	19,648	18,893	29,702	23,904	28,237	33,991	44,446
Malaysia	17,276	33,221	85,352	112,041	102,336	108,811	118,427	143,158
Mexico	31,193	47,933	89,127	179,934	171,097	173,156	177,873	203,014
Nigeria	12,864	14,561	12,950	22,105	18,371	16,310	21,392	32,594
Philippines	6,469	11,014	17,502	43,718	35,776	39,530	40,325	43,790
Russia	–	–	91,663	115,130	113,099	120,751	152,017	203,616
South Africa	17,994	26,840	32,267	34,871	33,791	34,299	43,810	54,095
South Korea	33,832	74,171	147,191	202,013	178,542	189,815	225,319	293,892
Thailand	9,019	29,360	71,091	82,842	77,900	83,412	96,027	116,346
Turkey	10,793	20,841	36,112	47,952	47,247	50,783	66,242	86,925
BRICSAM Total	250,335	439,579	921,733	1,356,953	1,303,828	1,427,123	1,709,105	2,194,502
OECD	1,571,444	3,091,500	4,505,737	5,699,448	5,540,643	5,775,169	6,633,164	7,826,380
World	2,416,300	4,370,600	6,477,000	7,934,100	7,671,700	8,070,100	9,355,700	11,280,500
BRICSAM/OECD	16%	14%	20%	24%	24%	25%	26%	28%
BRICSAM/World	10%	10%	14%	17%	17%	18%	18%	19%

Source: World Trade Organisation database.

Table 7b. Relative Trade of BRICSAM and OECD (total merchandise and commercial services), selected years (USD millions)

IMPORT								
	1985	1990	1995	2000	2001	2002	2003	2004
Brazil	17,745	29,257	66,944	74,205	74,176	63,095	65,056	81,987
China	44,513	57,458	156,719	260,952	282,585	341,251	467,612	632,832
Egypt	13,959	15,739	16,271	21,171	19,112	18,565	16,931	20,224
India	19,743	29,523	44,769	70,419	70,184	77,295	96,749	138,289
Indonesia	15,272	27,735	53,860	58,976	53,130	55,080	59,414	54,895
Iran	14,792	24,025	16,074	15,924	17,627	22,275	26,158	34,705
Malaysia	16,115	34,652	92,512	98,566	90,405	96,117	100,941	124,063
Mexico	24,460	53,611	84,879	199,420	192,706	193,638	196,074	225,673
Nigeria	10,485	7,528	12,620	12,185	15,116	11,560	15,692	18,371
Philippines	6,304	14,763	28,341	43,411	40,117	41,243	44,343	47,426
Russia	–	–	81,151	60,888	73,722	83,818	102,557	129,073
South Africa	13,488	21,993	36,302	35,352	33,352	34,510	48,887	66,179
South Korea	34,373	79,894	160,513	193,438	173,571	188,258	218,688	274,105
Thailand	10,984	39,205	89,387	77,253	76,437	81,217	93,804	118,395
Turkey	12,567	25,096	40,363	63,035	47,863	57,826	77,109	107,842
BRICSAM Total	254,800	460,479	980,705	1,285,195	1,260,103	1,365,748	1,630,015	2,074,059
OECD	1,652,146	3,212,916	4,440,462	6,044,334	5,826,028	6,038,911	6,983,968	8,258,465
World	2,335,900	4,229,500	6,344,200	8,188,600	7,961,900	8,293,000	9,616,100	11,589,500
BRICSAM/OECD	15%	14%	22%	21%	22%	23%	23%	25%
BRICSAM/World	11%	11%	15%	16%	16%	16%	17%	18%

Source: World Trade Organisation database.

the BRICSAM with approximately one third of total BRICSAM exports. With the exception of Indonesia, Philippines and Mexico, BRICSAM countries' exports growth in 2004 exceeded 20 per cent (40 per cent in India) and was 10 per cent higher than that of the OECD. Simple projections show that if the growth differential for exports between BRICSAM and the OECD remains at 10 per cent, BRICSAM exports will surpass those of the OECD in 2018. Under a less optimistic assumption of a 5 per cent growth differential, this occurs by 2030.

Many question the sustainability of the BRICSAM growth both in product and trade pointing to potential dangers in the financial structure of the BRICSAM economies and risk of financial crisis, environmental constraints, slower growth of FDI inflows, and the absorptive capacity of the OECD limiting exports from BRICSAM. Another issue is growth dependency on one sector of the economy. For example, Chinese growth is based on goods trade and FDI inflows, Russian on oil and gas exports to the EU while Indian is internally generated thanks to growing services trade. Brazil depends on its agriculture and mining and South Africa found a niche in the global supply chains of automotive parts (especially catalytic converters and leather seats). Other social issues may also work to limit growth, such as growing inequality (India), ageing societies (China), or increasing health problems (South Africa).

### 3. Commonality and Divergence of Interests and Concerns

It is often assumed that the emerging countries have same interests and agenda on the international stage. While it is true to some degree (for example calling for more consideration for their developmental needs and bigger concessions made by developed countries in trade negotiations), BRICSAM countries also compete with one other in various spheres.

Most BRICSAM countries can be considered regional hubs with strong/growing influence on neighbouring countries but they also compete with each other to take the position of the leader in the region (eg. China and India, Brazil and Mexico). This competitive pattern plays out across a wide continuum from the national to the micro- and meso- regional perspectives.

At the same time they compete for their international status. Both India and Brazil call for expanding the UN Security Council so that it includes their representatives. Significantly this demand is made not only on the basis of an ascendant geo-political position but because of their economic capabilities and size of population. Unlike Russia, moreover, any claim to a place at the exclusive G8 table is made not on the basis that they are countries in transition to a democratic form of government but because of the rate of their economic growth, trade potential, and growing influence globally.

All emerging countries jointly call for reforms of the Bretton Woods Institutions, pointing to their practical inadequacy and outdated structures. For example, voting structure in the International Monetary Fund (IMF) is currently dominated by the Group of Seven (G7) with its 47.13 per cent of votes and does not represent the interest or concerns of developing countries. A recent study<sup>21</sup> points that countries represented in the IMF by their own Directors retain a high degree of control over decisions made by the Board through both formal and informal mechanisms. Emerging countries (with the exception of China and Russia) who have fewer votes and are represented in the constituencies have less influence over their representative and thus delegate much more authority to the IMF. Both emerging and developing countries alike criticize

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<sup>21</sup> Ngaire Woods and Domenico Lombardi, "Uneven Patterns of Governance: How Developing Countries are Represented at the IMF," *Review of International Political Economy* 13, no. 3 (August 2006).

the World Bank for its rules and recommendation attached to loans pointing to their inadequacy to developmental needs.

Emerging countries also pursue economic cooperation via regional trade agreements concluded outside the World Trade Organization (WTO). Faced with the stall in multilateral trade negotiations, the BRICSAM countries are becoming more and more active in negotiating numerous regional trade agreements (RTAs).<sup>22</sup> The agreements vary in scope and coverage but a growing number of them goes well beyond issues covered in the WTO including services trade liberalization, mutual recognition, competition policy, cooperation in investment, education, tourism, science and technology, movement of persons, coordination of customs procedures and standards policy.

Some countries seem to be custom-tailoring their agreements across their partners in negotiations which stands in contrast to the cookie-cutter approach shown by both the US and the EU. Texts of the agreements also tend to be less legalistic and not as detailed as in the American or European RTAs which leaves more room for subsequent negotiations but may also prove to be the source of potential disputes. It is important to note that while cooperating, BRICSAM countries also offer each other differential treatment as in the case of recognizing China as a market economy (Brazil and Mexico).

Growing economies and market needs of the BRICSAM countries render increasing competition in various sectors of global economy. Obvious Chinese domination in manufacturing and trade with the OECD at the expense of India, Mexico, and others makes them rethink their policies. China is currently the second largest exporter to the US after Canada replacing Mexico vis-à-vis this status in 2002 despite the geographical proximity and the North American Free Trade Agreement (NAFTA).

Unable to compete with Chinese low wages in assembly oriented manufacturing; India put emphasis on education and services as the underpinnings of their growth. India is currently the leader in information technology (IT) services but China, Russia, Mexico, and a few of ASEAN states have already started to grow their own IT sectors

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<sup>22</sup> Agata Antkiewicz and John Whalley, "BRICSAM and the Non-WTO," *Review of International Organizations* 1, no. 3 (September 2006): 237-61.

to benefit from the globalization of services and the second wave of Western outsourcing (first wave being manufacturing outsourcing to China). Due to the rise of a middle class in the emerging economies, the IT services sector will likely be transformed further, while Western markets will soon mature and the biggest business opportunities originate from BRICSAM. Available data (Table 8) suggests that BRICSAM countries see the importance of new technologies and their development for their continued economic growth. However, the average expenditure on research and development (R&D), although increasing, is still significantly lower than that of the developed economies both in relative and per capita terms.

Table 8. Total Gross Domestic Expenditure on R&D (GERD), selected countries, selected years

Country	1996		1999		2000		2002	
	GERD as % of GDP	GERD Per capita (in PPP\$)	GERD as % of GDP	GERD Per capita (in PPP\$)	GERD as % of GDP	GERD Per capita (in PPP\$)	GERD as % of GDP	GERD Per capita (in PPP\$)
Brazil	0.77%	51.1	0.87%	60.8	1.04%	76.9	–	–
China	0.60%	16.5	0.83%	29.2	1.00%	38.7	1.23%	56.2
Egypt	0.21%	6.2	0.19%	6.4	0.19%	6.9	–	–
India	0.55%	10.8	0.78%	18.1	0.85%	20.5	–	–
Indonesia	–	–	–	–	–	–	–	–
Iran	–	–	–	–	–	–	–	–
Malaysia*	0.22%	16.8	0.40%	30.4	0.49%	43.7	0.69%	63.3
Mexico	0.31%	22.5	0.43%	35.8	0.37%	33.3	0.43%	38.3
Nigeria	–	–	–	–	–	–	–	–
Philippines	–	–	–	–	–	–	–	–
Russia	0.97%	56.6	1.00%	64.8	1.05%	76.0	1.24%	102.3
South Africa*	–	–	0.56%	50.3	–	–	0.68%	68.7
South Korea	2.60%	320.9	2.47%	342.0	2.65%	403.7	2.91%	492.3
Thailand	0.12%	7.7	0.22%	13.4	0.25%	16.1	0.24%	17.1
Turkey	0.45%	24.8	0.63%	36.5	0.64%	40.0	0.67%	42.6
UK	1.88%	393.6	1.88%	443.6	1.85%	455.9	1.88%	490.6
US	2.55%	740.9	2.65%	872.5	2.72%	928.0	2.67%	954.0
Japan	2.76%	655.2	2.95%	731.9	2.98%	774.4	3.11%	836.6
Finland	2.54%	502.7	3.23%	757.7	3.40%	854.2	3.46%	905.2

\*in italics data for 1998

Source: UNESCO Institute for Statistics, Science and Technology.

Another sphere of competition is access to resources. China and India bid against each other for resource companies (eg. the PetroKazakhstan case) but they are also cooperating in the field as in the case of joint purchase of Petro-Canada's stake in Syrian oil fields. Also, China continues to buyout mines, as well as oil and other resource companies in South America and Africa. Such transactions are easier to complete in these countries than in the OECD as issues of subsidization of purchase (through

low-interest loans from the Central Bank), human (and labour) rights and involvement of the government usually are not central considerations.

Foreign investment is yet another sphere of BRICSAM competition. As shown in Table 5, a major country reallocation of inward FDI has taken place over the last ten years away from Brazil, Mexico and ASEAN and towards China. India has outpaced China in IT, R&D and business processing FDI, but has lagged behind in manufacturing and assembly. According to *World Investment Report 2005*, India is currently the second most attractive FDI destination for MNCs, with China being first, US third, Russia fourth, Brazil fifth, and Mexico sixth. China is winning the competition thanks to higher effectiveness of its low-wage labour (as opposed to other low-wage labour countries) and fewer restrictions as to workers rights.<sup>23</sup>

However, India is more connected into and more compatible with the established global economy in part as legacy of the *raj*. India's inheritance of laws and structures in various parts of the socio-economic life from the British, as well as a wider-spread knowledge of English language, has made it easier for foreign investors to engage in business activity there; hence the established outsourcing nexus around Bangalore rather than Bangkok or Beijing.<sup>24</sup> Conversely, the latest *Global Competitiveness Report* suggests that the Indian economy has to address major social and structural constraints like high illiteracy and low enrolment rates, bureaucratic red tape, weak infrastructure and fiscal deficit: "provided these challenges are met, there is no reason why India could not join the ranks of the most competitive economies in the world."<sup>25</sup>

One of the commonalities among the BRICSAM countries is the level of migration to the OECD and increasing levels of remittances received from their diasporas. According to IBRD, based on officially recorded data, the global flow of remittances rose to \$167 billion in 2005, up 73 per cent since 2001: "More than half of that increase occurred in China, India and Mexico. Low-income countries, led by India, registered an increase of \$18 billion during this period."<sup>26</sup>

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<sup>23</sup> Shaun Breslin, "China and the Political Economy of Global Engagement," in Richard Stubbs and Geoffrey R. D. Underhill, eds, *Political Economy and the Changing Global Order*, 3rd ed. (Toronto: Oxford University Press, 2005): 465-477.

<sup>24</sup> See Timothy M. Shaw, "The Commonwealth(s) and Global Governance," *Global Governance* 10, no. 4 (October 2004): 499-516.

<sup>25</sup> World Economic Forum, *Global Competitiveness Report 2005/6*, 19.

<sup>26</sup> International Bank for Reconstruction and Development (IBRD), *Global Economic Prospects 2006: Economic implications for remittances and migration* (Washington, DC: The World Bank, 2005), 87.



India, China, Mexico, Philippines, Brazil, Egypt, and Nigeria are among the top 20 remittance-recipient countries. *Global Economic Prospects 2006* presents the following data for 2004 for the top three remittance-recipients: India \$21.7 billion, China \$21.3b and Mexico \$18.1b; it also includes a figure detailing "The recent surge in remittance flows to India."<sup>27</sup> Aside from changes in legal and incentive structures, the Bank suggests that this is a function of successive generations and sectors of Indian migrations:

India has reported a spectacular increase in remittance inflows – from \$13 billion in 2001 to more than \$21 billion in 2003...During the oil boom in the 1970s and 1980s, thousands of low-skilled Indian workers migrated to the Persian Gulf countries. In the 1990s, migration to Australia, Canada and the US increased significantly, particularly among IT workers on temporary work permits.<sup>28</sup>

It is worth noting the cultural, religious, social differences and a more communal approach to economic activity presented by the emerging countries. Their growth experiences and developmental models may pose a challenge to the philosophical and intellectual underpinnings of the Western ideals of open markets, free trade, decentralization, and rights of the individual. If India and China continue to grow at very high rates without dramatically changing their social and economic structures and the rest of BRICSAM joins them, the intellectual legitimacy of the widely accepted Western model of neo-liberalism may come under question and shift greater economic power towards BRICSAM.<sup>29</sup>

We have emphasised the positive advantages of size in this paper. Yet a few cautionary notes must also be mentioned. Structurally the material capabilities of the group of emerging powers we have highlighted are matched by the comparable size of many of their weaknesses. Indeed even a short list of these weaknesses is highly salient. One of these is the commonalities between these countries in terms of corruption (see Table 9). A second relates to the economic imperatives spilling over from shortages of oil, water and raw material. A third is the increasingly imbalanced gender ratios in China and India, albeit for different reasons (one child

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<sup>27</sup> Ibid, 89-90.

<sup>28</sup> Ibid.

<sup>29</sup> Antkiewicz and Whalley, "Shifting Economic Power."

Table 9. Corruption Perception Index

Country	2000		2005	
	CPI Score	Country Rank	CPI Score	Country Rank
Brazil	3.9	49	3.7	62
China	3.1	63	3.2	78
Egypt	3.1	63	3.4	70
India	2.8	69	2.9	88
Indonesia	1.7	85	2.2	137
Iran			2.9	88
Malaysia	4.8	36	5.1	39
Mexico	3.3	59	3.5	65
Nigeria	1.2	90	1.9	152
Philippines	2.8	69	2.5	117
Russia	2.1	82	2.4	126
South Africa	5	34	4.5	46
South Korea	4	48	5.0	40
Thailand	3.2	60	3.8	59
Turkey	3.8	50	3.5	65
UK	8.7	10	8.6	11
US	7.8	14	7.6	17
Japan	6.4	23	7.3	21
Iceland	9.1	6	9.7	1

Source: Transparency International, Corruption Perception Index 2000 and 2005.

policy versus infanticide respectively). A fourth is informal (illegal?) structure of economies and networks. A fifth is their volatile mix of militaries and weapons, especially nuclear.

Situationally, one of the major questions is whether the emphasis on size and material interests will translate into robust (or even muscular) forms of competition. Or alternatively, whether the emphasis on size will be offset by the salience of diplomatic skills. What stands out about all the emerging powers is the contrast between their collective image as big rising powers and their different (and nuanced) set of diplomatic profiles.

China has a hybrid status as both a country of the first tier (a member of the UN Permanent Five) with extensive connections to the developing world. It is also a country that combines an emphasis on hard security and sovereignty with a concerted charm offensive in bilateral terms and a greater appreciation of diverse forms of multilateralism. India also displays some characteristics of a hybrid persona. Specifically, it wants to join new bilateral clubs, most notably the security arrangement with the US. However it also wants to hang onto its G77 oppositional middle state legacy.

Brazil and South Africa also exhibit multiple personalities on the international stage. In regional terms they can exploit their advantages as economic powerhouses. In multilateral term they mix a concern for order as displayed through the G20 Finance with embedded support of the IBSA and the G20 trade coalition from Cancun via the Doha Round. Turkey sees itself as a distinctive middle or intermediate state, straddling regions and civilizations. This image has propelled it to offer a broker role on Middle East issues.

#### **4. Conclusion: Macro-Economic versus other Projections or Outcomes**

An analysis of the potential influence of the BRICSAM countries must to go beyond uncritical 'economic' projections and encompass the 'real' political economy of development among BRICSAM states. More problematic scenarios of BRICSAM's rise and call for power become apparent when simple projections of economic growth are combined with discussions of sustainability, social development, and diplomacy. Potential profound implications as recognised at the end of the Introduction arise for set of over-lapping approaches and policies: not just political science and economy but also development,<sup>30</sup> regional<sup>31</sup> and security<sup>32</sup> studies.

What seems to be emerging is a new trilateral world impacted by emerging economies, especially China and India given the size of their economies, position in the global economy and dispersion of generations of diasporas. Just as the American deficit may potentially be a problem for the whole world's financial system, the sheer size of China and India can make their domestic problems a world-wide issue.

Varieties of tensions may appear along several dimensions; for example, in access to and security of resource supplies, exercise of power in multilateral fora, the philosophical under-pinnings of the international system. How these tensions play out, and potentially how they will be resolved, will be the key to determining the shape of the future global architecture. Will it be done through structural considerations via the projection of sheer size? Or will it be done through diplomatic skill as part of a diverse repertoire of agency?

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<sup>30</sup> Haynes, *Palgrave Advances in Development Studies*.

<sup>31</sup> Boas et al., *The Political Economy of Regions*.

<sup>32</sup> MacLean et al., *A Decade of Human Security*.

Time will show how the emerging economies impact global politics, economics and societies through the first quarter of the new century. It seems clear though that if the BRICSAM economic growth continues over the next three to five decades, multiple ripple effects will be felt at national, regional and global levels. The potential shift in the global balance of power may be even more pronounced if the BRICSAM countries decide to act collectively and use their joint bargaining power to shape or reform global institutions. A change in the key aspects of the global economic governance, international architecture and geopolitics seems inevitable, and with it, new challenges arise for decision-makers and scholars alike.

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