

BRICS vs RCEP: Clash of the regional trade titans

August 2023

At just three years of age, the RCEP (Regional Comprehensive Economic Partnership) is already showing signs of rivalling its older sibling, BRICS (Brazil, Russia, India, China



and South Africa). BRICS, formed in the early 2000s as a gathering of fast-growing nations, has had significant influence on the global stage and has become an institutionalised forum. As of 2020, the accumulative GDP of BRICS members is a considerable slice of the world's GDP, population and net worth.

Its size and influence allow BRICS and its stakeholders to make decisions that impact non-members and the world's economy. Some analysts are deeply concerned and many of them predict authoritarian styles of capitalism and global governance where outside economies have little to no defence against BRICS. However, RCEP's growing influence could reshape this scenario.

RCEP's next summit is scheduled for 4 to 7 September 2023 in Jakarta, Indonesia. Formed in November 2020, RCEP consists of fifteen Asian-Pacific members: Australia, Brunei, Cambodia, China, Indonesia, Japan, South Korea, Lao, Malaysia, Myanmar, New Zealand, the Philippines, Singapore, Thailand and Vietnam. Collectively, they account for approximately 30% of the world's population (2.2 billion people) and 30% of the global GDP (\$29.7 trillion) making the RCEP the single largest trade bloc in history.

Conflicts of interest?

RCEP has the potential to impact the movements and ambitions of BRICS-related agreements in several ways.

Trade diversion and competitiveness: The promotion of trade and investment among RCEP members could divert business away from the BRICS nations. This could cause unpleasant competition and rivalry.

Competing regional initiatives: There could be overlapping or even contradicting agreements between BRICS and RCEP that create challenges in implementing trade policies and initiatives.

Alignment of trade policies: Differing regulatory standards between BRICS and RCEP trade policies could cause challenges in aligning co-operation and legislation. Think of the EU and the different policies/priorities of its member states.

Geopolitical influence: Given its size and the fact that both China and Japan are members, RCEP could move the bloc's focus in favour of Asia. This will undoubtedly affect the political landscape and BRICS' decision-making policies.

Opportunities for co-operation: RCEP and BRICS member countries might engage in open and mutually advantageous dialogue that could lead to reciprocal economic gains. But what are the implications of such a coalition for the rest of the world?

Summary

BRICS may not be the concern previously considered. The existence of the RCEP means that BRICS has its hands tied to some degree. However, the effectiveness of these trading blocs and the impacts of their agreements (both within their respective groups and with others) will depend on the participation and co-operation of member countries.

KCS Group Europe – Strategic Intelligence & Corporate Security

KCS Group Europe is a leading provider of security and intelligence services, operating in some of the world's most difficult environments on complex cases of fraud, theft, corruption or market dynamics. We gather intelligence through the discreet use of human sources to level the playing field and help our clients identify and deal with any risks, weaknesses and threats which could impact on their business, financially or reputationally.

Our key areas of expertise include: Corporate Intelligence Services - New market or sector entry research - Know your customer screening.

In addition, we offer a unique service in the areas of Cyber Security and Cyber Risk. This covers penetration testing, vulnerability assessments, intelligence gathering and cyber security audits – providing unparalleled analysis, contingency planning and implementation.

To find out more or to arrange a meeting to discuss your business needs, please email the team at info@kcsgrroupeurope.com or call (00 44) 20 7245 1191 – www.kcsgroup.com