

CURRENT TRENDS IN GLOBALIZATION. THE SITUATION OF THE BRICS COUNTRIES

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The present paper wants to analyze the current trends of the globalization and, in particular, in line with the BRICS countries (Brazil, Russia, India, China and South Africa).

Why are they in congruence with these economies? There are many reasons:

- because there were sufficient beliefs that the current era of globalization is driven by emerging economies
- because specialists predicted a new world order led by emerging economies
- for that the BRICS countries account for 42.58% of the world's population
- because the BRICS countries generated almost 23% of world GDP at the level of 2015
- because in the last decades the BRICS have managed to build a cooperation platform for Emerging markets in areas such as trade, innovation, sustainable development, etc.

But globalization has meant the same thing for all the world's economies; whether they are developed economies, emerging or less developed?

Who are the winners of globalization?

If we take the Bertelsmann Stiftung report in 2018, then we will have the supreme winner of globalization **Switzerland**. According to them, **Switzerland is the "globalization champion"**, if we report in terms of absolute GDP per capita (for the period 1990-2016). Determining the status of champion took into account the globalization index, but also establishing the interdependence between globalization and economic development. Thus, the bulge of globalization in the 27-year period analyzed by the Bertelsmann Stiftung brought a cumulative/capita income gain In €s* (actual prices in 2000; rounded values) of 49,730 for Switzerland, 39,046 for Japan and 36,664 for Finland.

Of the 42 analyzed countries, South Africa ranks 35th (4,826 €), Brazil ranks 37th (3,218 €), Russia ranks 39th (3,004 €), China ranks 41st (2,049 €) and India ranks 42th (567 €). Although China is ranked first among the world's exporters, with \$ 2.26 billion, on the globalization index, it is in the lowest places. This was caused by the fact that the globalization index also considers aspects such as restrictions applied, the value of transactions, but also sub-indices such as political or social.

For the year 2016, the globalization index ranked first place Ireland (91.32), followed by the Netherlands (91.06), Belgium (85.62), Switzerland (83.11), Denmark (77.26), Sweden (76.53). In fact, the top 10 places out of 42 are occupied by European states. Canada ranks 11th (71.69), and the United States ranks 28th (60.73).

The BRICS countries ranked as follows: South Africa - 34th place (50.72), Russia - 36th place (46.53), China - 39th place (40.92), Brazil - 40th place (38.73) and India - 42th place (30.93).

Trade relations among BRICS countries

BRICS provides the framework for cooperation between emerging markets. The BRICS economies contributed \$ 2,902,801 million to total exports and \$ 2,339,179 million to all imports. That is, we have a participation of about 19% of total global exports (world exports at the year 2016 were 14,639,041,733.88 US \$ Thousand) and over 15% of total global imports (at the level of 2016, they amounted to 14,748,663,389.75 US \$ Thousand).

Tabel 1: BRICS: External economic relations, 2016 (million US\$)

	Brazil	Russia	India	China	South Africa
The total value of exports	185,235	285,491	260,327	2,097,637	74,111
The total value of imports	137,552	182,257	356,705	1,587,921	74,744
Export Ranking	4-BRICS 27-World	2-BRICS 17-World	3-BRICS 20-World	1-BRICS 1-World	5-BRICS 38-World
Import Ranking	4-BRICS 30-World	3-BRICS 25-World	2-BRICS 14-World	1-BRICS 2-World	5-BRICS 38-World
Trade as percentage of GDP	24.61%	46.27	39.81	37.06	60.50
Index of export market penetration	11.30	9.44	23.32	42.57	10.11
Country growth	-4.79	-10.26	-5.39	-7.85	-8.68

Source: Data processed by the author using the information provided by The World Integrated Trade Solution (WITS) software, World Bank

Trade relations between the BRICS Member States have gained considerable significance in recent years; thus, at the level of 2016:

➡ **India imported from Russia 4,782 US\$ million and exported to 1,818 US \$ million.** The most imported products being precious stones and jewelery 45%, petroleum products 12% and fertilizers 9%. In the export category, first we find pharmaceutical products 18%, followed by machinery 12% and spices and beverages 7%.

➡ **Russia imported from China the amount of 38,086 million dollars and exported to the Chinese state in the amount of 28,081 million dollars.** On the first three places on imports we have machinery, electrical and plastic machinery and equipment and on exports: mineral fuels, wood and machinery.

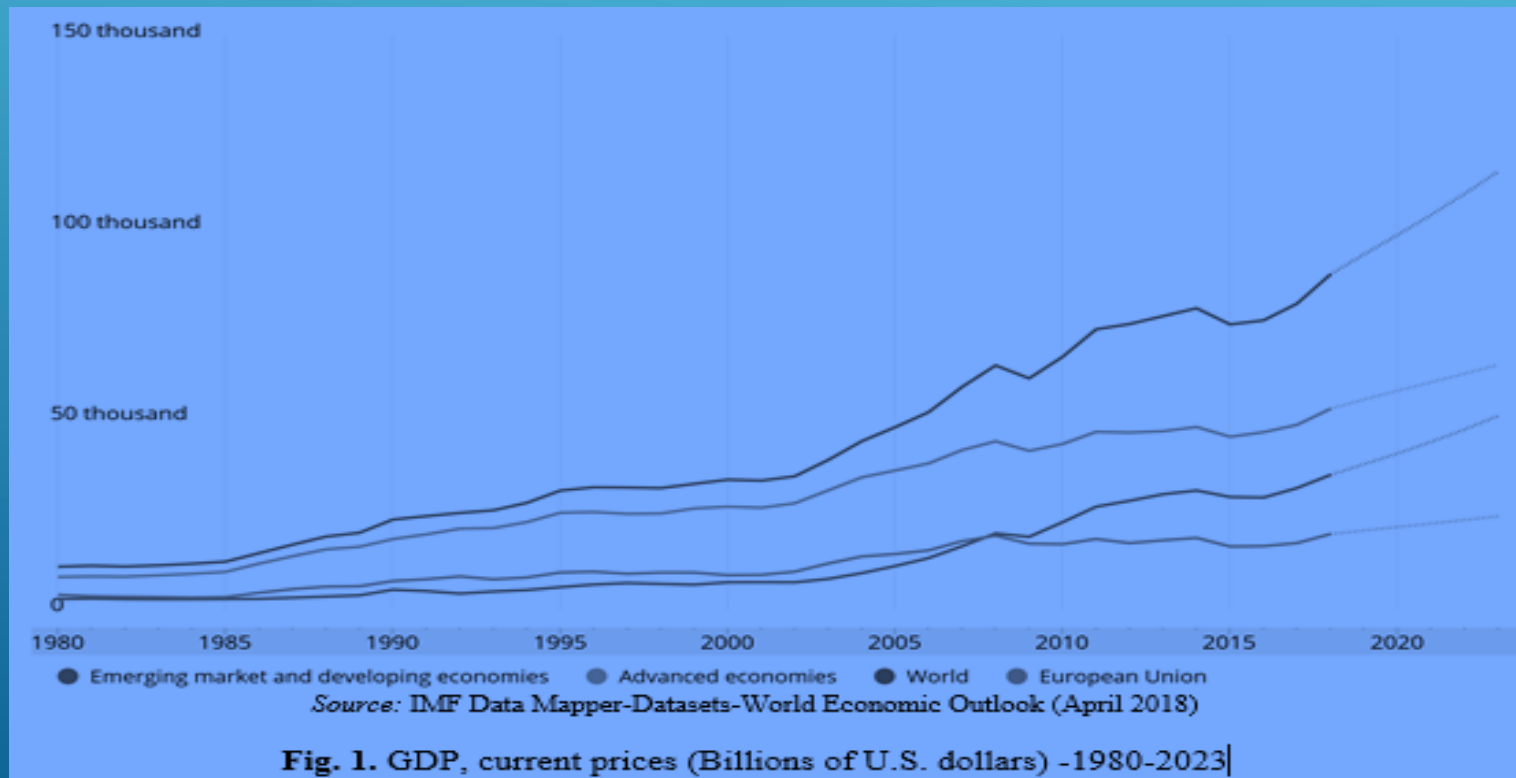
➡ **India imported the Chinese state worth 60,483 million dollars** in the year 2016 (the first place was the electronic equipment) **and exported in the amount of 8,916 million dollars** (cotton occupy the leading position).

➡ **The Chinese state has imported \$ 45,855 million** (oil seeds, ores and slag, mineral fuels, etc.) **from Brazil and has exported \$ 21,976 million** (electrical machinery, machinery, organic chemicals, etc.).

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Our BRICS economies have seen remarkable increases in gross domestic product in recent years (to keep the situation of China, whose GDP has increased more than six times in the last decade and a half), predicting for 2018 a value of \$ 18.6 trillion.

As illustrated in the figure below, the evolutions of the main categories of economies follows an upward, favorable trend. Overall, **global GDP (current prices) are projected to reach \$ 114.35 trillion, of which \$ 50.51 trillion will correspond to emerging and developing economies.** And the top 10 world economies seem to remain unchanged as composition.



Conclusions (I)

- ❑ The most important thing is to find ways to follow, **new directions that can guide us**. Thus, we should take into account the three trends mentioned by the United Nations: shifts in production and labour markets, rapid advances in technology and climate change.
- ❑ **Outsourcing and insourcing** are aspects of the new global economy; are common practices in many developed economies, such as the United States or Canada, which are targeting emerging economies such as China or India to outsource some of their activities.
- ❑ We also add **the robots from production / automation** that occupy the place of people more and more, but also the income inequality and we get other problems of the new economy that need to be remedied.
- ❑ We know that **information technology and communications** are important issues that can bring benefits to those who pay increased attention, but at the same time deprive those who do not have access to technology, both within countries and globally. The last mentioned aspect as an important milestone in the effective approach to globalization is climate change; a topic often debated, but extremely important.
- ❑ **Expanding urban centers, increasing transport, increasing production activities lead to environmental degradation, extreme temperature changes and extreme weather phenomena**. That is why it is very important to take appropriate measures to protect the environment as much as possible, to use less polluting technologies.

Conclusions (II)

- ❑ **BRICS emerging economies have a significant further potential for the global economy for the global market.** This opinion is supported in the first place by the figures presented in the paper (contributed to world GDP by almost 23% in 2015 and brought more than half of the global economic growth of the last decade), but also because of the natural resources they have, the abundant labour force, high-end technology.
- ❑ **Globalized world is a present reality**, with all its positive aspects (increasing international goods and capital flows, raising living standards), but also consequences (income inequality).

We believe that as a result of globalization, all the states of the world, regardless of their nature (whether industrialized/developed or emerging/developing) have a win. The fact that to a different extent, is another discussion...