



How many countries were invited to join BRICS in its first expansion in August 2023?

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- 5
- 6
- 8
- 10

Show Answer...

Correct Answer: 6 (Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the UAE)

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- A. 5
- B. 6
- C. 8
- D. 10

Introduction

BRICS stands for **B**razil, **R**ussia, **I**ndia, **C**hina, & **S**outh Africa.

It was founded in June 16, 2009. it is an alliance aimed at promoting cooperation and collaboration among these nations. Recently, BRICS made significant developments by extending invitations to other countries, leading to questions about the implications of this expansion. Currently, BRICS is a group of five major emerging economies but On August 24, 2023, BRICS announced the admission of **six new members**:

1. Iran,
2. Saudi Arabia,
3. UAE.
4. Argentina,



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5. Egypt &
6. Ethiopia

This is the first expansion of BRICS since its formation in 2009.

Explanation

- **BRICS**, founded in **June 16, 2009**, originally comprised of five major emerging economies, has expanded its ambit by inviting additional nations to join the alliance.
- The countries invited to join BRICS are Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates (UAE).
- This expansion raises questions about the potential impact on global geopolitics and trade, as well as the challenges and opportunities it presents to the member nations.
- The invitation to these countries signifies a willingness to strengthen cooperation and dialogue among a diverse group of nations.

The recent invitation to Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the UAE to join BRICS reflects an expansion of the alliance's scope and objectives. This development has sparked discussions about the role of an expanded BRICS in the global political and economic landscape and its potential to represent the interests of the Global South.

[What the BRICS Bloc's Expansion Means?](#)

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BRICS

Invites New Members



BRAZIL



RUSSIA



INDIA



CHINA



SOUTH AFRICA

PROPOSED NEW MEMBERS AS OF AUGUST 2023



SAUDI ARABIA



ARGENTINA



EGYPT



ETHIOPIA



IRAN



U.A.E

How many countries were invited to join BRICS in its first expansion in 2023?

At their recent annual summit in Johannesburg, the group of five emerging countries known as BRICS – Brazil, Russia, India, China, and South Africa – made a significant announcement: they will be expanding for the first time since 2010. Starting from January 1, 2024, BRICS will welcome six new members into its fold – Saudi Arabia, Argentina, Egypt, Ethiopia, Iran, and the United Arab Emirates (UAE). This expansion is poised to solidify BRICS as a counterbalance to the global influence of the G7, propelling their share of the global GDP to 36% and encompassing almost half of the world’s population.

This move clearly indicates that the BRICS are positioning themselves for a multipolar world, one that doesn’t revolve around the dominance of the U.S. and Western nations. With numerous other countries expressing interest in joining, the geopolitical landscape is shifting, presenting both opportunities and challenges for investors. Navigating this environment successfully requires a deep understanding of the geopolitical, economic, and regulatory aspects.



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A notable aspect discussed at the summit was the push by BRICS to conduct trade using local currencies instead of the U.S. dollar. This move, if realized, could reshape global trade dynamics significantly. The U.S. dollar's status as the world's primary reserve currency, in place since the Bretton Woods Conference in 1944, has granted the U.S. significant advantages, like cheaper financing and leverage through financial sanctions. However, BRICS nations seeking an alternative to the dollar and their expansion from five members to 11 could bring about major shifts in the currency landscape. This could lead to increased volatility in areas like the Treasury market, exchange rates, and inflation.

Central to this strategy is the New Development Bank (NDB), established in 2015 as an alternative to Western financial institutions like the World Bank and IMF. The NDB's recent decision to issue Indian rupee bonds and explore local currency bonds in other countries showcases its intent to move away from the dollar. Dilma Rousseff, former Brazilian leader and current NDB president, highlighted the bank's ambitious plans to lend between \$8 billion and \$10 billion this year, with around 30% of lending in local currencies. She noted that the financial system based in the U.S. will likely give way to a more diverse and multipolar system.

While the U.S. dollar might not lose its status as a reserve currency entirely, it could share the spotlight with other currencies like the euro, Chinese yuan, or even cryptocurrencies like Bitcoin. Presently, the BRICS account for over 32% of global GDP, slightly surpassing the G7's 30%. However, they must work on bridging the gap in GDP per capita, an indicator of economic prosperity.

As the BRICS nations evolve and expand their influence, a more diverse global governance structure is on the horizon. This trajectory implies that established powerhouses such as the U.S. and the European Union (EU) will need to adapt to the changing realities. For investors and observers, maintaining agility and flexibility will be of utmost importance during this transformative period.

Source: www.equities.com