

# Brics+6 to control 30% of global GDP and 46% population: SBI report

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The addition of six new members to the Brics grouping will see it controlling 46 per cent of the world's population and 30 per cent of its economic output, Soumya Kanti Ghosh, chief economic advisor to the State Bank of India, said in a note.

At the latest Brics summit in Johannesburg last week, the present members — Brazil, Russia, India, China, and South Africa — decided to add Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates as new members of the grouping.

The new members will become part of Brics effective January 1, 2024.

The acronym Brics was originally coined in 2001 by Goldman Sachs economists led by Jim O'Neill. Later in December 2010, South Africa was added as the fifth member.

Currently, the five-member grouping is home to 40 per cent of the world's population which controls 26 per cent of the global GDP.

But with the six new members (Brics+6), their GDP share will jump to 30 per cent and their share of the population will go up to 46 per cent, the note said.

However, the biggest impact will be on the share of global oil production which will increase to 40 per cent from the current 18 per cent, while their oil intake share will jump from 27 per cent to 36 per cent, according to the note.

Similarly, their share in global mer-

chandise trade will rise from 20 per cent to 25 per cent, and that of global services trade will increase to 15 per cent from 12, the note said, adding that their share in the global forex reserves will increase by 600 bps to 45 per cent.

Ghosh stated that the new grouping will lead to the rise of a new Global South as Brics+6 will offer a credible alternative to the hegemony of the Global North when it comes to global affairs, trade, currency, and energy security.

He noted that Brics+6 will be a game-changer as the terms of global trade will get rewritten and the new grouping could be the lynchpin of a new global order.

However, even after the new addition, China and India will continue to contribute 74 per cent of the overall GDP of the grouping, it said.

Currently, China controls 70 per cent of the Brics' GDP, while India's share is 13 per cent. This will fall to 62 and 12 per cent, respectively, after the new members join. Brazil's share will remain unchanged at 7 per cent.

Brics+6 and G20 (Group of 20 largest economies) have their share in the global population at 3.7 billion and 5.1 billion, while their GDP share is \$29.2 trillion and \$70.4 trillion, and forex reserves at \$5.5 trillion and \$9.4 trillion, respectively. On the massive increase in the share of oil trade — Saudi has the second largest oil reserves after Russia — the oil math will be the potential game changer for payment system and price discovery, says the report.