

Bric countries

Countries



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While the United States and Japan still remain as an economic powerhouse, countries like Brazil, Russia, India, and China, collectively known as the BRIC countries, are seemingly headed for that same route. According to a thesis published by Goldman Sachs Investment Bank, the economy of these four countries is slowly improving and is likely to surpass the existing developed countries in the world by 2050. Aside from these four, there are other emerging markets namely BRIMC (including Mexico), BRICS (with South Africa), BRICA (the four countries and Arab nations like Saudi Arabia, Kuwait, UAE, Qatar, and Bahrain), and BICET. The Global Outlook Jim O'Neill, who was the economist who proposed the thesis, forecasted that come 2050, the BRIC countries would have constituted more than 39 percent of the world population and generated a collective GDP of \$15.

43 trillion. At present, they only account for 15 percent of the world's gross national product (GNP) compared to that of the six industrialized economies of the US, Germany, Japan, France, Italy, and Britain. However, it is predicted that despite their growing population, the BRIC countries would overtake these countries and become the leading countries as far as increasing growth and spending ability is concerned. BRIC Countries 4. Although not regarded as a political alliance (like the EU) or formal trading blocs such as the ASEAN, the BRIC countries have made great strides in strengthening their cooperation, in order to influence the stand of the United States on major trade treaties, such as the proposed nuclear partnership with India(Prado, 2008). Despite their cultural and political variations, the BRIC countries have shifted their political system in order to be globally competitive in a capitalist world. A Second Goldman Sachs Report In 2004,

Goldman Sachs published a follow-up to its first BRIC research. In the second report, it was found out that people who have a yearly income of more than the \$3, 000 threshold will be twice as much in a p of three years and 800 million in ten years. This shows that there is a huge increase in the amount of middle class in these states. By 2025, according to the second report, the number of people with an income of more than \$15, 000 would surpass the 200 million mark. However, the follow-up report likewise indicated that despite the shift in economic growth, the average income in developed countries will remain higher compared to those in the BRIC countries.

Responding To The Development

A report released by PriceWaterhouse Coopers believes that investors must now set their sights on the BRIC countries as it presents a bright future for growth potentials. Economic growth has shifted from the United States and Europe to emerging countries BRIC Countries 5 like China and India. This was based on an observation by John Hawksworth, chief of the macroeconomics division of PricewaterhouseCoopers. According to forecasts, China would emerge as the biggest economy by 2025 replacing the United States and sustain its growth to 130% come 2050. Similarly, the economy of India would surpass that of the US by 90% in 2050. Brazil will move to the number four dislodging in Japan. Russia, along with Mexico and Indonesia, may become larger than the economy of Germany and the United Kingdom. It is worth mentioning that other emerging economies have been included in the list of Pricewaterhouse Coopers as potential growth areas. Among them are Vietnam, Nigeria, Bangladesh, Egypt, the Philippines, and Turkey. Vietnam, in particular, has shown tremendous economic growth at 10% per annum.

Come 2050, its economy would be 70% larger than the United Kingdom. Among the BRIC countries, China and India have shown the most significant improvement in terms of their economy. Although their population is over 1 billion, Chinese and Indian economies have grown rapidly. For China, the growth rate is 10 percent per annum since 1980. India, for its part, registered a 9% growth in its economy in 2006. The combined output of the two countries went up from 6.7% to 21.3% from 1980 to 2005. According to predictions, the world economy will be focused on China in the year 2015 and India by 2030. BRIC Countries 6 Over the years, the United States has become the major trading partner of both developed and developing countries. However, this is no longer the case, as many countries have now realized the potential that the BRIC countries have as a region of growth. For instance, the United States has long dominated the scrap market industry, but now China has become a major competitor in the manufacture and distribution of recyclable materials. India, likewise, is a new alternative as far as the scrap market is concerned. On the other hand, Russia and Brazil have become a major source of raw materials. The significance of the BRIC partnership is that China and India can source their raw materials from Russia and Brazil. Although the economy of Brazil is still dependent on the United States, its local currency is doing well. In fact, during the past years, it has outperformed even the Euro. Conclusion Gone are the days when the United States dominated the world economy. With emerging economies such as the BRIC, the time will come when the playing field as far as the global economy is concerned will become level, with each country having its own share of economic growth. Pretty soon, the United States will eventually have to learn how to trade with other countries all over again. The

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emergence of the BRIC countries is a clear sign that potential growth is no longer concentrated on developed countries and that the balance of economy is veering away towards developing nations outside of North America and Europe. BRIC Countries 7.

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