

THE RELATIONSHIP BETWEEN SERBIA AND BRICS WITHIN THE CREATION OF A MULTIPOLAR WORLD AND REFORMS OF INTERNATIONAL ECONOMIC INSTITUTIONS

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Abstract: From 2024, in addition to Brazil, Russia, India, China and South Africa, the expanded BRICS will include five more countries: Egypt, Ethiopia, Iran, Saudi Arabia and the United Arab Emirates (Argentina has withdrawn after the elections). Hence, this group will cover 32% of the world's GDP per purchasing power parity, surpassing G7, 46% of the world population, 31.5% of the world's surface, 40% of the world oil production, 25% of trade, 15% of global services and 45% of the world's foreign exchange reserves. Furthermore, 16 countries have applied for membership, and more than 20 countries have expressed readiness for full BRICS membership.

Seeing how this is currently the most dynamic economic integration in the world, announcing the creation of a multipolar economic and political order and a gradual dedollarisation of the world economy, we have set three tasks for this paper: 1) research the economic and resource potential of BRICS and compare it to their competitors (G7, EU); 2) analyze possible reform directions of international economic institutions with the aim to strengthen and expand BRICS, including the efforts to create a new world reserve currency and the abandonment of the dollar as a key geopolitical and geoeconomic weapon of the USA and countries of the West; 3) point out the importance and possible paths of cooperation between the expanding BRICS and Serbia, from the BRICS+ form to a possible full membership.

The object of this paper is to show that BRICS will inevitably lead to a reform in the international economic and political relationships, with the idea of greater equity, equality and an accelerated development of countries of the Global South. Serbia, as a developing country, (in addition to its cooperation with EU), must pursue its chance to connect

with BRICS, for this will greatly impact Serbia's accelerated economic growth and development in the near future.

Keywords: BRICS, multipolar world, international economic relationships, economic integration, dedollarsation of the world economy.

Introduction

The first steps in the BRICS development are connected to several analyses of the Goldman Sachs bank, which has, in early 2000, announced the appearance of a large alliance of the world's emerging economies and provided the future name for this international integration. In the first Jim O'Neil text "Building Better Economic BRICs" (O'Neil, 2001), he declared that by the year 2039, these countries will surpass the G7 group in terms of gross domestic product (GDP). The text from 2007, "BRICs and Beyond" (Goldman Sachs Global Economics Groups, 2007), hinted at this potential alliance surpassing G7 by 2032, and even after 2008, the growth of China, India and Brazil was very dynamic.

In a review of the shorter history of the creation of BRICS it should be pointed out that the integration formally started in 2009, without South Africa, which joined in 2010 when BRICS had already formed its name (Crnić & Stefanović, 2018; Wilson & Stupnytska, 2007). Since 2013, an agreement on establishing a New Development Bank – NDB, has been reached (*VII BRICS Summit: 2015 Ufa Declaration*; Stojković, 2016), and in 2014, the Bank and Reserve Arrangement, with the amount of 100 billion dollars, have been established (Lissovolik, 2018). The bank's aim mainly consisted of loans for infrastructure investments.

That is how BRICS became a form of strategic partnership without a formal organisation or institutions (unless we include NDB and the Reserve Arrangement). Within the scope of the five levels of economic integration: 1) Preferential Trade Area, 2) Free Trade Area, 3) Customs Union, 4) Common Market, 5) Economic union, BRICS is a platform, an assembly without a Founding Act, and maybe even an "integration of integrations" in the future. As a regional platform, BRICS rounded up some of the strongest countries of the Global South which, formally, are not part of the Collective West and the most developed economies of the world alliance. Since 2024, the member countries of BRICS include Saudi Arabia, the United Arab Emirates, Egypt, Ethiopia and Iran. Thus, BRICS may be considered an organisation/integration encompassing countries

of the South, developing countries, new emerging economies, OPEC leaders and “giant” countries, which include Brazil, the biggest country in Latin America, South Africa, the leading African economy, China and India as the most dynamic world economies and Russia as one of the most important military, geopolitic and economic powers of the world.

Even though BRICS lacks distinctly formed institutions, unlike most other classic integrations, we can still say that three structures, where its activities are performed, have been defined: a) political and government meetings, including the summit held once a year; b) financial instruments; c) working groups, especially in the domain of trade, economy and finances (Dugalić, 2020).

The most important reasons for the establishment and activity of BRICS, or rather, its main goals are:

- Reform of international economic institutions – IMF (International Monetary Fund), WB (World Bank), WTO (World Trade Organization), with the aim of greater equity and equality in work and with respect to the growing economic position of the countries of the Global South (Haibin, 2012);
- Reform and reorganisation of global political institutions, starting with the UN’s system and organisation;
- Creation of a more equal multipolar world, where the position of the dollar and sanctions will not be used as a dominance medium for western countries.

BRICS has been coceived within a group of countries distinguished by a large domestic market, a wealth of natural and energy resources, a large share in the world population, higher rates of economic growth, control over capital flows and a strong public sector (Dugalić, 2020, 2019). BRICS found its fertile soil in the discontent in inequality of economic relationships (where IMF is controlled by the USA and countries of the West), in using the dollar as a medium for restriction and discipline of countries striving for economic sovereignty, in the fact that after the Great Recession of 2008, protectionism started to grow in the international economic relationships, in the decision blockade conditions of the World Trade Organisation and the Security Council (when the decision does not suit the countries of the Collective West), in the lack of important financial means and funds for the development of countries of the Global South, (which was particularly evident during the COVID crisis) (Lissovolik, 2020; Bali & Demir, 2015), and in the air of pronounced weaknesses of the

global management system and the growing multipolarism within international relationships.

The Ukrainian crisis (which started in 2022), gave a big push to the growth and development of BRICS, since in 2024, the expansion with five new members ensued and more than 22 submitted a formal membership application, and 40 new countries aim for a full membership in BRICS, while, for the first time, Serbia acts as an observer in the workings of this organisation. The Ukrainian conflict particularly encouraged the search for an alternative to the dollar and gave a new incentive for expanding BRICS, since the sanctions imposed on Russia by the Collective West, as well as freezing over 300 billion dollars worth of Russian assets and their exclusion from the SWIFT paying system, additionally encouraged the members of BRICS and developing countries to search for an alternative to the dollar and to develop integrations which would help them combat rich countries of the world in alleviating sanctions and other economic pressures. This is why the strength and importance of BRICS keeps growing.

The economic and resource potentials of BRICS

This part of the paper is based on the tables at its end, in the Appendix. It should be noted that the data changes year in year out, with the BRICS share growing in the world's GDP, world trade, services, foreign-exchange reserves and energy potential. The same goes for BRICS before the expansion, but particularly since 2024, when five new countries, including Saudi Arabia, Iran and the Emirates, which are vastly important in the energy sector and financial services, joined the organization.

For the sake of illustration, the data for 2024, (based on the calculations of the State Bank of India), shows that the expanded BRICS will cover 45.5% of the world population, 31.5% of the world surface, the share in the world oil reserve will go from 18% to 40%, the share in the world trade from 20% to 25%, in world services from 12% to 15%, and that it will take part in the world foreign-exchange reserves with as much as 45%.

Table 1 shows that the share of BRICS countries in the world GDP went up from 18% in 2009, to 26% in 2022, and that the share of the expanded BRICS went up from 21% in 2009, to 28% at the end of 2022. The share in world foreign trade amounted to 6 trillion 259 billion dollars in 2022, or 25% (as stated at the beginning). Table 2 suggests that Russia is the world leader in values of gas, oil, coal, gold and wood reserves, with an estimated worth of 75 trillion dollars compared to 45 trillion dollars'

worth of gas, oil, gold and copper reserves the USA has. In addition to this, Iran and Saudi Arabia are among world leaders in natural gas and oil reserves, China in wood and coal reserves, Brazil in gold and uranium reserves. Based on Table 3, we can conclude that the expanded BRICS as a whole has a 41% share in the world oil reserves and almost 50% in natural gas reserves, while its share in the world gold reserves is 30% and 22% in the world uranium reserves. In the framework of the world daily oil production, as per The Energy Institute's data in 2022, the share of BRICS countries was 43.1%, or, in absolute numbers, 40 million and 454 thousand barrels of oil per day (EI, 2023).

BRICS countries have different growth models when compared to the West (China), as well as the public sector's share in economy (China and Russia have a bigger share), and India, respectively, leads a more liberal economic policy, while China and Russia have a stronger state-interventionist policy. Unlike the policy of the West, which leads to deindustrialization, these countries strive to encourage industrial production growth, to obtain larger internal equality in the distribution of wealth and income and to reduce the poverty level per capita. China and India have very high growth rates. China is becoming the world leader in economic size, while India is becoming the leading world economy within the service scope (Dimitrijević & Dželetović, 2023). Until 2025, China predicts complete technological independence from the West (*Made in China*), and becoming the leading world economy, between 2030 and 2050, within the GDP framework in dollars per current purchasing power parity.

As a whole, BRICS dominates in the field of energy (oil, natural gas, coal, atomic energy, electric energy), and owns the dominant share in other resources – unprocessed materials, minerals, and precious and rare metals. Strong economic development created a rapidly growing middle class, significantly reducing poverty in China, Brazil, India, Russia, and the growing financial power of China enabled loans for developing countries, investment in their infrastructure and incentives for economic growth without political conditioning.

We will list a string of economic features of BRICS countries (before the expenditure in 2012, although, even today, the main features and trends have not significantly changed) (Dugalić, 2020; Al-Jafari, 2018; Stamatović, 2021):

- BRICS countries have attained significant structural changes in economy by increasing the service share and the tertiary sector in GDP;
- In export, however, resources (Russia, Brazil, South Africa), industry (China) and services (India) are still dominant;
- An increase in manufacture (China, India), renewal of industrial and agricultural manufacturing (Russia) and the increase in factor productivity (China, India, Russia) all contributed to accelerate economic growth (IMF, 2011);
- As for resources, the data suggests that BRICS countries contribute with 69% of the world iron production, 41% of the bauxite production and 70% of the world coal production;
- Natural resource sectors are under tight government control and are used for economic growth and the development of these countries;
- In view of demographic features, with the increase in the standard of living and an extended life span, the share of the population aged over 65 has surged, which simultaneously leads to an increase in social security costs and pension insurance;
- The Chinese growth model has been led by export, while Russia built its growth on its dominant position in oil and gas export; in the last couple of years; China has been encouraging the domestic market and successfully avoiding the 'middle-income trap', which is mainly characterized by stagnating wages and aggregate demand; in the last 10 years, in addition to the military industry, Russia has been thoroughly developing its agriculture, its industry as a whole, nuclear energy and technology;
- Underdeveloped infrastructure has been one of key issues for BRICS countries, however, in the last 20 years, China has achieved impressive results, with Russia and India following right behind, additionally, the significance of infrastructure development in Brazil and South Africa is increasing; and thus, the New Development Bank is growing in importance;
- The significance of foreign direct investments in BRICS countries is increasing, and they are directing their attention to developing countries, countries of the West and offshore areas;
- One prediction shows that the G7 countries' share (without Canada) will significantly decrease in comparison to BRICS – from 89% in 1990, to 72% in 2020, to 50% in 2040, to 40% in 2050 (Wilson &

Purushothaman, 2003); the USA, Japan and EU share will decrease, and the BRICS share, especially China, will increase by 2050;

- BRICS countries have attained immense results in reducing poverty rates – China for over 800 million citizens, India reduced its poverty rate from 0.69 in 1969, to 0.20 in 2006, Russia and Brazil also achieved significant results in reducing poverty rates;
- However, the inequality is still quite high, measured with the Gini index it was above 0.4 in the second decade of the 21st century (except for India, where it measured 0.37), and it was very high in South Africa (above 0.6) (Dugalić, 2020)
- Table 1 in the Appendix shows the *Global Competitiveness Index* which suits the foreign capital interest and, according to its data, China, the Emirates and Saudi Arabia are well-placed, while other BRICS countries are not placed high on the list.

All BRICS countries have abandoned the *Washington Consensus* policies: liberalize – stabilize – privatize, (those policies provided disastrous results in Russia and Brazil) and they are implementing clear sovereign economic policies and external policies (Đorđević, 2007). According to the GDP measured per purchasing power parity, China is already the leading economy in the world, with India taking up third place, and Russia competing with Germany for fourth place. It should be mentioned that these countries did not suffer great loss during the Great Recession of 2008, and have also dealt well with the COVID crisis (China and Russia 2020/2021). The war in Ukraine did not weaken the Russian economy, and, in 2023, it has a higher growth rate compared to the USA, EU and Japan. BRICS is the most powerful integration of countries of the Global South, and its importance and economic power increases, even when compared to G7 group, making BRICS the most powerful economic alliance within G20 group of the most powerful economic countries of the world (Kim, 2018).

Strengthening and expanding BRICS and reform of international economic institutions

BRICS is becoming the new pattern, the new paradigm of international economic integrations, partly because it has no formal institutions, it does not have a Founding Act and cannot be filed under any of the five main forms of integration. In spite of this, it is a global

economic and multipolar platform of the Global South, offering a framework for a more balanced regionalism, sustainable development for less developed countries, more equal international economic relationships in global economic institutions and more resources for development (Wolverson, 2010). What makes it appealing is the fact that the leading countries and economies of Asia, Africa and Latin America hold the reins (and not USA and Europe), it opposes the *center – periphery* model (Lissovolik, 2017), and the EU's value system, which resides on political conditioning, precise and all-encompassing reforms (not just in economy), as well as political discrimination (e.g. Turkey and the countries of the so-called West Balkans).

An entire list of facts related to the Global South contribute to the development of BRICS: the importance of China's and India's economy increases, Russia is again taking the front row seat as one of the most powerful country of the world, there is a crisis in the global management of economic processes and an international economic institution's crisis (IMF, WB, WTO) (Farhi & Gourinchas, 2011), the conflicts between the Collective West and developing countries grow, as well as the importance of developing countries in international trade, capital flows and technological development, new growing economies emerge demanding different frameworks for a more equal economy cooperation, sovereignty and economic sovereignty grow in power, many developing countries have higher growth rates than developed countries and, as such, they are decreasing the difference in economic development, and increasing the share in the world's GDP.

BRICS is not for the suspension, but for the reform of the international economic institutions (and for the reform of the UN). BRICS may be a powerful opposition to developed countries, which have the tendency for growing protectionism, especially in the field of agriculture, technology and the increase of anti-dumping measures within WTO. BRICS has a vast potential within the concepts of *BRICS+* and *BRICS + BEAMS* (Lissovolik, 2018; Arapova & Lissovolik, 2021) which China and Russia advocate, as well as in the expenditure of regional cooperation, specifically in the area of foreign direct investment, capital inflow, improvement of international trade and financial cooperation, as well as creating an alternative to the dollar and alternative paying systems to reduce economic control and conditioning by the Collective West.

A number of key challenges have been set for the BRICS countries (Gowan, 2012; Lissovolik 2017):

- Can BRICS promote the interests of the Global South?
- Can it implement reforms within IMF, UN, WTO?
- Can it change the voting system within IMF and remove the blockades preventing work within UN and the Security Council?
- Can it commence the negotiations within *Doha Round* in WTO which have stopped due to blockades from developed countries?
- Should it strengthen the institutional cooperation structures and develop instruments and mechanisms to influence global economic flows?

What are the possible and existent structures of cooperation within BRICS and platforms of developing countries – the Global South:

- 1) Cooperation with international organizations,
- 2) Cooperation at the developed bank level,
- 3) Cooperation on regional economic integrations,
- 4) Integration within the areas of trade, finance and investments (Conclaves, 2011),
- 5) Strengthening of the global reserves currency fund,
- 6) Development of a' new reserve currency, or the improvement of payments in national currencies,
- 7) Development of an alternative system of payments,
- 8) Encouragement and development of new manufacturing and distribution chains.

Economic crisis are becoming more frequent within international financial relationships (Great Recession, COVID, energy transition, the war in Ukraine), bigger financial resources are necessary, and not just for an accelerated economic growth (IMF does not have access to enough funds and is therefore implementing politically reforming conditions), but also for creating global reserve funds and for the stabilization of financial systems within growing instability and independence. A multilateral financial system is necessary for crisis protection (Arapova & Lissovolik, 2021). With this in mind, the New Development Bank and the Asian Infrastructure Investment Bank (AIIB) should hold the most importance, as well as a number of regional banks (Lissovolik, 2018, Lissovolik & Vinokurov, 2019) such as: African Development Bank, Islamic Development Bank, Eurasian Development Bank (EDB), IDB group, DBSA (Development Bank of South Africa), SAARC, FOCEM, SDF, CDB, CAF, etc.

These facts become even more important when we take into account that many developing countries have chronic budgetary deficit problems, disparity in balance of payments and balance of current transactions, insufficient foreign exchange reserves, vulnerability to FDI inflow crisis (Foreign Direct Investments) and stability of exchange rates, difficulty accessing international capital markets, a high rate of unemployment, recessionary and inflationary pressures, high rates of informal employment, low wages. Developing countries often underestimate problems in their economy, they spin in the inflation, indebtedness and devaluation circle (Argentina), they reduce investments, in education, health and development, and they do not possess risk-management and respond inadequately to crisis. On the other hand, issues within BRICS exist as well: political conflict (China – India), mutual disputes within WTO (which are relatively small in number), not being prepared for further integrations, the collective position and negotiation power is not strong enough when compared to the West, differences in the level of economics development, economic structure, period of growth, absence of a general strategy within international relationships and international institutions, insufficient capital and investment level within NDB.

BRICS+ offers a specific concept of cooperation, promoted initially by China, which stands for BRICS becoming the ‘integration of integrations’ offering the framework and cooperation platforms for BRICS and leading regional economic integrations in Asia, Africa and Latin America. That framework would imply not only the expenditure of BRICS within memberships, but the creation of regional frameworks and platforms for integration and connection. Having in mind that the key BRICS countries are the founders as well as the leaders of regional continental integrations, BRICS can institutionalize cooperation with:

- 1) Eurasian Economic Union – EAEU (where Russia holds the reins)
- 2) ASEAN + China (Free Trade Agreement)
- 3) MERCOSUR (an economic integration of Latin America lead by Brazil)
- 4) SAARC + SAFTA

In addition, BEAMS is developing as a concept and an idea with added symbolic and metaphorical meaning. Namely, just like *BRICS* stands for bricks – the building blocks creating this new multipolar world, *BEAMS* is short for the *BRICS+ integration* which would add to the platform the existing integrations: *BIMESTIC* – **B**, *EAEU* – **E**, *AU* – **A**, *MERCOSUR* – **M**, *SCO* – **S**. The word *beams* stands for another type of

building material, so this connection would stand for beams and bricks building the framework for the new international economic order. This kind of global connection on the basis of regions – continents – transcontinental cooperation counteracts the big western integrations such as TPP and TTIP, which were abandoned at some point. As Lisovlik (2017) notices, the world is in need of connected regional economic integrations, especially within the Global South, as well as connected regional development banks, which would synergistically have a greater impact on IMF and other international organizations.

The possibility of further connection could be developed in a number of steps:

Step One – connecting the African Union and SCO via the New Development Bank and by financing large infrastructural projects;

Step Two – the BRICS – SCO – Latin America link;

Step Three – BRICS – SCO – BIMSTEC – AEAU – MERCOSUR link by creating a vast free trade area;

Step Four – a potential step, it might be a link between *ASEAN + China* and *China – India – ASEAN* along with BRICS, creating, again, a free trade area.

This represents the 10 potential bilateral agreements, with the existence of 15 trade arrangements on a bilateral basis. In this sense, the super-connection BRICS – BEAMS is potentially the biggest regional integration with enormous economic perspectives.

What is the direction which the financial system reform should take?

First – there is the possibility of gradually making yuan the new reserve currency to the extent of China liberalizing capital flows and growing into the leading world economic power; the alternative is introducing the golden yuan (Dimitrijević & Dželetović, 2022);

Second – creating some sort of accounting unit between the BRICS countries, which would adhere to the same principles as SDR (Special Drawing Rights within IMF), but based on Keynes' idea of a larger sum of the available accounting currency, aiding the countries which are having balance of payments problems without political conditioning or structural reforms as with the Washington Consensus model (Komazec, Bukvić, Dimitrijević & Petrović, 2022);

Third – implementing the gold standard which has its positive and negative aspects, and where the amount of gold could present a limitation to the availability of the reserve currency;

Fourth – encouraging trade with mutual currencies within BRICS, which is currently done; namely, this type of trade is conducted between Russia and China, Russia and India, Russia and Iran, and, as a practice, it is expanding on other countries in the world.

The possible paths for IMF reforms could be (Bhasin, & Gupta, 2018): increasing the BRICS countries' voting percentage within IMF decision-making at the expense of the most influential countries of the West, (mainly the USA which now has 15.45% of votes and can block any and all decisions and changes, while BRICS currently has 13.35% of votes); expanding the circle of reserve currencies, higher availability of SDR, more currencies within the SDR currency basket, which leads to the change of formula for the IMF member states quota. Greater availability of resources for crises and the stabilization of balance of payments, as well as a reduced impact of political factors is key. If BRICS countries could increase their percentage above 15% of votes, they could block adverse decisions of the IMF's Board of Directors, which are currently under the decisive American impact. The World Bank could have a greater connection to the NDB and AIIB within the coordination and financing of large infrastructural projects for developing countries and countries of the South. When we talk about the reform of the World Trading Organisation, all BRICS countries share the same principles of WTO reform, and within the potential BRICS+ group, which comprises 46 countries, 42 of them are member states of WTO. The World Trade Organization would have to become a multipolar organization and to greatly secure the interests of developing countries.

BRICS holds great opportunities in the expenditure of financial aid to Asian, African and Latin American countries, where China significantly stands out. Loans are directed to the needs for accelerated development, infrastructure construction, improvement of industrial and agricultural manufacture. The global Chinese projects "Silk Road" – "Belt and Road" have great perspective, especially in the development of transport, ports, trade, railways and infrastructure as a whole. There is also the possibility of an incentive from the BRICS Free Trade Agreement (FAT), Preferential Trade Area (PTA), investment cooperation and investment in developing countries and developed countries, creating offshore areas, etc. Although BRICS does not have important established institutions, there is some sort of statistical center, business, trade and financial facilities at the ministry level, NDR experts, experts for certain questions in the trade, finance and investment area.

There is much BRICS can do for the promotion of traditional and new factors for accelerated economic growth and development, which are: human capital, technology and capital transfer, institutional factors, natural and cultural factors. The new fundamental development factors are: foreign direct investments (China), international trade (China, Russia, India, Iran), energy (Russia, Saudi Arabia, Iran, UAE), the financial market development (China), service sector (India). The most recent data, from 2023, shows that out of the five most dynamic world economies, three are BRICS members (India, China, Russia), and two are candidates (Indonesia and Turkey). The entire European Union is stagnating, the USA and Japan are reporting relatively modest growth rates. According to the GDP indicator per purchasing power parity (it better reflects the genuine economy and the true economic potential), China, India and Russia are among the first five countries of the world (with USA and Germany). All this strongly indicates at great development and economic perspective of BRICS and expanded BRICS at the expense of the Collective West.

BRICS and Serbia – perspective and cooperation

Serbia is a developing country – a moderately developed country, which has completed the transition process and is currently undergoing the European Union accession process. However, that process is quite slow and burdened by numerous political conditioning, most prominently the recognition of the false country Kosovo by UN. In a geopolitical sense, Serbia is neutral – it is not a member of NATO, and within its foreign policy, it has declared four pillars of cooperation: EU – USA – China – Russia. Honestly, Serbia is the only state in the proximity of NATO and not a member of it (except for Bosnia and Herzegovina), which is understandable, bearing in mind the history of NATO aggression directed at SRY in 1999, and the great number of people Serbia lost during that time, including the amputation/abduction of Kosovo and Metohija (K&M). Serbia maintains an excellent political and economic relationship with Russia, and it is one of few European countries which did not sanction the Russian Federation after the 2022 Special Military Operation in Ukraine. An excellent political and economic collaboration is also maintained with China – currently one of the most important economic partners and investors in Serbia. The relationship with the USA is burdened by opposing opinions on K&M and constant political pressures, including pressures on Republika Srpska.

Since the Non-Aligned Movement, when Serbia was part of the SFRY, the main principles of its foreign policy were founded on the ideas of independence, sovereignty and not getting involved in internal relations, including political neutrality. Under such circumstances, Serbia would benefit from the development of a multipolar world, greater equality and equity within international political and economic relationships, the reform of multinational economic organizations with multilateral features, greater inflow of foreign direct investments and capital without strict conditioning and structural reforms. With its political principles and as a leading integration platform of the Global South, BRICS offers Serbia perspective and significant cooperation with economic and geopolitical advantages.

- 1) From an economic perspective, Serbia, as a developing country, in an external position is very vulnerable, which was proven by the 2008-2012 crisis (Dimitrijević, Dželetović & Katić, 2023). Serbia is in a balance of payment, trade and current balance deficit, which leads to a growing debt and affects a whole set of economic indicators: foreign direct investments, Serbian net investment positions, foreign-exchange reserves, capital balance, the exchange rate stability and the financial system as a whole, as well as inflationary pressures. The balance between the current balance and balance of payments is maintained by a vast FDI inflow, but if it were to decline (as in the 2008 scenario) it could lead to an increased foreign debt, threaten the stability of the foreign-exchange rate and abruptly decrease foreign-exchange reserves. In this scenario, a series of devaluations and inflations, with a lost foreign capital, could quickly tear down the financial system of the country, as was the case with Argentina, Mexico, Russia and countries of the Far East which had a liberalized capital market at the end of the 90s. In the case of devaluation, not only would the inflation spiral activate, but the GDP share would abruptly increase, the loan ratings would decrease, debt conditions would grow worse in the sense of interest levels and repayment costs, and the average salary would drop. The current balance deficit, in accordance with the *twin deficit hypothesis*, would lead to a budgetary deficit, which would endanger pension delivery, social programs, education, health and high level infrastructure investments. Hence, Serbia needs an alternative in loans and FDI, which can aid its development, and is not part of the geopolitical sphere of the countries of the West. Thus, BRICS is an important alternative in western integration (EU) and Serbia would have to intensify its cooperation with this multipolar organisation, as

well as trade cooperation and energy perspective, import-export possibilities and agricultural cooperation.

- 2) In a geopolitical sense, BRICS offers cooperation without any political prerequisite for Serbia to meet, and bearing in mind that China and Russia, as permanent members of the Security Council who have not recognized Kosovo, are BRICS members, it makes the cooperation expenditure even more sensible and meaningful. Serbia needs to have interest in expanding cooperation on the Global South platform, diminishing its dependence on countries of the West and increasing its resilience in case of economic crisis or abrupt sanctions implementation around Kosovo. Bearing in mind the former possibilities Serbia had within the Non-Aligned Movement, reviving these cooperations could benefit Serbia with export incentives, industrial manufacture, and agriculture and employment growth. BRICS exhibits interest in expanding membership, it is the most promising economic integration in the world, with the possibility to increase its GDP, trade and investment. In the event of the global world changing and BRICS "stock growing", Serbia needs to expand its cooperation with this organization and strengthen its political and economic perspectives. This is further confirmed by the reciprocal cooperation and, recognizing this, BRICS invited Serbia to participate in this year's summit in Russia as an observer. However, we should keep in mind that this could have political consequences on the European integration process, but it is up to Serbia's leadership and diplomacy to balance between these actions towards the national interest.

Table 4 in the Appendix has the statistical data regarding the foreign trade exchange between BRICS countries within two years, before and after the expenditure: 2009 and 2022, depicting the share of BRICS countries in the entire import and export of Serbia. In 2009, import from BRICS countries was around 4%, and export 21%, while in 2022, the import share doubled at 8%, and export remained at 21%. This undoubtedly shows that Serbia has import potential with BRICS countries. In a statistical sense, the biggest potential lies in cooperation with the Russian Federation and China, whereby import from China increased, and import from Russia diminished in a relative sense.

BRICS holds enormous perspective significance for Serbian economy as an economic integration with a dynamic growth and development and increase in world GDP and trade. In these growing conditions of multipolarism and increase in economic power, primarily Eurasia on the

account of Euro-Atlantic integration, Serbia should gradually realize new positions in the international economic and political relationships. Not only do BRICS countries have dynamic economic growth, but they are also a great potential market for Serbia's export, as well as the basis for increased future foreign direct investments and capital inflow, especially for infrastructure investment. The cooperation with Russia and China has a special significance for Serbia, not only in an economic sense, but also because they are permanent members of the UN Security Council, which holds immense importance in maintaining territorial integrity of K&M in the Serbian structure.

Arguments pro cooperation with Russia (Dugalić, 2020):

- Serbia has significant cooperation with Russia in the area of energy, petrochemistry, military industry, agriculture, tourism;
- The Free Trade Agreement has been in power for more than 20 years, and, in 2015, it was ratified by the Eurasian Economic Union;
- There are great possibilities in the field of traffic, construction and scientific and technological cooperation;
- Food, agriculture and groceries export to the Russian Federation used to have great importance;
- Russia is the fifth partner in importance for Serbian export (after Germany, Italy, Romania and Bosnia and Herzegovina);
- Russian import with Serbia is 65% oil and gas.

Economic cooperation with China has the following features:

- China has important direct and brownfield investments in Serbian economy, as well as activities in construction, infrastructure, bridge building, railways and highways;
- The Strategic Partnership Agreement has been signed since 2009, which led to an increase in capital inflow and investments from China;
- Within the "Belt and Road" project, which covers 4.4 billion people and 21 trillion dollars, there is a platform for cooperation with European countries "16+1", which includes Serbia, leading to an even more significant cooperation with China;
- A more significant cooperation with China has been established with the purchase of the Iron Factory *Smederevo* by Hesteel and *RTB Bor* by Zhuyin; China also participates in the construction of the fast track

Belgrade – Budapest and in the construction of the thermal power plant *Kostolac B*;

- Foreign trade exchange with China amounts to more than 2.5 billion dollars, however, it has an extremely imbalanced nature, due to the export being covered by only 5% of the import;
- Chinese development models may hold an important lesson for Serbia, especially when taking into account that for an accelerated economic growth and decrease in differences between development levels Serbia needs growth rates from 5% to 7% on average per year.

Lastly, we note that the potential membership in the European Union (which is currently not certain, at least until 2030), definitely leads to the termination of the Free Trade Agreement with Russia, Belarus and EAEU (Dimitrijević & Dželetović, 2016), and will also bring about pressure to significantly reduce Chinese investments and economic cooperation with China. Full EU membership certainly excludes BRICS membership, as well as any important institutional cooperation and connection with BRICS.

Conclusion

BRICS is the most dynamic and the most promising economic integration in the world, as well as the most influential economic platform of the Global South. It controls almost 50% of the world population, more than 40% of the world oil reserves and almost one third of the world's GDP. The extended BRICS covers 10 countries even now, bearing in mind that 22 countries officially applied for full membership, and almost 40 countries desire to be BRICS members.

As the largest economic integration of the Global South and developing countries, from the beginning, BRICS has aimed for a multipolar economic order, greater equity and equality in international economy, as well as reforms of the international political and economic institutions, thus obtaining greater influence of developing countries and powerful growing economies (China, India, Russia, Brazil, as well as many other countries). Among BRICS priorities falls the dedollarisation, creation of the new world reserve currency in the middle term and an alternative payment system – with the aim to prevent the dollar and economic sanctions to be used as a dominance medium by the Collective West, political conditioning and supremacy compared to the growing process of decolonisation, multipolarism and the increase in economic and political sovereignty. IMF reform would have to move in the direction of greater availability of

resources for solving balance of payments and budget imbalances of developing countries, greater voting influence for BRICS members and greater SDR availability. The World Trade Organisation would have to direct its actions and decision-making towards multipolarism and Third World Countries, thus reducing the richest world economies' protectionism. Within UN, reform of the Security Council is necessary, as well as reform of a number of collective organisations and institutions within the structure and system of this cooperation.

BRICS possesses specific potential to develop as the 'integration of integrations' within the following three formats: 1) New Development Bank, which together with the Asian Infrastructure and Investment Bank and a network of other development banks in Asia, Africa and Latin America can achieve plenty for the infrastructure development plan and the accelerated economic development of the Third World and Global South; 2) BRICS+, which could purchase a row of regional organisations and institutions, such as MERCOSUR, EAEU; 3) BRICS + BEAMS, which would be joined by the Shanghai cooperation organisation, BIMSTEC and the African Union. Thus, a transcontinental super-alliance would form with the idea to expand the free area and preferential trade, as well as financial and investment cooperation.

Serbia, as a military neutral country, leaning on the USA, European Union, Russia and China in its foreign policy and international economic relationships, needs to advance its institutional cooperation and connection with the expanded BRICS. This should be done not only for the similar principles they both advocate (multipolarism, reform of international institutions with the aim of greater equity), but because BRICS is taking the global lead, it is the most powerful energy group in the world, offering investments, export chances for Serbia, a new economic development model and corresponding economic structures. This is why, in a world where power balance constantly changes and new security, economic and political developments in Europe and the rest of the world emerge, the invitation to this year's BRICS summit in Russia is the first large step towards further development and deepening the cooperation with this increasingly significant and powerful international integration.

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Annexes:

Table 1. Selected indicators for the expanded BRICS: Population; GDP and ranking of countries according to the Global Competitiveness Index

Member	Status	2009				2022			2019
		Population in thousands	GDP in millions (constant \$ 2015)	Share in global export in %	Rank by Global competitiveness index (result) **	Population in thousands	GDP in millions (constant \$ 2015)	Share in global export in %	Rank by Global competitiveness index (result) **
Brazil	Founder	194 517	1 583 910	1,03	64 (4,13)	215 313	1 901 461	1,3	71 (60,9)
Russian Federation	Founder	142 785	1 196 808	1,31	51 (4,33)	144 237	1 471 545	2,1	43 (66,7)
India	Founder	1 223 640	1 415 606	1,76	50 (4,33)	1 417 173	2 961 515	1,8	68 (61,4)
China	Founder	1 331 260	6 827 905	7,04	30 (4,7)	1 412 175	16 325 085	14,4	28 (73,9)
South Africa	Founder	51 171	302 460	0,52	45 (4,41)	59 894	360 707	0,5	60 (62,4)
Total founders	...	2 943 374	11 326 689	...	...	3 248 792	23 020 313	...	...
% of the global	...	42,75	18,22	11,66	...	40,86	25,58	20,1	...
Saudi Arabia	Added member	28 484	486 268	0,67	27 (4,72)	36 409	769 633	1,6	36 (70)
Iran, Islamic Rep.	Added member	74 323	405 415	0,44	Not ranked	88 551	487 695	0,3	99 (53)
Ethiopia	Added member	86 756	35 297	0,03	121 (3,41)	123 380	105 775	0,02	126 (44,4)
Egypt, Arab Rep.	Added member	85 501	274 326	0,40	81 (3,98)	110 990	453 827	0,2	93 (54,5)
United Arab Emirates	Added member	7 993	288 347	1,21	31 (4,68)	9 441	431 441	2,4	25 (75)
Total BRICS	...	3 226 430	12 816 342	...	...	3 617 563	25 268 684	...	...
World	...	6 885 663	62 157 298	...	...	7 950 947	89 994 663	...	...
% of the global	...	46,86	20,62	14,41...	...	45,50	28,08	24,62	...

Source: Data from database: World Development Indicators: <https://databank.worldbank.org/> 21. IV 2024.

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Table 2. List of top ten world's resource rich nations

No.	Country Name	Main Natural Resources	Total cost of natural resources
1.	Russian Federation	Coal, oil, gold, gas and timber	\$75.7 trillions
2.	United States	Natural gas, gold, copper and oil	\$45 trillion
3.	Saudi Arabia	Gas, timber and oil	\$34.4 trillions
4.	Canada	Uranium, timber, oil, phosphate and gas	\$33.2 trillion
5.	Iran, Islamic Republic	Natural gas and oil	\$27.3 trillions
6.	China	Coal & timber	\$23 trillion
7.	Brazil	Gold and uranium	\$21.8 trillions
8.	Australia	Coal, iron ore, timber and copper	\$19.9 trillion
9.	Iraq	Oil & natural gas	\$15.9 trillions
10.	Venezuela	Iron, oil and natural gas	\$14.3 trillion

Source: Basic Planet (2023). *TOP 10 Countries with Most Natural Resources in the World*. Retrieved from <https://www.basicplanet.com/top-10-countries-natural-resources-world/>

Table 3. World reserves of selected natural raw materials
by BRICS countries in %.

Member	Status	Oil *	Natural gas **	Gold ***	Uranium****
Brazil	Founder	0,7	0,2	4,44	5
Russian Federation	Founder	6,2	19,9	12,59	8
India	Founder	0,3	0,7	No data	No data
China	Founder	1,5	4,5	3,7	4
South Africa	Founder	No data	No data	9,26	5
Saudi Arabia	Added member	17,2	3,2	No data	No data
Iran, Islamic Rep.	Added member	9,1	17,1	No data	No data
Ethiopia	Added member	No data	No data	No data	No data
Egypt, Arab Rep.	Added member	0,2	1,1	No data	No data
United Arab Emirates	Added member	5,6	3,2	No data	No data
Share in global reserves	...	40,8	49,9	29,99	22

Source:

* BP Statistical Review of World Energy 2021: *Oil*. Retrieved from <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2021-oil.pdf>. p. 16.

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Table 4. Percentage participation of BRICS countries in foreign trade exchange of Serbia

Member	Status	2009		2022	
		Export	Import	Export	Import
Brazil	Founder	0,01	0,72	0,21	0,27
Russian Federation	Founder	4,18	12,27	4,11	7,49
India	Founder	0,06	0,68	No data	0,75
China	Founder	0,11	7,07	4,01	12,11
South Africa	Founder	0,02	0,08	0,04	0,26
Total founders	...	4,38	20,82	8,37	20,88
Saudi Arabia	Added member	No data	No data	0,21	No data
Iran, Islamic Rep.	Added member	0,35	No data	No data	No data
Ethiopia	Added member	0,05	No data	No data	No data
Egypt, Arab Rep.	Added member	0,34	0,05	0,17	0,16
United Arab Emirates	Added member	0,18	No data	0,3	No data
Total BRICS	...	5,3	20,87	9,05	21,04

Source:

- Data for 2009: Republic Statistical Office of Serbia (2011) Statistical Yearbook of the Republic of Serbia. Belgrade. pp. 283-284.
- Data for 2022: Republic Statistical Office of Serbia (2023) Statistical Yearbook of the Republic of Serbia. Belgrade. pp. 313-314.