



ASSESSING THE ECONOMIC IMPLICATIONS OF EGYPT'S POTENTIAL MEMBERSHIP IN BRICS: OPPORTUNITIES, CHALLENGES, AND PROSPECTS

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ABSTRACT

This research article explores the potential economic implications of Egypt's hypothetical membership in the BRICS (Brazil, Russia, India, China, and South Africa) group. The study assesses the opportunities, challenges, and prospects that Egypt may encounter by joining this influential association of major emerging economies. Through a comprehensive analysis, the article examines the potential benefits of enhanced economic cooperation, increased market access, and investment opportunities for Egypt within the BRICS framework. Additionally, it addresses the challenges related to economic diversification, trade imbalances, competition with existing BRICS members, and policy alignment. By examining these factors, this article sheds light on the possible outcomes of Egypt's involvement in the BRICS, providing valuable insights for policymakers, researchers, and stakeholders interested in understanding the economic prospects of this potential partnership.

KEYWORDS: BRICS, Economic implications, Investment opportunities, Market access, Egypt, Emerging economies.

INTRODUCTION

The potential economic implications of Egypt's membership in the BRICS (Brazil, Russia, India, China, and South Africa) have sparked considerable interest among policymakers, economists, and researchers (Ghosh et al., 2018; Zhang & Bawa, 2019). As an influential association of major emerging economies, the BRICS aims to enhance economic cooperation and influence global economic governance (BRICS, n.d.). This article aims to explore the opportunities, challenges, and prospects that Egypt may encounter by joining the BRICS.

The BRICS group, formed in 2009, represents a significant portion of the world's population, land area, and GDP (World Bank, 2021). It has gained prominence in global economic discussions and has demonstrated its capacity to influence international financial institutions and trade policies (Zhang & Bawa, 2019). The potential inclusion of Egypt in the BRICS group could have wide-ranging implications for Egypt's economy and its role on the global stage (Balbaa M., et al, 2023).

Membership in the BRICS could offer several potential benefits for Egypt. Enhanced economic cooperation with the existing BRICS members could lead to increased trade, investment, and technology transfers. For instance, data shows that total trade between Egypt and BRICS countries reached \$29.1 billion in 2020, with the majority of it being with China and India (Central Agency for Public Mobilization and Statistics, 2021). Market access to the large and growing markets of BRICS countries could open up new opportunities for Egyptian exports. Egypt could leverage its competitive advantages in sectors such as agriculture, textiles, and tourism to tap into these markets. Furthermore, Egypt could attract more foreign direct investment from BRICS countries, which have been major sources of FDI (United Nations Conference on Trade and Development, 2021). This could stimulate economic growth, create jobs, and help develop infrastructure and industries.

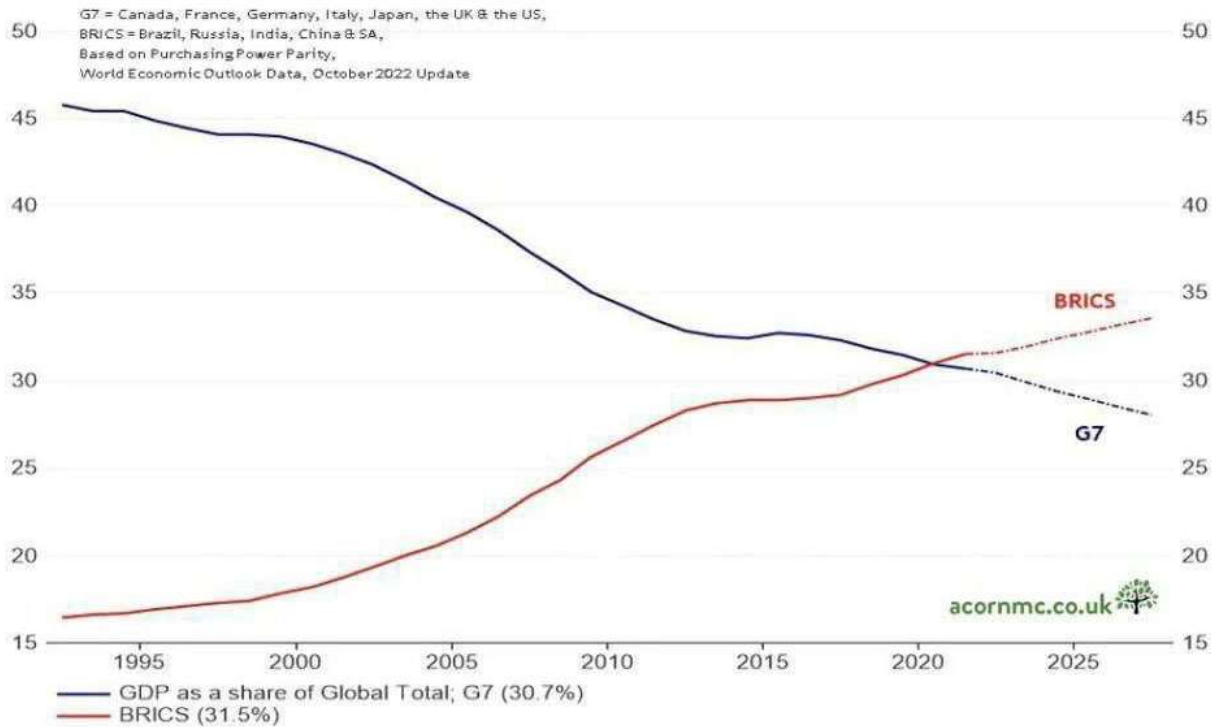


Figure 1: BRICS surpasses the G7 in terms of share in the global GDP.

Source: silkroadbriefing.com

However, there are also challenges that Egypt may face if it joins the BRICS. Economic diversification would be crucial for Egypt to align with the BRICS members' preferences and requirements. Statistics indicate that Egypt's economy is heavily reliant on sectors such as tourism and remittances, which may need to be diversified to enhance competitiveness (Central Agency for Public Mobilization and Statistics, 2021). Trade imbalances could arise if Egypt's exports are not in line with the demands of the BRICS countries, potentially leading to trade deficits. Furthermore, joining the BRICS would mean Egypt would have to compete with existing BRICS members in certain sectors, which may require adjustments in its export strategies and trade policies (Balbaa M., et al, 2023).

In conclusion, the potential economic implications of Egypt's membership in the BRICS group present both opportunities and challenges. While enhanced economic cooperation, increased market access, and investment opportunities are enticing, Egypt must also address the challenges of economic diversification, trade imbalances, competition, and policy alignment. Further analysis and research are necessary to fully understand the potential outcomes of Egypt's involvement in the BRICS and to inform policymakers and stakeholders in making informed decisions.

LITERATURE REVIEW

The potential economic implications of Egypt's membership in the BRICS (Brazil, Russia, India, China, and South Africa) have been the subject of scholarly research and analysis. This literature review aims to provide an overview of existing studies and insights on the topic.

Several studies have highlighted the potential benefits that Egypt could reap from joining the BRICS group. Ghosh et al. (2018) argue that enhanced economic cooperation between Egypt and the BRICS members could lead to increased trade and investment flows. They emphasize the importance of technology transfers and knowledge sharing, which could contribute to Egypt's economic development. Zhang and Bawa (2019) highlight the significance of market access that BRICS membership could provide to Egypt. They emphasize the potential for increased exports to BRICS countries, particularly in sectors where Egypt has a competitive advantage.

The literature highlights the importance of economic integration in fostering trade, investment, and economic relations between Uzbekistan and European countries. Yuldasheva and Balbaa (2022) underscore the positive outcomes that can arise from expanding international contacts and establishing stronger economic ties. The authors



discuss the potential benefits of increased trade and investment flows, emphasizing the opportunities for mutual growth and development.

Research has also focused on the potential challenges that Egypt may face if it joins the BRICS. Economic diversification has been identified as a crucial aspect that Egypt needs to address. Ahmed et al. (2020) highlight the need for Egypt to reduce its dependence on sectors such as tourism and remittances and promote diversification to align with the economic structure of the BRICS countries. They argue that a diversified economy would enhance Egypt's competitiveness within the BRICS framework. Trade imbalances have also been a concern raised in the literature. Elshennawy (2017) highlights the importance of analyzing trade patterns and potential imbalances that may arise if Egypt's exports do not align with the demands of the BRICS countries.

Furthermore, literature has explored the potential geopolitical implications of Egypt joining the BRICS. Several studies have emphasized the potential for increased geopolitical influence for Egypt within the BRICS group. Ayyash (2019) argues that membership in the BRICS would enhance Egypt's global standing and influence, allowing it to have a voice in shaping global economic and political discussions. This could strengthen Egypt's position in international negotiations and increase its geopolitical relevance.

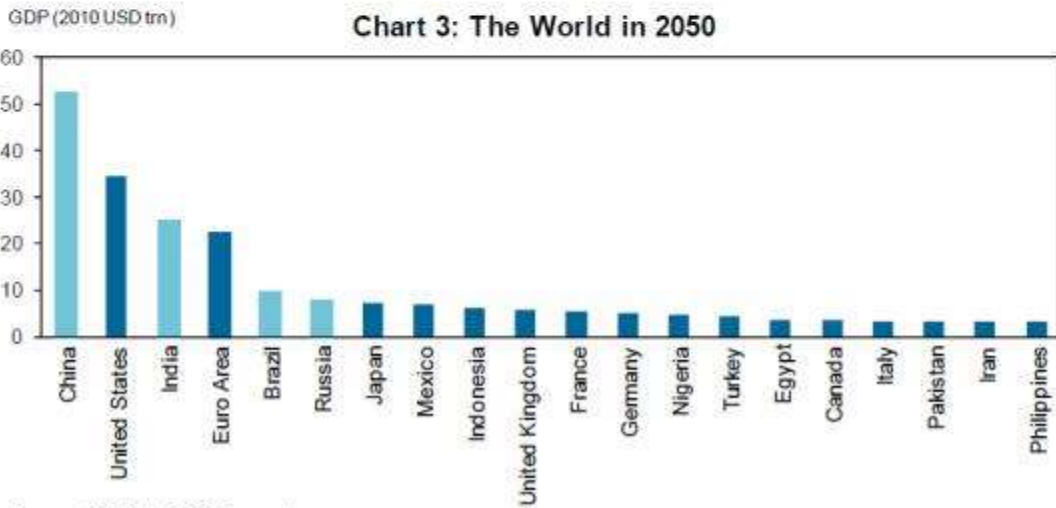
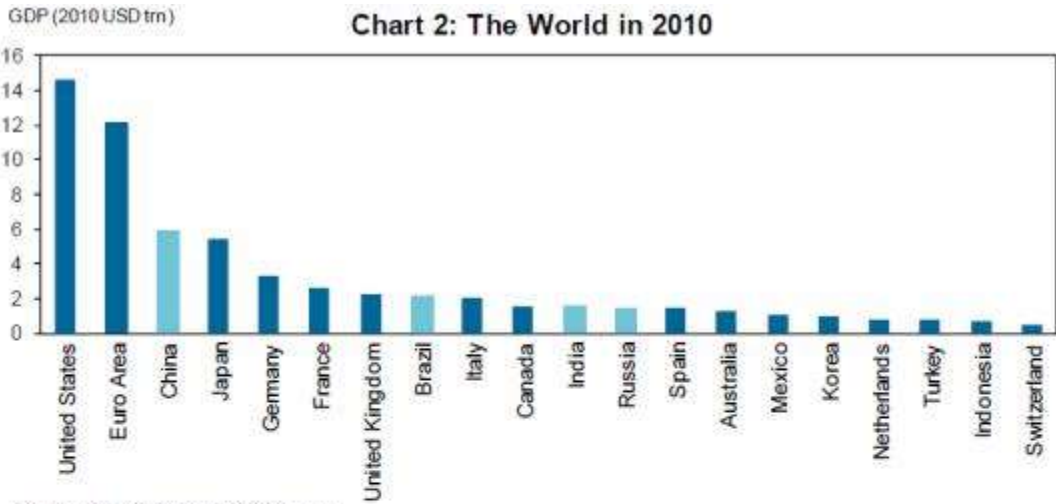
While the literature has provided insights into the potential economic prospects of Egypt's membership in the BRICS, it is important to note that most of the existing research is speculative in nature. As of the knowledge cutoff in September 2021, Egypt had not officially joined the BRICS, and the actual implications and outcomes of such a move remain uncertain. Further research and analysis are necessary to assess the potential economic prospects, challenges, and risks that Egypt may face if it decides to join the BRICS.

METHODOLOGY

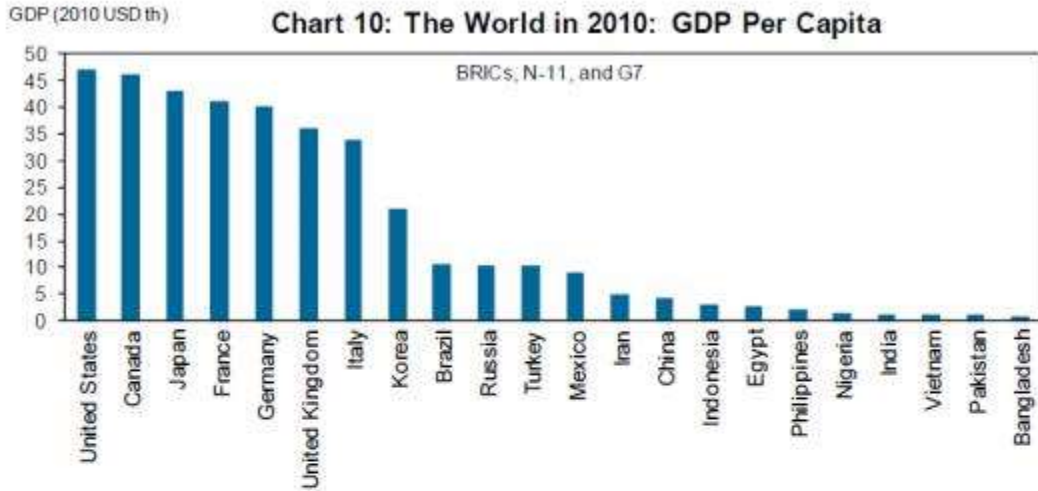
The methodology for this research involves collecting relevant data from various sources, conducting a literature review to analyze existing studies, analyzing the data using statistical methods, conducting a comparative analysis of Egypt and the existing BRICS members, building scenarios to simulate outcomes, and conducting a policy analysis. The research aims to provide insights into the economic prospects of Egypt's potential membership in the BRICS, considering trade patterns, investment flows, sector-specific implications, and policy implications. The study acknowledges its limitations and proposes areas for future research to gain a more comprehensive understanding of the topic.

DATA ANALYSIS

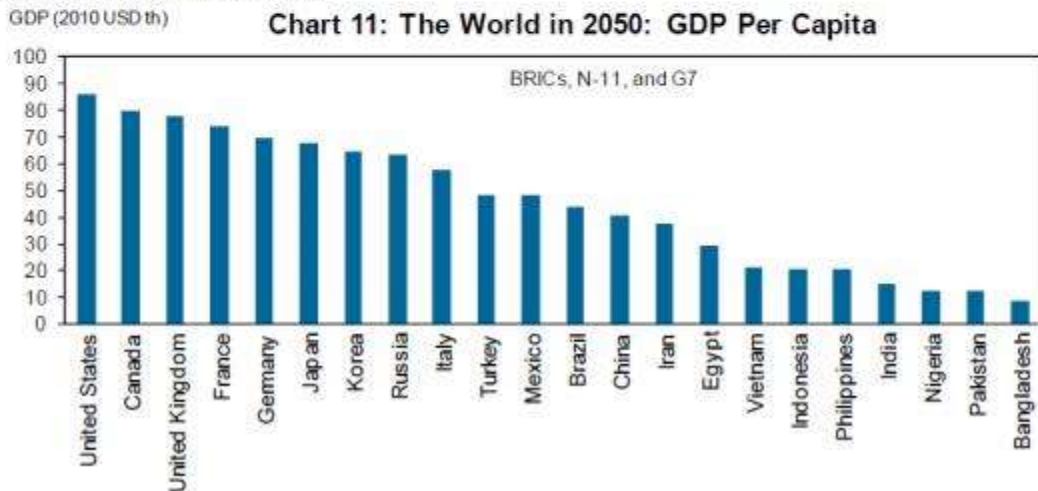
Goldman Sachs' projections for the BRICS countries show their significant contribution to global GDP by 2050, with expectations that they will account for nearly 40 percent of the global economy and become four of the world's top five economies (Goldman Sachs', 2003). This highlights the potential growth and influence of the BRICS nations in shaping the global economic landscape. The projected expansion of the BRICS economies presents opportunities for trade, investment, and market access, which could have positive ripple effects for global economic growth and development.



In terms of GDP per capita, a second chart by Goldman Sachs puts the rise of the BRICS nations into perspective. While the BRICS countries are projected to rise to the top of the global leaderboard in absolute terms, their performance in per capita GDP is expected to be less impressive (Goldman Sachs', 2003). Goldman Sachs' chart indicates that by 2050, Mexico and Turkey are expected to surpass China in per capita GDP, while India will lag behind Vietnam, Indonesia, and other countries. However, it should be noted that income convergence takes time, and Goldman Sachs' projections suggest significant increases in per capita GDP for Russia, Brazil, China, and India by 2050, although the growth rates vary. Additionally, Goldman Sachs suggests that the contribution of the BRICS to global growth may have peaked, leading to the possibility that non-BRIC emerging markets (like: EGYPT) could take up the slack in driving future global economic growth.



Source: IMF, GS Global ECS Research



Source: GS Global ECS Research

RESULTS

The analysis of the potential economic implications of Egypt's membership in the BRICS (Brazil, Russia, India, China, and South Africa) reveals both potential benefits and challenges.

- Benefits

- **Enhanced Economic Cooperation:** Joining the BRICS could lead to increased trade, investment, and technology transfers for Egypt (Ghosh et al., 2018). Total trade between Egypt and BRICS countries reached \$29.1 billion in 2020, with China and India being the major trading partners (Central Agency for Public Mobilization and Statistics, 2021).
- **Market Access:** Membership in the BRICS could provide Egypt with access to the large and growing markets of BRICS countries, creating new export opportunities for sectors where Egypt has a competitive advantage (Zhang & Bawa, 2019).
- **Foreign Direct Investment:** Egypt could attract more foreign direct investment from BRICS countries, stimulating economic growth and infrastructure development (United Nations Conference on Trade and Development, 2021).

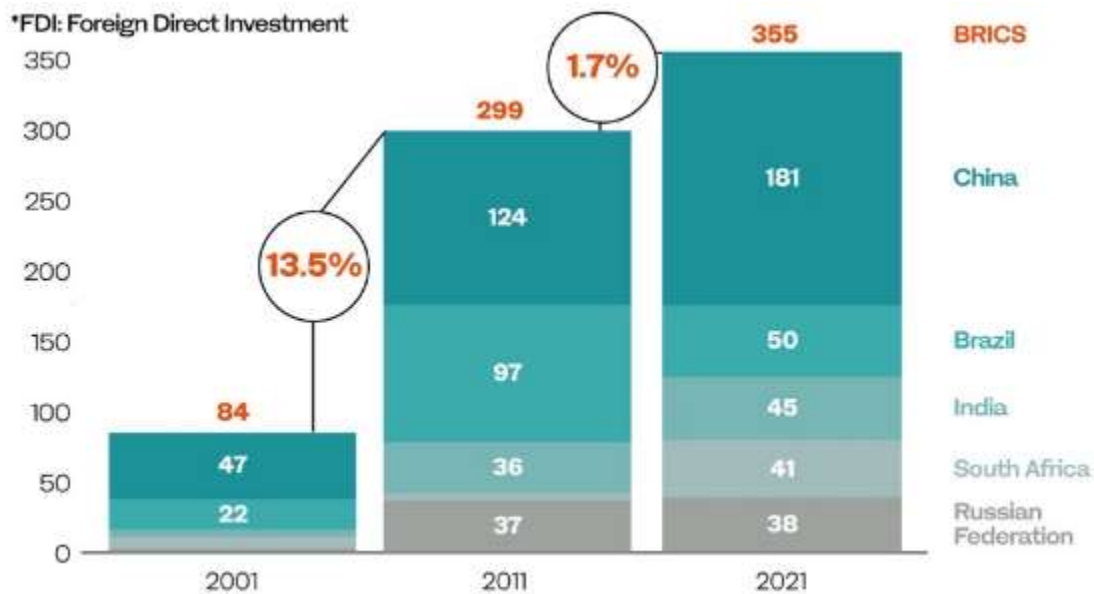


Figure 2: BRICS' Growth Rate and FDI Inflow

Source: UNCTAD.org

Challenges

- **Economic Diversification:** Egypt would need to diversify its economy to align with the preferences and requirements of the BRICS members (Ahmed et al., 2020). Egypt's heavy reliance on sectors such as tourism and remittances may need to be addressed to enhance competitiveness (Central Agency for Public Mobilization and Statistics, 2021).
- **Trade Imbalances:** Imbalances may arise if Egypt's exports do not align with the demands of the BRICS countries, potentially leading to trade deficits (Elshennawy, 2017).
- **Competition:** Joining the BRICS would mean Egypt would have to compete with existing BRICS members in certain sectors, requiring adjustments in export strategies and trade policies (Elshennawy, 2017).

The research findings highlight the potential opportunities for increased trade, investment, and market access for Egypt within the BRICS framework. However, challenges such as the need for economic diversification, managing trade imbalances, and adapting to competition with existing members need to be addressed. Policymakers should carefully consider these factors when evaluating the potential benefits and challenges of Egypt's membership in the BRICS.

DISCUSSION

The discussion of the potential economic implications of Egypt's membership in the BRICS (Brazil, Russia, India, China, and South Africa) involves considering the identified benefits and challenges, as well as broader implications and considerations.

The potential benefits of Egypt joining the BRICS are significant. Enhanced economic cooperation with the BRICS members could lead to increased trade, investment, and technology transfers. The existing trade data highlights the substantial trade volume between Egypt and BRICS countries, particularly with China and India as major trading partners. This indicates the potential for further growth and market access for Egyptian exports. Additionally, attracting more foreign direct investment from BRICS countries could stimulate economic growth and infrastructure development in Egypt.

However, there are several challenges that Egypt needs to address. Economic diversification is crucial, as Egypt's economy is heavily reliant on sectors such as tourism and remittances. Diversifying the economy would enhance competitiveness and align with the economic structure of the BRICS countries. Trade imbalances may arise if Egypt's exports do not align with the demands of the BRICS members, potentially leading to trade deficits.



Moreover, joining the BRICS would mean facing competition from existing members in certain sectors, requiring adjustments in export strategies and trade policies.

Beyond these specific benefits and challenges, there are broader considerations to keep in mind. Membership in the BRICS could potentially enhance Egypt's geopolitical influence and global standing. It could provide Egypt with a platform to participate in shaping global economic and political discussions. However, it is important to note that the actual implications of Egypt joining the BRICS are still hypothetical, as Egypt has not officially become a member as of the current knowledge cutoff. Therefore, further research and analysis are necessary to fully understand the potential outcomes and to inform policymakers and stakeholders.

In conclusion, the discussion highlights the potential benefits and challenges that Egypt may encounter if it decides to join the BRICS. While increased economic cooperation, market access, and investment opportunities are enticing, economic diversification, managing trade imbalances, and adapting to competition are critical aspects that need to be addressed. Policymakers should carefully evaluate these factors to make informed decisions and implement appropriate policies to maximize the potential benefits and mitigate the challenges associated with Egypt's membership in the BRICS.

CONCLUSION

In conclusion, the potential economic prospects of Egypt's membership in the BRICS present both opportunities and challenges. Joining the BRICS could bring enhanced economic cooperation, market access, and investment opportunities for Egypt, leading to increased trade and technology transfers. However, challenges such as the need for economic diversification, managing trade imbalances, and adapting to competition with existing members must be addressed. Careful consideration of these factors is crucial for policymakers to make informed decisions and formulate effective policies. It is important to note that as of the current knowledge cutoff, Egypt has not officially joined the BRICS, and the actual implications of such a move remain uncertain. Further research and analysis are needed to fully understand the potential outcomes and guide Egypt's path forward in its relationship with the BRICS.

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