BRICS-JUST AN ACRONIM?

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Abstract
The aim of this paper is to present the main economic developments of the most important emerging economies, brought together under the name of the BRICS, in the light of new economic and political positions which these countries tend to occupy in the current global context. The study is significant being a comparative presentation between the BRICS Group countries, Brazil, Russia, India, China and South Africa and the G-7 countries, as well as by providing a variety of statistical data for the period 2010-2012, helping thus to highlight more strongly, the amazing economic evolution of these countries. It can be concluded that currently, according to trends in the world economy, emerging economies tend to lean the balance in their favor and to the detriment of the Western developed economies. Their success is based on an economic policy focused on investment, unlike the U.S., Japan and European countries in the G-7, geared mainly on consumption. The foreign direct investment mainly concerns to the transport infrastructure, communications, business services, energy and natural resources sectors. However, the European market remains attractive for foreign investors, the difficulties and the uncertainties facing the eurozone being outweighed by the presence of a significant number of consumers with high purchasing power, by providing high technology and professional skills , and last but not least, by the benefits of a strong developed infrastructure.

Keywords*: emerging economies, developed economies, BRICS, G-7, foreign direct investment, foreign exchange reserves*

JEL Classification*: E02, F15, F43, O11*

1.Introduction

Starting from the assertion of the former President of the World Bank, Robert Zoellick, according to which "what's new in the world compared to the past, emerging markets are now sources of growth and opportunities"[9] and taking into account recent developments in these markets, it becomes obvious that the emerging states turn of the global economic balance of power in their favor, amid economic difficulties and instability that crosses the Western developed economies.

In order to avoid future financial crises such as those from the 1990s in Asia, Russia and Latin America, it was decided, at the initiative of the G-7, the establishment in 1999 of the decision-making group G-20, bringing together the developed economies and major emerging economies. Thus the G-7 group consisting of the United States, Japan, Germany, United Kingdom, France, Canada, Italy, as countries that compose the developed area of the world economy, joined Russia, Argentina, Brazil, Mexico, China, India, Australia, Indonesia, Saudi Arabia, South Africa, South Korea and Turkey, representing the emerging area of the global economy. The 20th place is reserved for the European Union, represented by the country which provides the half yearly Presidency at that time, currently Lithuania. To the G-20 works also participate the International Monetary Fund and the World Bank. Currently, the G-20 countries represent two-thirds of the world's population, 90% of global gross domestic product and 80% of world trade, what gives the the political weight to the Group and a powerful legitimacy.[15]

Among the emerging countries which are on the rise, four of them are joined as the BRIC group, made up of Brazil, Russia, India and China.

The acronym BRIC was used for the first time in 2001 by Chief Wizard of the Bank Goldman Sachs, the economist Jim O'Neill[8], in an attempt to bring together under a title the biggest emerging economies of the world. The report drafted by him, "Building Better Global Economic BRICs", drew attention to the Brazil, Russia, India and China, which with their economic growth rate, population size and economic potential, can become major economies until 2030. The BRIC group acquires an official character in the first summit which took place on June 16, 2009 in Yekaterinburg, Russia. In the context of the third summit which was held on April 14, 2010, the BRIC becomes BRICS through joining South Africa to the Group, at China's initiative, as an expression of the Group's presence on the African continent.

Totaling currently no less than 43% of the world's population, 30% of its dry surface, producing 25% of global GDP, attracting 53% of the world capital and holding foreign reserves totalling approximately 4500 billion US dollars, the BRICS has come to represent more than an acronym, becoming a group of countries with an increasingly higher influence in the global economic and financial system, being possible that in the future to move the centre of economic and political power from the developed countries to the emerging economies.

The data in the following table complete these assessments:

Table no. 1 **The BRICS 2012**

BRICS	Population total (mil.)	Population growth (annual%)	Surface area (km^2)	GDP (mld.$)	GDP growth (annual%)	FDI inflows (mld.$)	Foreign exchange reserves (mld.$)
Brazil	198	0.9	8.515.767	2.252	0.9	65.3	369
Russia	144	0.4	17.098.246	2.014	3.5	53.0	487
India	1.236	1.3	3.287.263	1.841	3.2	25.3	271
China	1.351	0.5	9.706.961	8.227	7.9	253.4	3.331
South Africa	51	1.2	1.221.037	384	2.5	5.0	44
Total	2980		39.829.274	14.718		402.0	4502

Source: The World Bank Group: Data Bank 2012, www.dataworld.org

BRICS group was founded for political and economic reasons, settling as major objectives to protect their own economies and the internal resources from the pressures of the global corporations, giving up the external financial assistance and to leave behind the financial practices of World Bank and International Monetary Fund, engaging in competition with Western economies and diminishing the political influence of the G-7, the international coordination of macroeconomic policies, and last but not least, the establishment of a new equilibrium in the global geopolitical relations through the establishment of a new pole of power.

During the last summit of the Group, held in Durban, South Africa, on 26 and 27 of March 2013, the leaders of the five countries have established a common development bank which will finance only the emerging countries. At the same time, will allow the creation of resources for financing the national projects in the field of transport infrastructure, and the first major such project, worth 1.2 billion US dollars, would have to be a submarine cable for the transmission of high data flow between Brazil and Russia, passing through South Africa, India and China with the possibility of extension for Iran and Indonesia, what is a global system of internet via fiber optics, independent of that of the West. The establishment of this Bank, with a capital of 50 billion US dollars (10 billion US dollars for each member), it means the independence from the the World Bank and from the policy applied by the International Monetary Fund in financing agreements ratified with the poor countries. In this sense, the five states of the Group take into account the use of a part of their enormous foreign exchange reserves, meaning about 4.502 billion US dollars (while U.S. Treasury has debts of 15,400 billion dollars), as a common fund to tackle balance of payments crises or currency crisis. According to the Governor of the Central Bank of Brazil, the value of that fund might be 100 billion US dollars, enough to afford and to ensure the independence of the two international financial institutions.

Table no. 2 **The BRICS and the G-7 international reserves of 2012**

BRICS	Reserves($)	G-7	Reserves($)
China	3.331.120.015.177	Japan	1.227.147.066.091
Russia	486.576.821.775	USA	139.133.877.266
Brazil	369.569.972.929	United Kingdom	88.596.004.564
India	270.586.507.559	Canada	68.364.968.305
South Africa	43.995.470.607	Germany	67.422.252.402
		France	54.230.622.268
		Italy	50.498.860.500
Total	4.501.848.788.047	Total	1.695.393.651.396

*Source: The World Bank Group: Data Bank 2012***,** *www.dataworld.org*

These important foreign reserves, exceeding with $ 2.806 billion US dollars, the cumulative value of the foreign reserves of the G-7 (table 2), are used by the Group to invest in countries on the African continent, in South America and in the EU countries, as a strategic stake in the competition for new spaces of influence. China, which has become the richest country in the world, outpacing Japan, currently, holds an impressive foreign reserve (3.331 billion US dollars), that distinguish it as the global financier. The surplus of the international trade in goods and the massive foreign investment in the economy, are the main ways of its formation. Given the sustained annual growth of foreign exchange reserve, 43% in 2007, 27.3% in 2008 to 23.3% in 2009, 18.7% in 2010, 11.7% in 2011 [7], it is important to diversify the channels through which it can be invested. Overall the foreign investments of China consist mainly of portfolio investment, direct investment in sectors considered strategic (oil or gas) and takeover of Western companies.

More than one-third of China's foreign reserves represents public securities issued by the U.S. Treasury, currently totalling 585 billion US dollars, China being the main holder of the U.S. Treasury bonds in the world, outpacing Japan which holds public securities worth 573,3 billion US dollars. [10]

The U.S. 's trade deficit with China, that grew in April 2013 to 24.1 billion US dollars, compared to 17.9 billion US dollars in March, due to increased imports from China by 21.2%, it is basically financed by the issuance of public securities. [10]

An important part of China's foreign exchange reserve is used to support state companies to acquire strategic assets in energy, finance projects that enable access to technologies, targeted investment in natural resources.

2. Foreign Direct Investment in the BRICS and G-7 Economies

Over the years 2010-2012, the BRICS countries, especially China and Russia have strengthened their position as the global investors, providing significant financial resources used for the acquisition of strategic assets abroad, considering the fact that their value has decreased as a result of the international economic and financial crisis.

Table no. 3 **The BRICS and the G-7 FDI inflows and outflows /2010-2012**

	Inflows (mld. $)			**Outflows (mld. $)**		
BRICS	**2010**	**2011**	**2012**	**2010**	**2011**	**2012**
Brazil	48.5	66.7	65.3	11.6	-1.0	-2.8
Russia	43.2	52.9	53.0	52.7	66.9	51.1
India	27.4	36.5	25.3	15.3	12.6	8.6
China	185.0	228.6	253.4	68.9	74.7	84.2
South Africa	1.2	6.0	5.0	-0.1	2.8	4.4
G-7						
USA	198.0	227.0	174.7	304.3	397.7	329.9
Japan	-1.3	-1.8	2.1	56.3	114.3	122.5
France	30.6	41.0	62.2	64.6	59.6	62.2
Germany	47.0	49.0	6.6	109.5	54.4	66.8
Italy	9.2	29.1	8.8	32.7	47.3	30.6
United Kingdom	50.6	54.0	62.7	39.5	106.7	71.8
Canada	23.4	41.7	45.3	38.6	49.8	53.9

Source:OECD International Direct Investment database, International Monetary Fund
United Nations Conference on Trade and Development(UNCTAD),World Investment Report 2013, www.unctad.org

According to the data in Table no. 3, China's foreign direct investment abroad, in 2010 were worth $ 68.9 billion, in 2011 were worth $ 74.7 billion and reached the amount of $ 84.2 billion in 2012. Russian foreign direct investment outside the country, were worth $52.7 billion in 2010, increased to $66.9 billion in 2011, dropping to $51.1 billion in 2012. Russia stands in the ranking of FDI generating countries.

China's investment in large-scale projects on the African continent, roads, railways, petrochemicalplants, port terminals, computer science, telecommunications technology, between 2006-2012, were estimated at $67 billion. At the same time China invests 20 billion US dollars in Africa (double the amount offered in the framework of the forum for cooperation between China and Africa, which took place in 2009), as a credit line for the development of the local natural resources exploitation projects, financial support to agriculture, manufacturing and small business development in Africa.

According to the Chinese Ministry of Commerce, the Chinese investment abroad surged by 150% in the first two months of 2013, the Chinese companies are investing $18.39 billion outside the border. [7]

China also accelerates investments in South America, Argentina being the second destination of Chinese investment, represented by 5.6 billion US dollars in 2012, particularly in agriculture and oil sectors, seeking the access to a wide variety of natural resources.

Also China has invested $12.6 billion in European companies in 2012, pursuing the increasing access to cutting-edge technology, twice higher than FDI placed in the U.S. businesses. The Chinese investment projects were in number of 268 in Germany, 108 in the United Kingdom, 50 in France and 34 in Italy. China will build in Romania since 2014, a thermal power plant worth one billion euros, making the biggest investment in the European Union.

According to statistics provided by the Chinese Ministry of Commerce, Chinese investment in Australia increased by 281,8%, in Hong Kong by 156%, in the U.S. by 145,7% and in the EU countries by 81,9%.

The Russia's foreign investment are focused on investing in assets from the profitable industries. Approximately 53% of the Russian assets abroad are held by four companies specialized in hydrocarbons, 25% belong to a group of nine companies specialized in steel and mining. Their value has accounted for 1.6% of GDP in 2012, less than in previous years, 2.8% in 2010 and 2.6% in 2011. Russia has conducted 63 investment projects in Germany, 38 in the United Kingdom and 15 in France. From among the BRICS countries, FDI generated by Russia have the largest percentage of the GDP, 2.8% in 2010, 2.6% in 2011, and 1,6% of the GDP in 2012. At the same time, Russia has invested $ 77.5 billion in the economies of the European Union countries, of which 53 billion US dollars were direct investment, accounting for 60% of total Russian investment abroad.

Although decreased by about 44% in 2012 compared to 2010 (from $15.3 billion in 2010 to$ 12.6 billion in 2011 and $ 8.6 billion in 2012), India’s foreign direct investment abroad have resulted in an increase in greenfield investments, especialy in the extractive industry, the metallurgical and in the services for business. India's investment abroad are directed to the USA, the United Kingdom and South East Asia. The U K received most of the investment projects, India being the 8th investor in this country, Indian companies having here more than 440 investment projects. The number of indian investment projects between 2003 and 2011, was 96 in Germany, 30 projects in France and 14 in Italy.

Brazilian investors have as their favorite destinations among the G-7 countries, the United Kingdom with 16 investment projects, France with 13 investment projects, Germany with 6 projects and Italy with an investment project, despite the fact that the value of FDI flows generated by Brazil, was negative in both 2011 and 2012.

The emerging market companies continue the tendency of expansion in European markets. Thus in the first half of 2012, the entrepreneurs of Brazil, Russia, India and China have generated 5.7% of FDI and 7% of the jobs created in Europe.

However, the U.S. remains the largest provider of FDI, their value being in 2012 of $ 329.9 billion (2.2% of GDP), even if represented a decrease of about 17% from 2011. The U.S. remains the biggest investor in Europe, with 32.5% of the total investments, mainly targeted being the business services and the software industry. Within the G-7,Germany is the european country with the most investment projects in Europe, their share in total FDI outflows being 12.5%.

In the G-7, last year, the U.S. was followed by Japan with $122.5 billion and 2.0% of GDP, the United Kingdom with $71.8 billion and 4.4 %of GDP, Germany with $66.8 billion and 2.0% of GDP; Canada with $53.9 billion and 3.0% of GDP, France and Italy with $62.2 billion and $30.6 billion, representing 2.4% and 1.5% of GDP.

These values certify the fact that in the BRICS countries, appreciation being valid for the rest of the emerging economies too, with all their positive developments, the FDI outflows have a lower value than in the G-7 countries.

In the Top 20 countries after the ISD outflows, the USA is on the first place, followed by Japan, China, the United Kingdom, Germany, Canada, Russia, France and Italy the 11th and the 14th.[13]

Globally, the FDI flows dropped by 18 percent to $1.35 trillion in 2012, compared to $1.65 trillion in 2011, in contrast to other macroeconomic variables such as the global gross domestic product, trade, unemployment rates, which all remained relatively constant in 2012 compared with 2011. For 2013 the FDI flows are estimated to $1.45 trillion, and with the regaining of the investor confidence in the international business environment, it is expected that the FDI flows will reach the level of $1.6 trillion in 2014, and $ 1.8 trillion in 2015.[14] For the first time, in 2012, emerging economies have attracted foreign direct investment of more than $700 billion, representing 52% of global FDI, unlike the developed economies, $561 billion.

Last year, 44% of global FDI had as a final destination just five countries. China attracted a record level of the foreign investment with $253.4 billion, 18% of the total and 3.1% of GDP[13], followed by the U.S. with $174.7 billion, Brazil with $65.3 billion, the United Kingdom with $62,7 billion and France with $62.2 billion. The total value of the FDI inflows to the BRICS countries in 2012 ($401.6 billion),is higher with $39.2 billion than the total amount of FDI attracted by the G-7 countries ($362.4 billion).

In the BRICS, China continues to lead in 2013. Only in February this year, FDI inflows increased by 6.32 % to $8.21 billion. The European Union is the main investor, whose foreign direct investment in China rose by 34.01% to $1.21 billion, while the U.S. investment fell by 5.37%, their value being of $497 billion. The most important area is that of the alternative energy in the context of the abundance of natural resources and of the increasing demand for energy, the field where China is the world leader of attracted investments with $54.4 billion in 2010 and 103,3 GW installations in renewable energy production capacity. FDI inflows are directed selectively to peak areas as well as in the sphere of services (in 2012 they have recorded an increase of 4.8% from the previous year), focusing on the China's economic policy interests.

The G-7 european countries continued to attract a large number of investment, despite the global recession, the instability and the uncertainty facing the euro area. Although the vast majority of global investors continue to believe in the attractiveness of the European markets, the value of the investment projects carried out during the year 2012 has decreased. The United Kingdom remains the main destination of foreign direct investment attracted in 2012, 694 investment projects worth $62.7 billion with 3% more than in the previous year, followed by Germany with 624 of investment projects with 5% more than in 2011, France with 471 projects and Italy with 60 investment projects attracted.

The U.S. remains the main supplier of foreign direct investment for the European countries, mainly the G-7 countries, with 32.5% of its total foreign investment, the United Kingdom being the favorite destination of the U.S. companies. Also increased the number of investment projects from Japan, by 17% from 150 in 2011 to 176 projects in 2012 .

However, the intra-European investments are the major source of FDI in the European area, the United Kingdom being the leading provider of FDI, $71.8 billion in 2012.

Only 245 investment projects, 6.5% of the total, coming from the BRICS countries, representing a decrease of 6.7% compared to 2011, mainly oriented to the United Kingdom - 70 projects and Germany - 63 investment projects.

The main areas for FDI inflows are the business services, software industry, auto industry ranked third in attracting FDI, chemical industry, machinery industry, as well as that of consumer goods, also generating new jobs, their number being of 78.299, in 2012.

Between 2012-2014, among the host countries for FDI, China ranks no. 1, followed by the U.S., India no.3, Brazil the 5th place, Russia and Germany the 6th place, South Africa being present for the first time in this top ranked 14, number 42 in 2011.[13]

Table no. 4 **The share of Foreign Direct Investment in GDP in the Brics and the G-7 countries 2010-2012**

FDI inflows (% of GDP)				**FDI outflows (% of GDP)**		
BRICS	**2010**	**2011**	**2012**	**2010**	**2011**	**2012**
Brazil	2.3	2.7	2.7	0.5	-	-
Russia	2.1	2.0	1.6	2.8	2.6	1.6
India	1.7	2.0	1.3	0.9	0.7	0.4
China	3.1	3.1	3.1	1.0	0.6	0.8
South Africa	0.3	1.5	1.2	-	0.7	1.1
G-7						
USA	1.4	1.6	1.1	2.3	2.8	2.2
Japan	-	-	0.0	1.0	1.9	2.0
France	1.2	1.5	2.4	3.0	3.3	2.4
Germany	1.7	1.4	0.2	3.7	1.4	2.0
Italy	0.4	1.3	0.4	1.6	2.2	1.5
United Kingdom	2.2	2.1	2.6	1.8	1.7	4.4
Canada	1.5	2.4	2.6	2.4	2.9	3.0

ratio is not calculated for negative values
Source: OECD International Direct Investment database, International Monetary Fund

3. The Economic Prospects for the BRICS and the G-7

The annual rate of GDP growth in the emerging economies of the BRICS, compared to the G-7 during 2010-2012, highlights the potential of international pressure of the BRICS, maintaining the role of the engine of the global economy. The combined gross domestic product of the BRICS countries, increased in 2012 to over $14.8 trillion.(table no. 5)

We notice a slowdown in GDP growth rhythms in the BRICS countries in 2012, because these countries still depend on the U.S., the EU and the euro zone which are affected by their unfavorable economic and financial situation.

China's GDP was about $8.2 trillion in 2012, which represents more than a half of the U.S. GDP of approximately $15.7 trillion, and in terms of the annual growth rate of 7.9%, Chinese GDP growth in 2012, is equivalent to an increase of 2.2%, the rate of growth of the United States GDP, surpassing Japan for the second consecutive year. The industry contributed with 46.8% to the Chinese GDP, the services with 40.5% and the agriculture with 10.1%.[2] Moreover, as can be seen from the data presented in table no. 5, the GDP annual growth achieved by the BRICS, exceeds the growth rates of the countries of the G-7 Group, throughout the period of the years 2010-2012.

The Chinese GDP annual growth was 9.3% in 2011, over the government target of 8%, but below the level of 10.4% in 2010, and also a decrease to 7.9% in 2012. Slowing the pace of GDP growth generates a number of negative effects, aimed at including the level of employment of the workforce. Thus the unemployment rate grew in China to 6.5% in 2012, compared with 4.3% in 2010.

Decrease in the pace of economic growth is due on the one hand to the debts problems in the euro area, the fall in consumption and demand from major export markets (the U.S. and the euro zone), and on the other hand, the measures taken by the Chinese Government to reduce the inflation rate (3.3% in 2011 compared to 5% in 2010), the restrictions on bank lending and the real estate speculations.

According to Chinese officials, this evolution can be explained through a strategic reorientation of the Government's economic policy to more moderate growth rates, considering that the Chinese economy has fulfilled the objective of being able to compete on an equal position with the developed Western economies.

Table no. 5 **The BRICS and the G-7. GDP and GDP growth rate between 2010-2012**

BRICS	GDP 2010 (mld.$)	GDP growth 2010 (%)	GDP 2011 (mld.$)	GDP growth 2011 (%)	GDP 2012 (mld.$)	GDP growth 2012 (%)
Brazil	2.143	7.5	2.476	2.7	2.252	0.9
Russia	1.524	4.5	1.899	4.3	2.014	3.5
India	1.710	10.5	1.872	6.3	1.841	3.2
China	5.930	10.4	7.321	9.3	8.227	7.9
South Africa	363	3.1	401	3.5	384	2.5
G-7						
USA	14.419	2.4	14.991	1.8	15.684	2.2
Japan	5.495	4.7	5.896	0.6	5.959	1.9
France	2.548	1.7	2.779	2.0	2.612	0.0
Germany	3.284	4.2	3.600	3.0	3.399	0.7
Italy	2.041	1.7	2.192	0.4	2.013	-2.4
United Kingdom	2.256	1.8	2.444	1.0	2.435	0.3
Canada	1.577	3.2	1.777	2.5	1.821	1.7

Source: The World Bank DataBank, www.dataworld.org

However, China remains a developing country with a GDP per capita of only $ 6.091, people living in the vast majority still relatively modest. Within the group, Russia has the highest GDP per capita ($ 14.037 in 2012), followed by Brazil with $ 11.340. The G-7 countries, have an obvious superiority, the leader of the group is the U.S. with 49.996 dollars in 2012, followed at a short distance by Canada with 49.860 dollars, and between the European countries of the G-7, the highest GDP per capita was recorded in 2012 by Germany with 41.514 dollars.(table no. 6)

Table no. 6 **The BRICS and the G-7. GDP per capita /total number of inhabitants for during 2011-2012**

BRICS	Population 2010 (mil.)	GDP per capita 2010 ($)	Population 2011 (mil.)	GDP per capita 2011 ($)	Population 2012 (mil)	GDP per capita 2012 ($)
Brazil	195	10.978	196	12.576	198	11.340
Russia	142	10.710	143	13.284	144	14.037
India	1.205	1.419	1.221	1.534	1.236	1.489
China	1.337	4.433	1.344	5.447	1.351	6.091
South Africa	49	7.266	51	7.943	51	7.508
G-7						
USA	309	46.616	312	48.113	314	49.965
Japan	127	43.118	128	46.135	128	46.720
France	65	39.186	65	42.522	66	39.772
Germany	82	40.164	82	44.021	82	41.514
Italy	60	33.761	61	36.104	61	33.049
United Kingdom	62	36.233	63	38.961	63	38.515
Canada	34	46.616	34	48.113	35	49.860

Source: The World Bank Data Bank, www.dataworld.org

Report for Selected Countries and Subjects, International Monetary Fund

According to the Ernst&Young report,"Rapid Growth Market Forecast(RGMF)[1], " over the next 25 years, the poles of economic power will be changed, China, India, Brazil and Russia will enter as the first six world economies "(table no. 7). The same report also estimated that global GDP will grow at an annual rate of 4.1% between 2011 and 2020, compared with a growth rate of 3.5 percent in the three previous decades.

The investments in the real economy will remain the main engine of economic growth, the fields most aimed are transport infrastructure, communications, production, education and research. In China the ratio between investment and consumption was 93 cents per dollar in 2012, meaning that for every dollar spent on consumption the investment was 93 cents, in contrast with the US where the ratio was 17 cents per dollar, emphasizing that the economic growth policy of the US and the G-7 countries is oriented towards consumption, unlike the BRICS which have relied on investment. However, the consumption is not neglected, with the expansion of the middle class in emerging countries, the demand and trade flows between the markets with consistent and rapid growth were stimulated. According to Ernst&Young forecasts, the increase in consumption will be twice faster than in the U.S. and China will have an increase of four times faster.

Table no. 7 **The G-7 and the BRICS countries in anticipation of the year 2050**

	Country	GDP 2012 (mld $)		Country	GDP2050 (mld $)
1	USA	15.684	**1**	China	59.475
2	China	8.227	**2**	India	43.180
3	Japan	5.959	**3**	USA	37.876
4	Germany	3.399	**4**	Brazil	9.762
5	France	2.612	**5**	Japan	7.664
6	United Kingdom	2.435	**6**	Russia	7.559
7	Brazil	2.252	**7**	Germany	5.707
8	Russia	2.014	**8**	United Kingdom	5.628
9	Italy	2.013	**9**	France	5.344
10	India	1.841	**10**	Italy	3.798
11	Canada	1.821	**11**	Canada	3.322
12	South Africa	384	**12**	South Africa	2.307

Source: *The World Bank Data Bank; PwC main scenario model projections for 2010-50, www.dataworld.org , www.the guardian.com*

4. Conclusions

The decision of these five emerging countries to constitute a joint development bank, funded only by them, will allow them to implement policies appropriate to their own economic and financial interests, countries which according to statistics currently provides global economic growth, attracting no less than 53% of the capital of the world.

China continues to remain the most attractive destination for the foreign investors, being the main receptor of foreign investment globally. However, foreign investor confidence continues to move towards European countries,the economic issues facing the region being outweighed by the presence and concentration in the european area of a large number of consumers with a high purchasing power, the existance of various professional skills, as well as a superior infrastructure.

As FDI flows to take a positive role in generating economic growth, countries with emerging economies must have a workforce with a high level of training (in South Africa the expenditures for education represented 5.4% of GDP in 2012,in Brazil 5% of GDP, 3.9% of GDP in Russia and 3.1% of GDP in India)[2], must have financial markets sufficiently developed and a high degree of trade liberalization, stimulating domestic demand due to the increase in labour productivity and wage growth so that their effect to materialize in the development of the business environment, to help the employment in receptacles countries of FDI. At the same time foreign companies and the greenfield investment in host countries will provide an adequate infrastructure and human resources, including the development of new technologies in these countries.

In the context of the economic difficulties faced by the Western countries, we can say that emerging economies are currently the main source of economic growth globally. However, the five countries of the BRICS group are put in difficulty by the unfavourable developments in inflation and unemployment that continues to have high values in spite of the economic favourable developments at the global level.

The inflation rate in Russia increased by 1.7 percentage points in 2012 compared to 2010 reaching 8.4%. In South Africa the increase was by 0.5 percentage points in the same period, in Brazil with 1.7 percentage points declines it managed to obtain only India from 11.7% in 2010 to 8.9% in 2012 and China from 5% to 3.3%, owing to the slowed growth pace of the consumer prices. The unemployment rate reaches high values too, South Africa 24.9% in 2012, 9.8% in India, Russia 6.6%, Brazil 6% and China with 6.5%, increasing compared to 2010 when it was 4.3%.[2]

Table no. 8 **The inflation rate in BRICS 2010/2012**

BRICS	2010	2012
Brazil	4.9%	6.6%
Russia	6.7%	8.4%
India	11.7%	8.9%
China	5%	3.3%
South Africa	4.5%	5%

source: 2012 CIA World Factbook

The trend of the BRICS group is to expand in the future, especially with new candidates, mainly from the Asia-Pacific region. Among them is Indonesia, the biggest Muslim country, with a population of a quarter of a billion people, the largest state in Southeast Asia with an surface area of about 1.890.000 km^2, having currently the fastest pace of economic growth in Asia and one of the world leaders in this chapter. Potential new members will join to the group, which come to offset the slowed pace of growth from the five member countries. Thus, by 2050, along with BRICS, countries such as Indonesia, Mexico and Turkey, will exceed with more than 1.5 times the total volume of GDP from the G-7

According to developments in the world economy, the countries with developed economies, especially from the EU and from the U.S. will be forced to unite. Thus it is considering signing in 2014, between the U.S. and the EU, an agreement aimed at creating a superglobale economic zone, which is called "Transatlantic Free Trade Area (TAFTA), despite the divergences between their political and economic interests.

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