Theoretical Approaches Regarding Emerging Economies. Brics Economic And Political Evolution Aspects

Abstract: The globalization of the world economy has had the effect and at the same time triggered the emergence and functioning of new economic and political bodies, as well as the development of new concepts such as the emerging economy / market. Emerging markets are currently a global economic and political power, with year-on-year indicators of economic performance and adjustment of accounting standards to the international financial reporting framework. It is important to follow the development of emerging economies, as well as to analyze the main directions of development. Currently, according to the MSCI index, there are about 25 emerging economies, the most representative being the BRICS economies (Brazil, Russia, India, China and South Africa). The purpose of the research is to analyze the concept of emerging economy / market as well as the economic and political evolution of the BRICS group.

Keywords: emerging markets, BRICS, economic and political evolution, globalization, world economy, New Development Bank.

I. INTRODUCTION

The world economy is a system of complex and interdependent processes that influence and restrict each other. The world economy is not unified, but diversified. This diversity is explained by a large number of different national economies, which have different customs.

Currently, the states of the world are classified based on several standards and indicators. The World Bank, the UN, the International Monetary Fund and other international institutions classify the countries of the world with the following indicators: Gross Domestic Product per capita, Human Development Index, Gross National Income, Global Competitiveness Index, and the area or size of the population.

Among the most significant classifications, we note that of the UN Bureau of Statistics, which, after specifying that there is no consolidated convention for identifying developed and developing countries, suggests on the basis of "common practice" to distinguish the states of the world into three macro-classes of economies: developed economies, developing economies and economies in transition. The common practice mentioned by the UN for the identification of developing countries is based substantially only on the GDP per capita parameter. Developing economies themselves are then reclassified according to a multitude of other criteria.

The role of economic classification is to help understand the differences in scale, economic potential and level of development between nation states.

The purpose of the research is to analyze the concept of emerging economy / market as well as the economic and political evolution of the BRICS group. In this context, we set ourselves the following objectives: Objective 1: Clarification of the conceptual aspects regarding the emerging economies; Objective 2: Determining the role of BRICS economies.

II. CURRENT STATE OF RESEARCH

As our analysis is intended to provide an overview of trends in research choices, rather than an exhaustive analysis of all research methods adopted in the literature, we limit our attention to a set of documents identified for this review in the journals: Contemporary Accounting Research, Journal of Accounting and Economics, Journal of Accounting Research, Review of Accounting Studies and The Accounting Review from 1975 to 2020. Applying as search keywords „Emerging markets, BRICS” we get a number of 253 published articles.
In order to analyze the main directions of scientific research related to emerging economies, especially the BRICS countries, with the help of VOSviewer we analyzed the keywords from the abstracts of the articles published in Web of Science (Figure 1). 253 articles published between 2008 and 2020 were analyzed, focusing on emerging BRICS economies.

Figure 1 shows 14 interdependent groups, focused on the study of emerging BRICS economies. The largest group (Figure 2) addresses issues related to China, coal consumption, development spending, economic reform, emerging market, emerging market economies, global governance, income inequality, liquidity, level of evidence, stock market growth, technology, Sub-Saharan Africa, wage inequality. The second (see Figure 2) group reveals topics related to: BRICS, emerging economies, common stochastic trends, crisis, financial integration, financial performance, foreign investors, growth, international financial integration, investment, political uncertainty, performance appraisal, stock market integration, stock market volatility, stock prices, variance breakdown.
The third group consists of the following topics: economic growth, emerging bric group, financial globalization, global stock markets, globalization, investment, labor migration, international diversification, macro-regional associations, production chains, sanctions, trade balance, trade liberalization. Group four consists of topics such as: movement, disadvantage, exchange rate, g7, long memory, persistence, predictability, safe haven, stock market, volatility forecast. The fifth group consists of the following topics: Africa, conservatism, developing countries, growth, inflation, exchange rate, monetary policy, population demographics, South Africa. The sixth group reveals issues related to bank competition, bank size, the Chinese stock market, financial stability, the global financial crisis, governance, hedging reports. Group seven (see Figure 3) deals with topics such as: emerging markets, BRICS, global financial crisis, brics countries, impact, foreign investment, capital flows, currency crises, debt, developing countries, inflows, globalization, nonlinearity, investment capital portfolio, reforms.

Figure 3 - Cluster 7 - Emerging economies

Source: developed by the author with VOSviewer

In group 8 are approached as research topics: comparative capitalism, construction, dependence, development economy, functional distribution of income, neoliberalism, political economy, varieties, state. The ninth group deals with topics such as asymmetry, emerging economies, fiscal balance, market, politics, public debt, real exchange rate, spillover effect.

Topics such as asymmetric impact, dynamic relationship, emerging stock markets, evidence of the financial crisis, farmer-causality, quantum dependence, are covered in group eleven. The twelfth group consists of the following topics: cointegration, evidence of economic growth, exports, foreign direct investment, international trade, fdi output, panel cointegration, multinational enterprises. The thirteenth group deals with topics such as: brics countries, foreign exchange market, high-tech sms, international entrepreneur, upper echelons, transaction tools, strategic alliances, knowledge. The last group, the fourteenth is composed of 6 topics, namely: dynamic panels, exchange rates, interest rate, random walk, nardl panel, interest rate differentials.

Analyzing the profile of the literature we can see that there are a variety of studies related to emerging economies - BRICS in many fields of research, such as: economics, international relations, business and finance, management, political science, law, development studies, research management science operations, energy, computer science, etc. (see Fig. 4).

Figure 4 - Profile of the literature by categories
Most studies were conducted in the period 2008-2020, most papers were published in 2018, a number of about 41 scientific papers (Figure 5).

Thus we can deduce that international research on emerging economies has focused on similar issues, with different results. At the same time, we can note that no paper has addressed the issue of the historical evolution of accounting systems in the BRICS economies. In most specialized papers, BRICS economies were not treated as a group, but were analyzed separately.

III. RESEARCH METHODOLOGY

The idea of this research is to identify and highlight the main aspects of the accounting systems in the BRICS economies, as well as to highlight the role and evolution of emerging economies.

To achieve this goal we will use the cross-cutting methods that will be applied mainly on theoretical aspects and will materialize through procedures of investigation, observation, comparison and testing of existing concepts, ideas and theories in the field. Depending on the type of investigative approach, we will use the qualitative method, because we will use observation and analysis, applied to data and information found in the literature and in the reports of international organizations. This study is a qualitative exploratory study. Qualitative research involves an exploration of a part of human experience. We will not be concerned with interpreting the data, but rather with discovering common emerging themes.

This research also follows an interpretive approach. According to Maroun (2012), „an interpretive approach may be conceptually superior to quantitative styles, as research based on positive paradigms may not always be suitable for investigating practical problems”. Qualitative techniques can generate descriptions, allowing the exploration of social and cultural issues to a greater extent than may be the case for quantitative research.

In short, this study is exploratory in nature and follows an interpretive approach. This is considered to be the most appropriate approach for this type of study, as interpretive research is used to seek a deeper understanding of accounting practice.

IV. CONCEPTUAL DELIMITATIONS ON EMERGING ECONOMIES

„Emerging markets, also known as emerging economies, are a term that refers to an economy that has considerable economic growth and possesses some, but not all, characteristics of a developed economy” (Jain, 2006: 384). Emerging economies are countries in transition from the „developing” phase to the „developed” phase. A country's status is measured using many socio-economic factors, including the liquidity of equity and local debt markets and the level of market efficiency.

The term emerging market was first used in 1981 by the economist of the International Finance Corporation Antoine W. Van Agtmael (2007), in his attempt to create an investment fund for third world countries. The purpose of this fund was to invest in shares of developing countries or third world countries as he called them, where foreign investment was almost non-existent. Antoine W. Van Agtmael presented this fund to Salomon Brothers in New York. Most bankers expressed interest, but banker JP Morgan was not pleased with the term „third world”. Thus, Van Agtmael came up with a new term for both the idea and the investments he wanted to promote: „Breaking my brain, I finally came up with a term that sounded more positive and invigorating: emerging markets. The third world suggested stagnation; Emerging markets suggest progress, development and dynamism” (https://www.economist.com/special-report/2008/09/20/ins-and-outs).

The definition of the term emerging economy / emerging market is complex and inconsistent. There are a multitude of definitions, as well as differentiated terminologies (emerging markets, emerging economies, developing economies, etc.) that ultimately overlap or
are completely coincident. Kvint (2008) defines an „emerging country as a society in transition from a dictatorship to a free market-oriented economy, with increasing economic freedom, gradual integration into the global market, an expanding middle class, improved living standards and social, stability and tolerance, as well as increased cooperation with multilateral institutions “. Hoskisson, Eden, Ming Lau and Wright (2017) argue that „emerging economies are low-income, fast-growing countries that use economic liberalization as the main engine of growth”. Emerging economies can be divided into two groups: the transition economies, which are part of the former Union of Soviet Socialist Republics (URSS) and the developing countries of Africa, Latin America and Asia. Daniliuc and Gribincea (2014) argue that emerging markets have the status of „tired” economies, which are forced to comply with the rules imposed by investors and creditors. Despite the fact that emerging economies have a short history, in the literature we find a series of researches that address this concept and follow the continuous evolution of emerging economies. Due to the large number of articles, publications dealing with the subject of emerging economies, it is very important to systematically perform a meta-analysis of the available econometric evidence. Systematic review and meta-analysis have great advantages in terms of „accuracy”, „objectivity” and „replicability”, compared to narrative review (Mullen 1989).

Currently, the main method used by economist researchers in summarizing the existing literature in the field is the narrative analysis. To date, no meta-analysis has been performed on studies addressing emerging economies / markets.

Following the analysis of the literature and in order to argue the motivation that was the basis of our research, we considered it appropriate to conduct a meta-analysis, with which to highlight the concept of emerging economy and its role in the world economy .

<table>
<thead>
<tr>
<th>Autor</th>
<th>Year of publication</th>
<th>Defining the concept</th>
<th>The results and purpose of the research</th>
<th>Topicality and impact of research</th>
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<tbody>
<tr>
<td>Khanna, T., Palepu, K.</td>
<td>2000</td>
<td>„Emerging economies are characterized by underdeveloped market-supporting institutions, which include weak laws and low enforcement capacity of formal legal institutions, called institutional gaps.”</td>
<td>This paper proposes a taxonomy of the business group, which is used to formulate hypotheses and present evidence on the reasons for the formation, prevalence, and evolution of groups in different environments, especially in emerging economies.</td>
<td>The article has a high impact because it uses a research sample based on 13 emerging economies.</td>
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<tr>
<td>Wan, W.P., Hoskisson, R.E</td>
<td>2003</td>
<td>„Emerging economies are characterized by underdeveloped market-supporting institutions, which include weak laws and low enforcement capacity of formal legal institutions, called institutional gaps.”</td>
<td>This study re-examines the relationships between corporate diversification strategies and the performance of firms in emerging economies and suggests that these relationships are related to home country averages. Two environmental aspects were examined: the factors that facilitate the transformation activities and the institutions that encourage the transactional activities. Important in the study of corporate diversification strategies.</td>
<td>The study has a high impact, highlighting the strategies of corporate diversification and the performance of companies in emerging economies.</td>
</tr>
<tr>
<td>Podobnik, B.</td>
<td>2008</td>
<td>„Emerging economies can be distinguished by four dominant features: regional economic centers, usually have a very large population, have large bases of natural resources, large markets.”</td>
<td>The research problem is defined as: Resistance to globalization: cycles and evolutions in the protest of globalization. In this article the author analyzes the process of globalization in</td>
<td>The impact of the article is high, because it addresses a very topical issue. It is very important to know how the world’s economies</td>
</tr>
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Emerging markets are newly industrialized countries, which are not yet fully developed, but have a fairly high potential from an economic point of view. These are highlighted mainly by attracting foreign investment in key sectors of the economy, such as: industry, agriculture, mining, transport, energy, etc. Another feature of emerging economies is that they have raw materials and cheap labor.

According to the MSCI Index (Melas, 2019), there are currently 24 countries with the status of emerging economies, including: Brazil, Chile, Colombia, China, Mexico, Peru, the Czech Republic, Egypt, Greece, Hungary, Poland, Qatar, Russia, South Africa, Turkey, United Arab Emirates, China, India, Indonesia, South Korea, Malaysia, Pakistan, Philippines, Taiwan and Thailand.

Due to the high growth potential, among the emerging economies, special attention is paid to the BRICS economies: Brazil, Russia, India, China and South Africa. These economies represent a world political and economic power. The BRICS countries make up over 40% of the world’s population, and their economic share represents over a fifth of the global economy. In the international economic system, the BRICS group appears as a new center of gravity and as an engine of the world economy, playing an important role in providing investment and supply of goods and services.

In September 2019, Romania was included by the Financial Evaluation Agency FTSE Russell on the list of countries that have a substantial potential to move to the status of an emerging economy. In September 2020, following the decision of FTSE Russel, Romania passed from the status of border market to the status of secondary emerging market. Thus, the Romanian capital market is available to access funds that invest in emerging markets. According to a study conducted by the Bucharest Stock Exchange, „funds investing in emerging markets are estimated at $ 1,200-1,500 billion, more than 30 times the value of funds focused on border markets. The capitalization of the MSCI Emerging Markets index was $ 3.375 billion (August 2015) compared to $ 89 billion for the MSCI Frontier Markets index.” (see www.bvb.ro).

Emerging countries are mainly characterized by a high population growth rate, they make up about 80% of the world’s population. For this reason, they have a
strong impact at the macroeconomic level, being the countries that contribute the most to the world economy.

Emerging economies are considered attractive by richer states which, through targeted investments, also tend to impose their own political hegemony. On the other hand, it is often the case that in emerging countries government bonds are issued with a very high yield for the attention received, because the risk is even higher.

V. INTERNATIONAL POLITICAL AND ECONOMIC FRAMEWORK

One of the novelties that has most characterized the international political and economic scenario in recent years is the gradual assertion of a geo-economic aggregate, identified by the acronym BRICS, consisting of Brazil, Russia, India, China and South Africa. The progressive assertion, exacerbated by the very serious international economic situation, of new places and mechanisms for international concertation (for example, with the advent of the G20) highlights areas of unprecedented intervention for these new geo-economic powers, which are required to compete on the one hand, on stage with the roles traditionally played by the United States and other Western economic powers and to demand, on the other hand, a common leadership of the international community.

The economic and financial crisis that began in 2007 and then had profound repercussions, especially in a euro area affected by deep macroeconomic imbalances, showed the fragility of exactly those areas of the world that were considered the strongest and most resilient: United and the Euro area. At the same time, it has become impossible to ignore the greater economic weight of some emerging countries. The growth rates of the countries initially considered were: Brazil, Russia, India, China and South Africa). These states are likely to dominate the world economy of the century that has just begun, and therefore it was necessary to incorporate them into the world economy dominated by the Western system.

The repercussions on global economic governance have been profound, and the system is still going through what appears to be long years of transition in search of a new order. At an early stage, the United States seemed determined to lead this transition, pushing for approval of the first IMF reform since the end of the Cold War in 2008 and making the G20 the main coordination forum for a common and coordinated response to the crisis, rewriting economic rules - global finance. In the face of this resistance, the BRICS economies have become the first promoters of their own reform of world governance (Borghi, Villa & Villafranca, 2015).

Faced with an increasingly globalized and interconnected world, with the growing economic role of emerging countries increasingly integrated into global value chains, economic and financial crises tend to spread faster than in the past, and the role of the IMF it is increasingly relevant. However, for the IMF to play a decisive role in crisis management, it must remain a credible institution. The reform of the IMF, which until 2010-2011 was led by the United States, was blocked precisely because of the blockade of the US Congress in approving government reorganizations (Mohan & Kapur, 2015). Highly developed countries, especially the United States, have reluctantly viewed the aspirations of emerging economies, thus creating an alternative bloc under the acronym BRICS. They have even created their own international institutions such as the New Development Bank (NDB) and the Asian Infrastructure Investment Bank (AIIB).

Although regional development banks always coexist with the IMF and the WB, the new institutions appear to be a potential challenge for Bretton Woods institutions.

VI. BRICS FROM CONCEPT TO REALITY: FORMATION AND STATUS

Recently, the phrase BRICS is more and more common in the international economy, this is an acronym that identifies five countries (Brazil, Russia, India, China and South Africa). These states are developing economies, characterized by large area, abundant natural resources, large population, etc. These have become evident in the fast decade, with a strong increase in GDP and share of world trade.

Analyst Jim O’Neill identified a new geo-economic aggregate based on these common features in a document for Goldman Sachs at the end of 2001. The countries initially considered were: Brazil, Russia, India and China. According to O’Neill, these nations are likely to dominate the world economy of the century that has just begun, and therefore it was necessary to incorporate them into the world economy dominated by the Western system.

Initially, the group consisted of 3 states (the Asian triangle): Russia, India and China, which in 2002 concluded a series of bilateral cooperation agreements. Basically, these three states represented the backbone of the BRICS group. In order to expand its influence and attractiveness as an alternative pole of power to Western hegemony, it became necessary to aggregate other states from other continents. Brazil - the fourth largest emerging economy in the world and the largest state on the Latin American continent - was the first to join the group, and later under the presence of China, which achieved strong economic penetration in Africa, she also joined the group.

The accession of Brazil and South Africa allowed the group to acquire a greater geographical representation, highlighting the dynamic and multipolar
character of the group. However, the BRICS should not be seen as a homogeneous group or an alternative to the new world orders.

Due to the economic potential and abundant resources as well as the significant population of the group, the five BRICS states are of significant interest in the international political and economic arena.

In the literature, the BRICS group is perceived as „one of the most innovative and surprising new elements in the structure of global governance” (Stuenkel, 2012).

The five BRICS countries have become some of the most significant economies in the world in many economic, social, political and military fields. China, for example, is the world’s largest economy and, along with India, is among the top ten countries in terms of GDP growth. In most other categories, the BRICS countries occupy high positions.

Between 2008 and 2017, the BRICS group accounted for 56% of global GNP growth, and by 2030 it is estimated that they will account for more than half of global economic growth. In the structure of the world economy, the BRICS is an important element, and the development of the world economy is closely linked to the evolution of the national economies of these states.

The differences between the five countries are profound: China, for example, has 55% of its GDP and 65% of its foreign trade, produces more than 50% of its energy and finances 50% of its military spending. India, which in 2025 will outnumber the Chinese population, remains significantly smaller than China, Brazil and Russia, both in terms of GDP size, territorial size and availability of natural resources.

Moreover, some factors of tension should not be underestimated, which could undermine or condition the solidity and very consistency of this new political bloc: Russia, China and India are powers with competitive hegemonic aspirations on the Asian continent; India and China are facing - in some cases severely - the natural resources of Africa and neighboring countries.

Moreover, the BRICS do not currently have the capacity to project their own power at the military level, even if the share of military spending is equal to 17% of the world (SIPRI 2011 data), compared to 41% in the United States.

These countries are not exempt from internal criticism, which could call into question both their political destiny and their economic prosperity: in India, the repercussions on the political system of corruption scandals and related popular protests are slowing down the process of reform and modernization; in Russia, the process of modernizing the economy and society is threatened by the inability of political elites to introduce new models of power management; in China, growing inequality, real estate market difficulties and the possible spread of social discontent could seriously challenge the growth model that has ensured the country's success so far; In Brazil, the government of Dilma Rousseff, weakened by the continued resignation of corruption ministers, must demonstrate its ability to counter the resurgence of inflation and the slowdown in growth.

VII. BRICS SUMMITS AND NEW DEVELOPMENT STRATEGIES

The organization initially had 4 member states, which was officially founded in 2006 at the St. Petersburg Economic Forum, attended by the ministers of the economy of Brazil, Russia, India and China. The establishment of political relations within the group took place at the 61st UN session in New York, in 2006, through a meeting of the foreign ministers of the 4 countries. Since 2009, the leaders of the BRICS group have started to organize annual workshops, in which they address various topics of interest to Member States. So far, 11 summits with different themes have been organized. „The incipient, intra-BRICS links at the level of civil society have increased significantly since government leaders decided to develop a more institutionalized format” (Stuenkel, 2014).

The first BRIC summit (Brazil, Russia, India and China) took place in 2009 in Russia, in the city of Ekaterinburg. The summit opened cooperation at the level of heads of state and government. In 2011, South Africa joined the BRIC community, thus adding an "S" to the acronym, becoming BRICS. The Ekaterinburg meeting discussed issues related to the strengthening of cooperation between states, as well as issues related to the reform of global economic and political governance (G20, IMF). At the same time, lately there has been an increasingly active presence of emerging economies in international institutions.

Held in 2010, the second summit took place in Brazil. In addition to issues related to the reform of the global financial system, the agenda of the meeting included new topics for cooperation. During the meeting, BRIC leaders signed a cooperation agreement to facilitate the financing of energy and infrastructure projects. Moreover, development banks agreed to study ways to expand lending among BRIC countries.

Held in China, in the city of Sanya, in 2011, during the third summit, South Africa was admitted as a member of the group, which was renamed BRICS (Forsythe, 2011). South Africa’s accession to the informal dialogue of developing countries has not only reflected the increased attention of the world community to African countries, but has also become an important strategic step in increasing the international status of the BRICS. In the Sanya
In order to promote institutionalization of the NBD, and will signing of cultural cooperation agreements and member countries. In addition, on this occasion the roadmap for diversifying trade and investment between Econo (2014). The meeting was marked by the approval of the driving force of global development” (Chernyshova, Russia, in 2015, with the theme “BRICS partnership

Held in New Delhi, India, in 2012, the theme of the fourth summit was „The BRICS Partnership for Stability, Security and Global Prosperity” (Observer Research Foundation, 2013). At this meeting, BRICS representatives reiterated that the heads of the BMI and the IMF should be appointed through a transparent and fair procedure, and called for the representatives of developing countries to be appointed to chair the World Bank.

The creation of the new BRICS Development Bank was also discussed at this meeting. In order to promote trade between the BRICS countries, an agreement has been signed to facilitate the granting of local currency loans.

Hosted by South Africa in Durban, the theme of the fifth summit was „BRICS and Africa: Partnership for Development, Integration and Industrialization”. In Durban, the first round of BRICS summits was closed, each country hosted a meeting of heads of state and government. The meeting discussed inclusive and sustainable development and reform of global governance institutions. This summit marked the beginning of the BRICS ‘wider awareness-raising dialogue exercise, with a view to further cooperation with emerging economies, developing countries and relevant international and regional organizations.

In 2014, the sixth summit took place in the Brazilian city of Fortaleza. The theme chosen was „inclusive growth, sustainable solutions”. The most important outcome of the summit was the founding of the New Development Bank, which will aim to ensure the sustainable development of developing countries as well as to finance infrastructure projects. Initially, the bank will have a subscribed capital of $ 50 billion, so each Member State will pay $ 10 billion, which will be paid in equal shares. The bank's reserve fund will amount to about $ 100 billion. This reserve fund was set up to support BRICS members in crisis situations.

The seventh BRICS summit took place in Ufa, Russia, in 2015, with the theme “BRICS partnership - a driving force of global development” (Chernyshova, 2014). The meeting was marked by the approval of the constitutive agreements NDB and CRA. The „BRICS Economic Partnership Strategy” was approved, a roadmap for diversifying trade and investment between member countries. In addition, on this occasion the signing of cultural cooperation agreements and agreements between the development banks of the BRICS and BND countries took place.

Held in Goa, India, in 2016, the eighth summit had as its theme „Building inclusive and collective solutions”. The summit addressed issues of global economic recovery, addressing issues such as fiscal and social responsibility, institutionalization of the NBD, attracting investment, combating terrorism and economic growth.

Hosted by China in Xiamen, the ninth summit had the theme „BRICS: a stronger partnership for a brighter future”. The result of the summit was the signing of the „BRICS Action Plan on Innovation Cooperation 2017-2020”. In addition, the BRICS Action Plan on Economic and Trade Cooperation, the BRICS Strategy for Customs Cooperation and the Memorandum of Understanding between the NBD and the BRICS Business Council were signed.

In 2018, the tenth summit took place in Johannesburg, South Africa, and its theme was „BRICS: collaboration for inclusive growth and common prosperity in the 4th Industrial Revolution”. The work of this summit ended with the signing of the agreement on the establishment of the Regional Office of the New Development Bank based in Sao Paulo. At the same time, a collaboration agreement on the strategic partnership in the field of aviation was signed. The creation of the BRICS Innovation Network was also approved.

The 2019 summit, the eleventh, took place in Brasilia. The summit „BRICS: Growth for an Innovative Future” addressed the following topics: strengthening cooperation in science, technology and innovation; improving cooperation in the field of digital economy; encouraging cooperation in the fight against transnational crime, in particular against organized crime, money laundering and drug trafficking; encouraging rapprochement between the New Development Bank (NDB) and the BRICS Business Council (Brasilia Declaration, 2019).

VIII. NEW DEVELOPMENT BANK: SUSTAINABLE DEVELOPMENT PROJECT IN THE BRICS AND OTHER EMERGING ECONOMIES

As previously mentioned, in 2012, at the New Delhi summit, BRICS leaders signed an agreement on the establishment of the New Development Bank, in order to support infrastructure projects that will ensure the sustainable development of BRICS economies, as well as other emerging economies. At the same time, during the meeting, the finance ministers of the BRICS countries were trained to carry out a feasibility and feasibility study of the new project. The study report will be presented at the 2013 summit.

One year later, in 2013, at the Durban summit, finance ministers came up with the feasibility report for
the establishment of the New Development Bank. Feasibility study gave the green light for the creation of the New Development Bank. At the Durban summit, it was decided that the members' contribution to the bank would be substantial, in order to ensure the financing of the infrastructure.

In the context of too slow a reform of the International Monetary Fund (IMF), the creation of the „BRICS Bank” is motivated by the financing of infrastructure projects in developing countries (Reuters, 2014a).

At the sixth summit, held in Fortaleza in 2014, the agreement for the establishment of the New Development Bank was signed. The agreement emphasized the role of the NDB: „strengthening cooperation between the BRICS and complementing the efforts of multilateral and regional financial institutions for global development and ensuring sustainable growth” (Fortaleza Declaration, 2014).

The bank will have an initial authorized capital of $100 billion. The initial subscribed capital will be distributed equally among the founding members. The voting power of each member will be equal to its subscribed shares in the bank's capital. The initial subscribed capital of the Bank will be fifty billion dollars (50,000,000,000 USD). The subscribed share capital is divided into paid-in shares and requested shares. Shares with an aggregate nominal value of ten billion dollars ($10,000,000,000) will be paid for shares, and shares with an overall nominal value of forty billion dollars ($40,000,000,000) will be requested shares (see Table 2). The first chairman of the Board of Governors will be from Russia. Primul președinte al Consiliului de administrație va fi din Brazilia. The first president of the bank will be from India. The bank's headquarters will be located in Shanghai. The Regional Development Center of Africa of the New Development Bank will be established in South Africa at the same time as the headquarters ”(Fortaleza Declaration, 2014).

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of shares</th>
<th>Participation (%)</th>
<th>Voting rights (%)</th>
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<tbody>
<tr>
<td>Brazil</td>
<td>100,000</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Russia</td>
<td>100,000</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>India</td>
<td>100,000</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>China</td>
<td>100,000</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>South Africa</td>
<td>100,000</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Undistributed shares</td>
<td>500,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>1000,000</td>
<td>100</td>
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Reuteurs (2014,b) argues that the „New Development Bank will be able to compete with the International Monetary Fund and the World Bank, and the impact of emerging economies in shaping the global economy will increase significantly”.

In order to achieve its strategic objectives, the New Development Bank has a diversified portfolio of infrastructure projects, which ensures the mobilization of resources and their capitalization in the BRICS countries, as well as in other emerging economies.

The new Development Bank comes as a very important pillar in establishing collaboration relations in various fields of activity, such as: banking, energy, industry, as well as supporting social projects, supporting infrastructure projects, etc.

A very important effect for the BRICS economies of setting up the new bank is that they will abandon the euro and the dollar in transactions between members, which will have the effect of consolidating national currencies.

IX. THE ROLE OF BRICS ECONOMIES IN THE GLOBAL ECONOMY

In the ten years since the first BRICS summit (June 2009, Ekaterinburg), the BRICS has emerged as an institution for global economic governance and a platform for coordination and cooperation between member countries. The growing role of the BRICS in the global economy is determined by many factors, among which the main ones are the economic power of the five, the contribution to the reform of international economic institutions and the influence on the transformation of the international monetary and financial system.

In terms of economic power, despite the consequences of the financial and economic crisis of 2008, fluctuations in global economic growth, increased protectionism, the continuing deficit in infrastructure financing and other problems in the post-crisis decade, the rate of GDP growth per capita in the BRICS (5.4%) it is three times higher than globally (1.7%). The share of BRICS in global GDP increased by 10 percentage points, to 33% in 2019 (UNCTAD, 2020). Global growth rates for the BRICS countries (4.5% compared to 2.5% in the coming years) are expected to increase the share of the five. By 2030, it will exceed the
combined share of the United States and European countries, reaching 37% of the global economy.

Responsible monetary policy aimed at reducing public debt and increasing international reserves contributes to ensuring macroeconomic stability. The BRICS represent 19% of world exports of goods, 16% of world imports of goods, 19% of revenues and almost the same amount of direct investment. These parameters are essential for achieving sustainable growth and economic equality in the five countries, in the partner countries and in the world as a whole.

Increasing aggregate economic potential increases opportunities for the economic and political influence of the BRICS countries to achieve the goal of strengthening and reforming the multilateral system, including international economic organizations, increasing inclusion, democracy and representation, expanding the participation of emerging markets and developing countries. the international decision-making process (Brasilia Declaration, 2019).

The most important contribution of the BRICS to the reform of the international financial system was the creation of the New Development Bank (NBD) and the Contingent Foreign Exchange Reserve Fund (NRF). By mid-2019, NBD had supported the financing of 44 infrastructure projects totaling approximately $ 13 billion.

The relative success in developing and agreeing new financial regulatory standards is associated with the role of the BRICS. The G7 countries, primarily the United States, which has the largest financial markets, have been under strong pressure from the electorate to tighten regulations. They have sought to use international regulatory cooperation to create international rules of the game that ensure stability while maintaining the competitiveness of their national markets (Helleiner, 2010). BRICS countries, realizing the need to improve the quality of regulation, improve national regulatory frameworks and reform the international financial regulatory system, have paid special attention to coordination to prevent the consequences and side effects arising from the cross-border effects of regulatory reform for emerging markets and developing countries.

The BRICS economies are at odds with the G7 (Group of Seven), considered the most developed economies in the world, while the BRICS economies are still developing.

In order to understand in detail the evolution of the BRICS economies, as stated by Goldstein (2011: 161), it is necessary to consider the GDP growth rate. This indicator is defined by Reinhart (2012: 459) as the „value of all goods and services produced in a country in a year“. Currently, the BRICS includes two of the three largest economies in the world, especially China, with a gross annual gross domestic product (GDP) of $ 21 trillion and India, with a GDP of almost $ 9 trillion. Moreover, the BRICS represent about 25% of the global economy, while the G7 nations account for about 45%.

„BRICS economies remain the most representative and attractive to investors, providing them with an appropriate development framework and fiscal facilities that motivate investors to continue investing” (Melega, 2020).

In her book „BRIC Brazil, Russia, India, China at the helm of the global economy“, Goldstein (2011: 17), OECD economist and expert in emerging economies, argues that „increasing productivity is the engine of a country's long-term growth”. According to his estimates, almost a quarter of China's economic growth and more than a quarter of India's growth is due to increased total factor productivity - physical capital and labor.

South Africa plays a key role in the BRICS, as it is the intersection of the South Atlantic and the Indian Ocean. South Africa has a total population of over 54 million citizens, of whom almost 65% live in urban areas, especially in the cities of Johannesburg, Cape Town, Durban and Pretoria. Today, South Africa's annual GDP is about $ 720 billion, the only African country to fully participate in the G20, the world's largest economy.

X. CONCLUSIONS

In that paper, I tried to highlight the most important theoretical elements regarding emerging economies, especially the BRICS group. BRICS economies, with very high economic potential, are coming as a new center of gravity in the global economy.

In general, emerging economies have very high economic potential, registering higher and higher performance indicators every year. The accelerated development of emerging economies directly influences the world economy. Emerging economies are characterized in particular by very close collaborative links with each other, as well as with other developed countries. They have numerous bilateral cooperation agreements, in terms of trade, movement of raw materials and even human resources.

REFERENCES


