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BRICS+: An Alternative Globalization in the Making and the Impact on Inbound Foreign Direct Investment Flows to China is Substantial

Executive Summary

The Group of Seven[1] ("G7"), which is an intergovernmental political and economic organization of developed nations, has had disproportionate influence in world affairs for the last few decades, stemming from their dominance in trade, finances and manufacturing although the group's strength in these areas is diminishing. The subsequent formation in 1999 of the Group of Twenty[2] ("G20"), an expansion of the G7 with the inclusion of China, the EU, some developing economies and the Africa Union, among others, on the heels of the Asian financial crisis has not changed the fact that G7 members still have the strongest voice in the larger institution. This status quo has led to the creation of **BRICS**, consisting of emerging economies **B**razil, **R**ussia, **I**ndia, **C**hina, and **S**outh Africa. The BRICS bloc has represented the **challenger to both G7 and G20 both politically and economically, especially after the expansion of its member countries to include Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates ("UAE")** to form the BRICS+ with effect from 1 January 2024.

With the addition of new members, **BRICS+ collectively constitutes a formidable force in the world stage because its member states are leading producers and exporters of fossil fuels** (Brazil, Iran, Russia, Saudi Arabia, and UAE combined account for about 40% of crude oil and 32% of natural gas global output)[3], **agricultural products** (Brazil, Egypt, and Russia), **strategically-important natural resources** such as rare earth and uranium (China and Russia respectively) alongside an **all-round manufacturing powerhouse** (China, beyond doubt, is the leader regarding global gross production). Importantly, the synergy resulted from the integration of these countries virtually cannot be measurable.

BRICS+ not only represents a notable portion of the world's population of almost 50% but also 40% of global trade in goods[3], approximately 34% of the globe's GDP, surpassing the 30% for the G7[4]. Hence, BRICS+ has been attractive to developing countries in the Global South[5], as this bloc of emerging nations is having an increasing influence on issues in various fronts globally. Dozens of countries such as Bolivia, Malaysia, Thailand, and Turkey have expressed interest either explicitly or unofficially in joining BRICS+. Further membership expansion of BRICS+ would only elevate the power of the bloc. Among the prospective member states, Thailand has been particularly active in the pursuit of BRICS+ membership. In May 2024, Thailand's parliament approved the membership application, while Thai government signed a Memorandum of Understanding with China to bypass the dollar and promote the use of local currencies in cross-border payment and settlement.

Originating from the desire to be autonomous and building a more inclusive, resilient, and sustainable future for the planet, BRICS+ has set up its own multilateral development bank called the New Development Bank ("NDB" or simply called the BRICS Bank). The existence of the NDB reduces reliance on similar Western institutions like the World Bank and International Monetary Fund ("IMF"), which are more stringent in

[1] It is consisted of Canada, France, Germany, Italy, Japan, the U.K, and the U.S.
[2] Actually, there are 21 members in the group, namely Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the U.K., the U.S., the EU, and the African Union
[3] "An Evolving BRICS and the Shifting World Order," Boston Consulting Group, 29 April 2024
[4] For year 2022 and measured by purchasing power parity per data from Statista
[5] Nations of the world which are regarded as having a relatively low level of economic and industrial development, and are typically located to the south of more industrialized nations

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