BRICS: Transforming Global Economic Power, Even as Members Compete

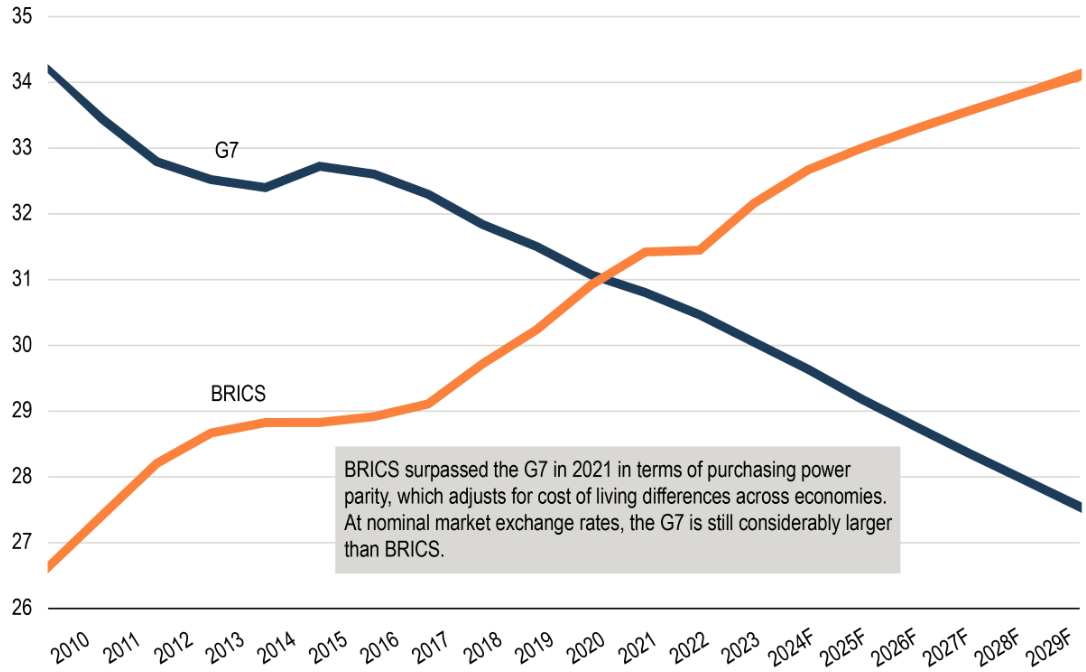
The expanding BRICS bloc has emerged as a cornerstone of global economic growth, even as its members differ significantly in size and assertively compete. As the global economy transitions towards a multipolar structure, BRICS, now reinforced by new members under the BRICS+ framework, is setting the stage for a new economic order. For businesses that operate in global markets, this implies new opportunities to tap and leverage.

Highlights:

- The combined BRICS GDP recently exceeded that of the G7 for the first time in terms of purchasing power parity, but the G7 is still significantly larger in nominal GDP.
- BRICS accounted for almost a fifth of global exports in 2022.
- BRICS attracted USD 271 billion in foreign investment in 2023.
- The inclusion of new members and partner countries in 2024 and early 2025 elevated the importance of BRICS as a geopolitical bloc.
- Navigating this new global economic order, do not overlook the importance of BRICS because its members differ significantly in ‘size, system and nature’ nor because members assertively compete.
- Leverage BRICS as a ‘club’ that can accelerate doing business in more international markets that matter. Tap opportunities of related networks, trade links, value chains and investment flows.

Since its formation in 2009, BRICS has steadily expanded its economic influence. According to World Bank data, in 2023, the bloc’s combined GDP (adjusted for purchasing power parity, PPP) reached USD 61 trillion, compared to USD 54 trillion for the G7. This growth is primarily driven by China and India, which are critical markets for consumer goods, technology and services with their large and rapidly growing (in the case of India) working-age populations.

GDP at Purchasing Power Parity: G7 and BRICS, % Share of World (2010-2029F)



Source: IMF, ANDAMAN PARTNERS Analysis

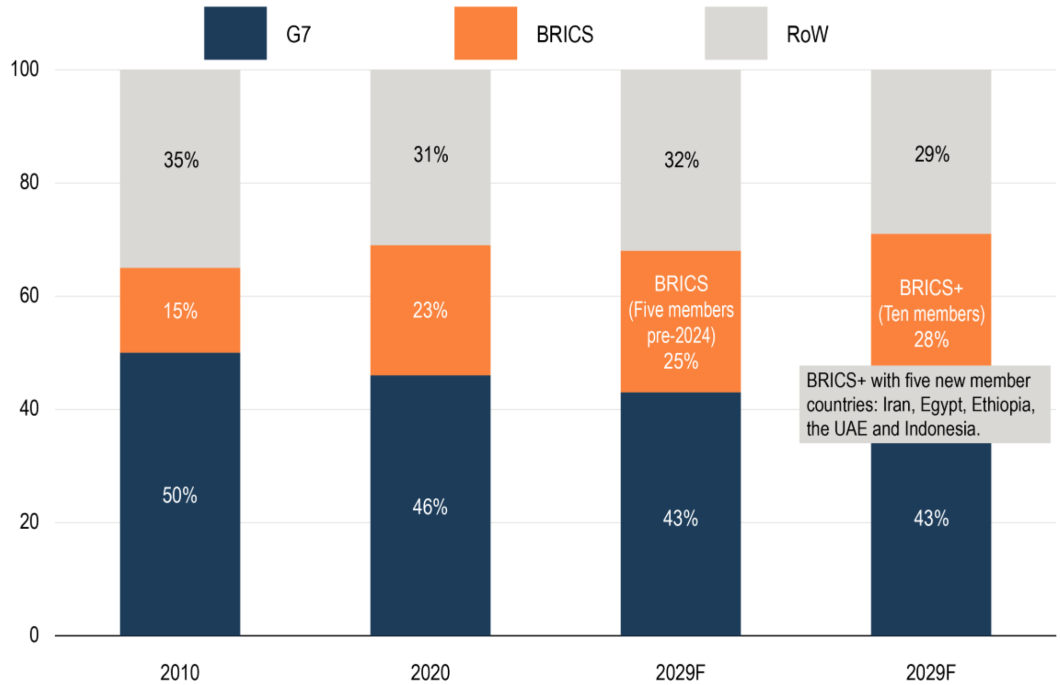
Regarding nominal GDP, BRICS still lag behind the G7, reflecting the different price levels and economic structures between the two groups of countries. By 2029, BRICS+ is projected to account for around 28% of the global economy in nominal GDP, compared to 42% for the G7.

Saudi Arabia, the UAE, Iran, Egypt, and Ethiopia were invited to become new members effective 1 January 2024 (all except Saudi Arabia attended the BRICS Summit in 2024 as full members). With this enlarged membership (including prospective member Saudi Arabia), the bloc gained substantial leverage in global energy markets: BRICS+ controls nearly 42% of global oil production and 35% of oil consumption.

On 6 January 2025, Indonesia, one of the world's leading nickel producers, formally joined BRICS as the tenth official member after its application was approved at the 2023 BRICS summit in Johannesburg. The official member countries are currently the original five countries as well as the UAE, Iran, Egypt, Ethiopia and Indonesia. A few days earlier on 1 January, eight additional nations joined BRICS as partner countries: Belarus, Bolivia, Cuba, Kazakhstan, Malaysia, Thailand, Uganda and Uzbekistan. On 17 January, Nigeria also joined the bloc as a partner country, bringing the total number of partner countries to nine.

Beyond energy, the BRICS+ expansion enhances the bloc's geographical and economic connectivity. Integrated networks of ports, land routes, railways and air links across member countries reduce cargo transit times and allow for more efficient trade channels. Expanded infrastructure cooperation and enhanced regional connectivity will accelerate economic growth, solidifying BRICS+ as a significant geopolitical body.

Composition of Nominal GDP: G7, BRICS and Rest of World % Share (2010, 2020, 2029F)



Source: IMF, ANDAMAN PARTNERS Analysis

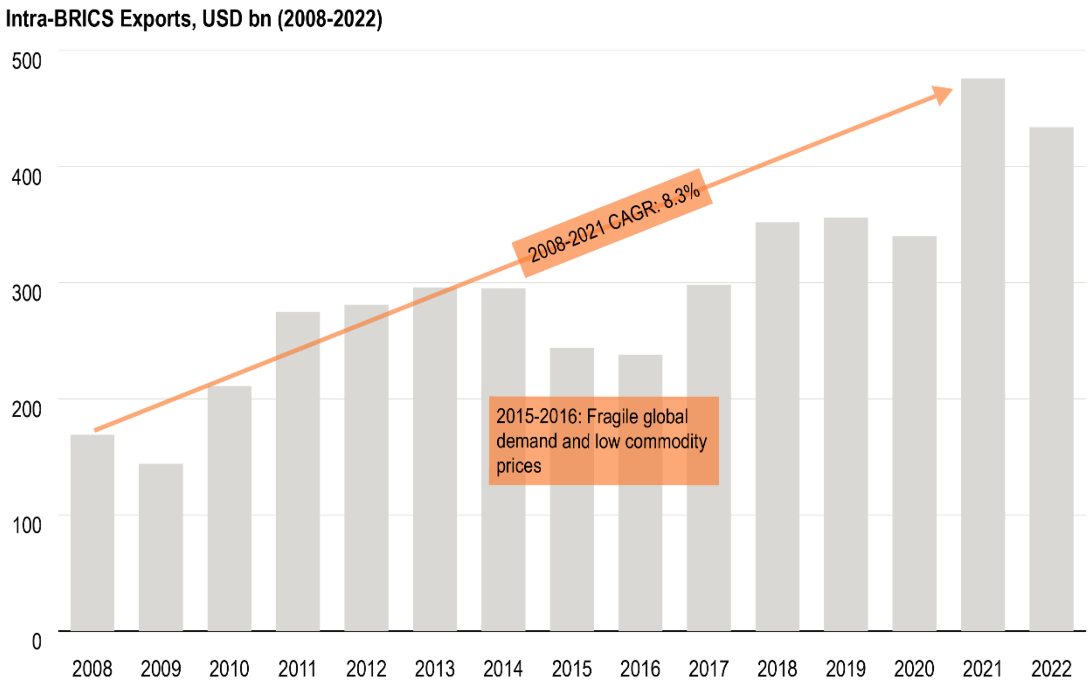
Trade

BRICS are critical players in global trade. Their total exports reached USD 5 trillion in 2022, a significant increase from USD 3.2 trillion in 2012, accounting for around a fifth (21%) of global exports.

The expansion in trade reflects deepening economic integration among BRICS countries and the rest of the world, underscoring the bloc's expanding influence in global trade. China dominates the bloc's exports, contributing 71%, while India has expanded its share to 9%, reflecting its rising capabilities in manufacturing and technology.

Intra-BRICS trade expanded by an annual growth rate of 8.3% from 2008 to 2021, with total trade values surging from USD 169 billion in 2008 to USD 434 billion in 2022. Although this represented less than 2% of global exports in 2022, the expansion in trade reflects deepening economic integration among BRICS countries.

The intensification of intra-BRICS trade presents an opportunity to tap into new supply chains and markets. Businesses that can strategically position themselves within these trade networks will gain access to large and growing consumer bases. In addition, increasing regional interdependence within BRICS is reshaping global supply chains, offering an opportunity to integrate into these evolving networks.



Source: UN Comtrade, ANDAMAN PARTNERS Analysis. Note: No data for Russia for 2022.

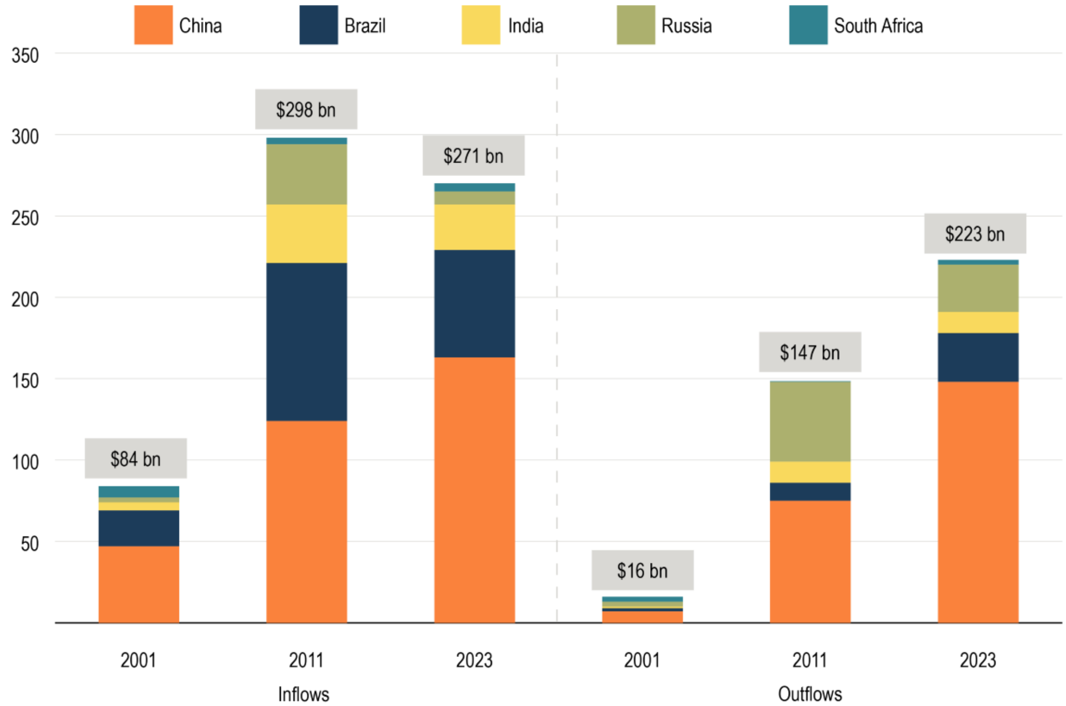
Investment

Foreign Direct Investment (FDI) flows into the BRICS bloc have fluctuated over the past decade, primarily influenced by global economic conditions and the COVID-19 pandemic. However, BRICS countries, particularly China, Brazil and India, continue to attract significant FDI inflows due to their large and growing markets, expanding technological capabilities and relatively favorable investment climates.

FDI inflows from 2001 to 2023 illustrate the bloc's continued attractiveness to international investors. In 2023, China attracted USD 163 billion in FDI, Brazil USD 66 billion, and India USD 28 billion. These figures underscore the sustained confidence of global investors in the growth prospects of BRICS. In 2023, BRICS collectively attracted a peak of USD 173 billion in greenfield FDI investments, with China and India attracting the largest share.

For businesses, these investment trends highlight the ongoing potential of BRICS markets, particularly in high-growth sectors like technology, green energy and infrastructure.

BRICS FDI Flows, USD bn (2001, 2011, 2023)



Source: UNCTAD, ANDAMAN PARTNERS Analysis

Navigating a new global economic order

With an expanded membership of ten countries and increasing global GDP and trade shares, BRICS+ illustrates the ongoing shift towards a multipolar world. To navigate this new global landscape, businesses must consider the following strategic actions:

- **Leverage BRICS markets for growth:** Prioritize market entry and expansion within BRICS to capitalize on large consumer bases and growing purchasing power. Tailored strategies that align with these countries' unique economic environments will be crucial to success. Appreciate that BRICS – despite differences between members and their assertive competition – represents a ‘club’ for accelerating networks, trade links, value chains, investment flows and shared ideas.

- **Capitalize on intra-BRICS trading opportunities:** Integrate into BRICS supply chains and explore new trade partnerships within the bloc. This can help businesses mitigate risks associated with external economic shocks and gain access to emerging markets.

- **Invest in high-growth sectors:** Focus on sectors like technology, green energy and infrastructure, which are poised for significant growth in BRICS. Early investments in these areas will position businesses to benefit from the next wave of global economic expansion.

- **Adapt to local economic dynamics:** Customize products, services, and business models to meet the needs and preferences of BRICS markets. Understanding and navigating the bloc's diverse regulatory and economic landscapes will enhance market penetration and competitiveness.

- **Monitor BRICS+ policies and expansion:** Monitor the evolving BRICS+ framework, which offers new avenues for market access and strategic partnerships, especially in energy, natural resources and financial services.

ANDAMAN PARTNERS *supports international business ventures and growth. We help launch global initiatives and accelerate successful expansion across borders. If your business, operations or project requires cross-border support, contact* connect@andamanpartners.com.

-------///-------