EXECUTIVE GLOBAL INSIGHT
OCTOBER 2024

BUSINESS SWEDEN
THE SWEDISH TRADE & INVEST COUNCIL

# THE RISE OF BRICS+

*Uncovering the impacts of an expanding BRICS bloc on global trade and Swedish exports*

*EXECUTIVE SUMMARY*

# TIME TO PREPARE FOR A LARGER BRICS GROUP

The BRICS bloc, originally formed by Brazil, Russia, India, China, and South Africa, is expanding by opening its doors to new members. In 2023, Egypt, Ethiopia, Iran, Saudi Arabia, and the UAE were invited to join the group, forming the new, expanded "BRICS+".[1] Over 20 other countries have supposedly expressed interest in joining, reflecting the group's growing appeal and strategic significance for emerging and developing economies. With renewed geographical and economic weight, the BRICS+ expansion reflects a broader ambition to reshape global trade, finance, and diplomacy.

The expansion to BRICS+ is expected to influence global trade patterns, infrastructure development, and promote financial cooperation. By encouraging intra-BRICS+ trade, improving market access, and advocating for local currency usage, the group seeks to reduce dependency on Western-dominated markets and institutions. At the same time, the group is expected to face scrutiny from Western regulators when targeting, for example, USD-dominated transactions or trade categories. This growing interdependence among members, augmented by strategic alliances, may challenge the dominance of Western coalitions such as the G7. BRICS+ also offers new investment avenues, particularly in infrastructure, energy, and critical raw materials, positioning the bloc as a significant player in energy security and the global green transition.

Swedish companies, traditionally focused on individual BRICS markets, remain uncertain about the implications of the bloc's expansion. Interviews with different corporate stakeholders reveal limited awareness of BRICS' collective influence, with some primarily viewing the group as a counterweight to Western dominance rather than a driver for global economic transformation. While some Swedish firms foresee opportunities in terms of reduced tariffs and enhanced market access, concerns about increased competition and potential strains in Western relations persist. Many Swedish companies perceive BRICS+ as indicative of growing geopolitical polarisation, planning to observe and cautiously adapt to these developments.

For Swedish companies, the BRICS+ expansion offers both opportunities and challenges. To navigate this evolving landscape, adopting a BRICS+ conscious strategy is the best course of action. This includes building a forward-thinking plan to diversify supply chains, enhance market intelligence, strengthen resilience against geopolitical risks, and proactively engage with BRICS+ countries and stakeholders. Additionally, companies should capitalise on infrastructure projects financed by intra-BRICS+ initiatives and adapt to the growing intent to use local currencies to maintain competitiveness. By strategically adapting business models to navigate this new playing field, Swedish companies can leverage the opportunities offered by BRICS+ while managing associated risks.

**BRICS+**

**FOUNDING MEMBERS**
Brazil
Russia
India
China
South Africa

**NEWLY INVITED MEMBERS**
Egypt
Ethiopia
Iran
Saudi Arabia
UAE

SHANGHAI, CHINA

[1] While Saudi Arabia has been invited to join BRICS+ and is included for the purpose of this report, it has yet to officially confirm its membership.

## KEY TAKEAWAYS

- The expansion of BRICS positions the alliance as a more influential global platform for developing and emerging economies, broadening the group's geographical reach, and amplifying its economic weight. This move marks a step towards establishing a larger influence in existing global economic governance structures, where BRICS+ countries can present an amplified unified voice.
- As BRICS transforms into BRICS+, new opportunities emerge for economic synergy through increased trade interdependence among member nations, and the pursuit of local currency transactions. These ambitions could pave way for potential shifts in global market dynamics and reduce reliance on prevailing monetary systems.
- The incorporation of new members into BRICS+ also strengthens its capacity to influence the global energy and infrastructure landscape, while improving energy security within the bloc. The new members will contribute to the consolidation of energy supplies and strengthen synergies in development projects, as well as boost financing for emerging markets.
- For Swedish companies, the expanded BRICS alliance presents both opportunities and uncertainty. Swedish business leaders have traditionally viewed BRICS countries as individual markets rather than a unified bloc. There is both a sense of uncertainty and a knowledge gap about the expanded group's implications. Swedish exporters must begin to reassess their perception of BRICS as an entity, as some industries are beginning to do, by monitoring developments more closely.
- The BRICS+ expansion calls for a forward-thinking strategic response among Swedish companies to capture the opportunities, while mitigating potential disruptions.

## FIVE RECOMMENDED ACTIONS FOR SWEDISH COMPANIES

**1** Develop BRICS+ growth strategies and go-to-market plans for existing and new BRICS markets, taking into account increased competition and trade hub gateways.

**2** Diversify and strengthen supply chains to strengthen resilience against geo-political tensions and localised production trends, while re-evaluating manufacturing and sourcing opportunities in BRICS+ countries.

**3** Proactively manage geopolitical risks by developing a geo-strategy for BRICS+ and staying informed about evolving BRICS+ and Western relations, while building strong local partnerships and aligning with local practices to mitigate potential trade and compliance risks.

**4** Leverage BRICS+ infrastructure investments by exploring opportunities in sustainable energy, digital communications, and smart transport, supported by entities like the New Development Bank or other intra-BRICS+ investments.

**5** Manage financial risks and seize opportunities by staying aware of and adapting to the increased use of local currencies in BRICS+ markets.

*INTRODUCTION*

# MAKING NEW STRIDES

**An expanded, ten-member strong BRICS+ is taking shape. The strengthened alliance is set to give developing and emerging economies an increasingly influential platform on the global stage.**

Initially formed as a partnership between Brazil, Russia, India, China, and South Africa, BRICS made a major announcement in 2023 – inviting Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates to join as new members and form BRICS+.

This expansion marks a significant step towards establishing a more influential global platform for developing and emerging economies, enhancing the group's geographical reach and economic weight. BRICS+ nations account for half of the world's population and two fifths of global trade given their role as major energy producers and importers. In addition to this announcement in 2023, the group officially added 13 new partner countries during the 2024 BRICS+ Summit in Kazan, Russia, including Nigeria, Türkiye and Vietnam, reflecting the group's growing appeal and strategic importance.

## FROM CONCEPT TO CREATION

The BRICS concept was introduced in 2001 by Jim O'Neill, Chief Economist at Goldman Sachs, to highlight the economic potential of Brazil, Russia, India, and China. O'Neill noted these countries, which accounted for 23.3 per cent of global GDP at the time, could eventually outpace the G7 in economic growth.[2] By 2006, the foreign ministers of Brazil and Russia proposed the establishment of a formal political grouping under the acronym BRIC, holding its first Foreign Ministers' meeting that year and its first summit in 2009. South Africa joined in 2010, turning BRIC into BRICS and extending its influence on the continent of Africa.

BRICS operates under a system of rotating chairmanships, holding annual summits to discuss and coordinate on key global issues. In addition to these summits, BRICS hosts a range of high-level meetings throughout the year, including those involving Foreign Ministers, National Security Advisers, and sector-specific leaders. Moreover, BRICS members engage in various working-level meetings that involve state agencies, legislators, and academic institutions, which help to foster collaboration on shared challenges. These extensive interactions not only enhance opportunities for cooperation on a wide spectrum of issues but also make BRICS membership an active component of each country's foreign policy approach.

Positioning itself as a platform for emerging and developing nations, BRICS is built around three core pillars:

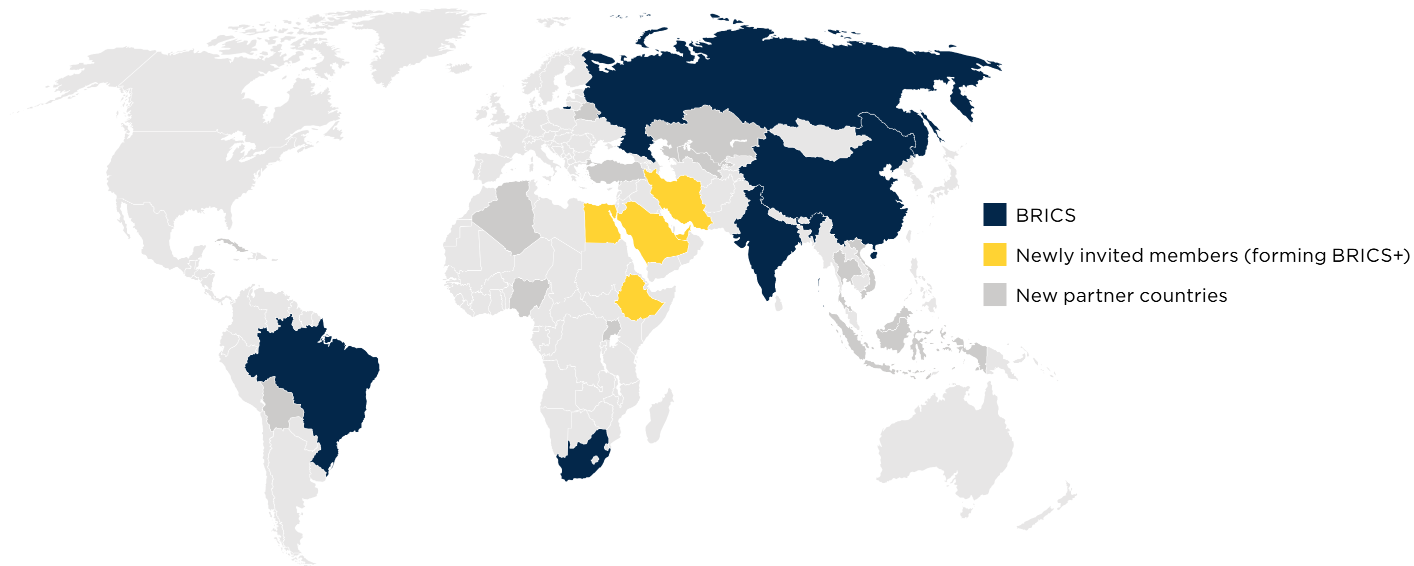
- Political and security cooperation
- Financial and economic collaboration
- Cultural and people-to-people exchanges

*"I believe the BRICS+ expansion will have some impact on all industries, but particularly telecom, manufacturing and the automotive industry."*

Regional manager, telecom sector

GEOGRAPHICAL EXPANSION OF BRICS

Map of original BRICS and newly invited members




[2] The G7 countries – the United States, Canada, France, Germany, Italy, Japan, and the United Kingdom


Despite its ambitions to be seen as a serious forum for multilateral cooperation, the group has faced criticism for its limited impact on global affairs due to the diverse political systems and economic conditions of its members, leading to perceptions of a fragmented agenda. Critics argue that BRICS has struggled to turn its political goals into concrete actions, raising doubts about its effectiveness as a unified entity.

However, BRICS has made some noteworthy strides in building financial and economic cooperation. At the first BRIC summit in 2009, members committed to reforming international financial institutions to better represent emerging economies. This led to the establishment of the New Development Bank (NDB) in 2014, aimed at funding infrastructure and sustainable development projects. Although it has received less attention than other relatively new multilateral lenders, such as the Asian Infrastructure Investment Bank (AIIB)[3], the NDB has approved USD 32.8 billion in loans, approved 96 projects, and achieved 'AA+/A-1+' long- and short-term foreign currency issuer credit ratings.

The NDB also has outspoken plans to increase local currency lending from 22 per cent to 30 per cent by 2026. It began expanding its membership coalition in 2021, admitting Bangladesh, Egypt, and the United Arab Emirates (UAE). Another key initiative is the BRICS Contingent Reserve Agreement (CRA), also established in 2014, which provides a framework for liquidity support through currency swaps during short-term balance of payments pressures.

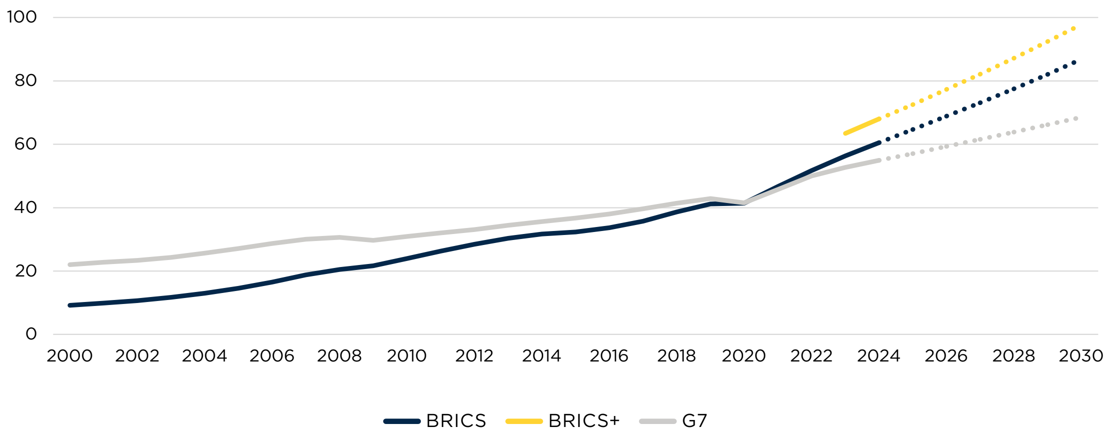
## EXPANSION UNDERWAY

BRICS has become a globally recognised alliance for emerging and developing economies. During its 15th annual summit in 2023, hosted by South Africa, the group announced a new expansion. According to the summit chair, over 20 countries have formally requested membership, with more showing interest, attracted by the prospect of development finance and increased trade and investment within the group. During the 2024 BRICS+ Summit in Kazan, Russia, the group officially added 13 new partner countries, including Nigeria, Türkiye and Vietnam.

The five founding countries invited six nations – Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the UAE – to join as full members starting in January 2024. Argentina withdrew its application following a presidential change in November 2023 and Saudi Arabia has not yet officially accepted the invitation. Excluding Argentina's official decline, but

### THE CONSOLIDATED ECONOMIC WEIGHT OF BRICS, BRICS+ AND G7

USD trillion, comparative data of GDP on PPP basis of BRICS, BRICS+ and G7

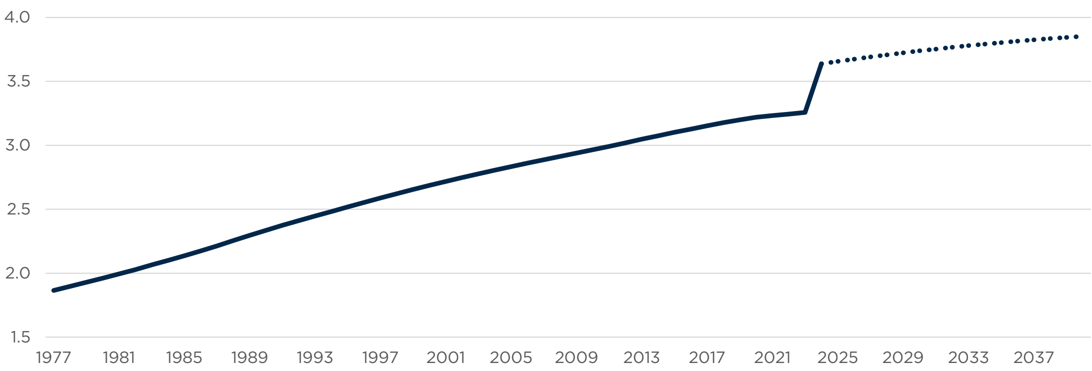



Source: GDP Measured at Purchasing Power Parity, dashed lines for forecasted data, Euromonitor International from national statistics/Eurostat/OECD/UN/International Monetary Fund (IMF), International Financial Statistics (IFS) (2024)

[3] The AIIB is a multilateral bank founded in 2016 and headquartered in Beijing, China, focused on infrastructure investment in Asia across sectors, capitalised at USD 100 billion, and triple-A-rated by some major international credit rating agencies.
[4] The report and the accompanying data will include Saudi Arabia in the BRICS+ grouping since the country has not announced an official decline and is seemingly still considering membership.

## POPULATION DYNAMICS IN BRICS PRIOR AND POST (2024) EXPANSION

Billions, combined total population




Source: Total population, dashed lines for forecasted data, Euromonitor International from national statistics/UN (2024)

considering Saudi Arabia's potential membership, the expansion brings the group to ten countries, now informally known as "BRICS+". [4]

This expansion aims to strengthen BRICS' role as a global platform for developing economies, giving them a stronger voice in international decision-making. It also seeks to create alternative pathways for trade and finance, reducing reliance on Western-dominated institutions like the IMF and World Bank. The Johannesburg Declaration from the 15th Summit emphasised the bloc's intent to boost the representation and influence of the "Global South" in global discussions, including the G20 agenda. [5]

The newly invited members broaden the BRICS+ group's geographical and economic reach, now accounting for 25 per cent of world trade in exports. The expanded group enhances its influence as a major consumer and supplier, particularly in sectors such as energy and raw materials, including oil, magnesium, and graphite. Moreover, the bloc's share of global oil production jumps from 21 per cent to over 40 per cent. Although geographically concentrated, the new members are quite heterogeneous in character. The UAE and Saudi Arabia are financial net creditors, while Egypt, Ethiopia and Iran are net debtors, each with unique financial challenges. Additionally, the UAE and Saudi Arabia rank among the top ten largest oil producers and exporters worldwide, with Iran holding about a quarter of the Middle East's oil reserves.

With the combined GDP of BRICS+ projected to reach USD 68 trillion at PPP in 2024, surpassing the economic weight of the G7, the group's influence is set to grow. China's dominant position within BRICS+ remains, accounting for nearly 52 per cent of the bloc's GDP (PPP). As emerging markets continue robust growth, BRICS+ is expected to represent 38 per cent of global GDP by 2024, compared to 28 per cent for the G7. BRICS+ now represents a slightly larger share of the global population, increasing from 3.26 billion (41 per cent of the global population) to 3.64 billion, or 45 per cent by 2024. The 13 new partners announced during the 2024 summit add an additional 9 per cent in GDP (PPP) and 12 per cent of the world's total population. With more countries interested to join as official members and partners, BRICS+ could further expand its global economic and demographic footprint in the future.

*"We currently trade with whoever gives us the most in return."*

Manager, energy sector

[5] "Global South" is a geopolitical concept referring to a grouping of countries often not aligned with Western powers and includes many emerging and developing nations. The term gained widespread use in the 2000s, however, it has been criticised for potentially obscuring significant disparities in the economic and political situations of individual countries within this grouping.

CAPE TOWN, SOUTH AFRICA

*TREND OUTLOOK*

# WHY BRICS+ MATTERS

**The new BRICS+ aims to shift the balance of power in the bloc's favour and become a force to be reckoned with. What are the implications for global trade? Here's a deeper look into four key trends.**

While BRICS has previously struggled to exert geopolitical influence matching the bloc's economic reach, the expansion to BRICS+ introduces a new set of dynamics – especially in the context of a shifting global economic landscape marked by slower growth, rising protectionism, increased capital costs, shifting labour markets, and heightened geopolitical tensions. These are all factors that have given the BRICS group impetus to raise its ambitions.

When it comes to shaping global trade, energy security, monetary policies and infrastructure financing, BRICS+ is set to gain relevance and claim a more prominent seat at the table. The recent expansion of the alliance could bring significant changes reflected in the four key trends outlined below.

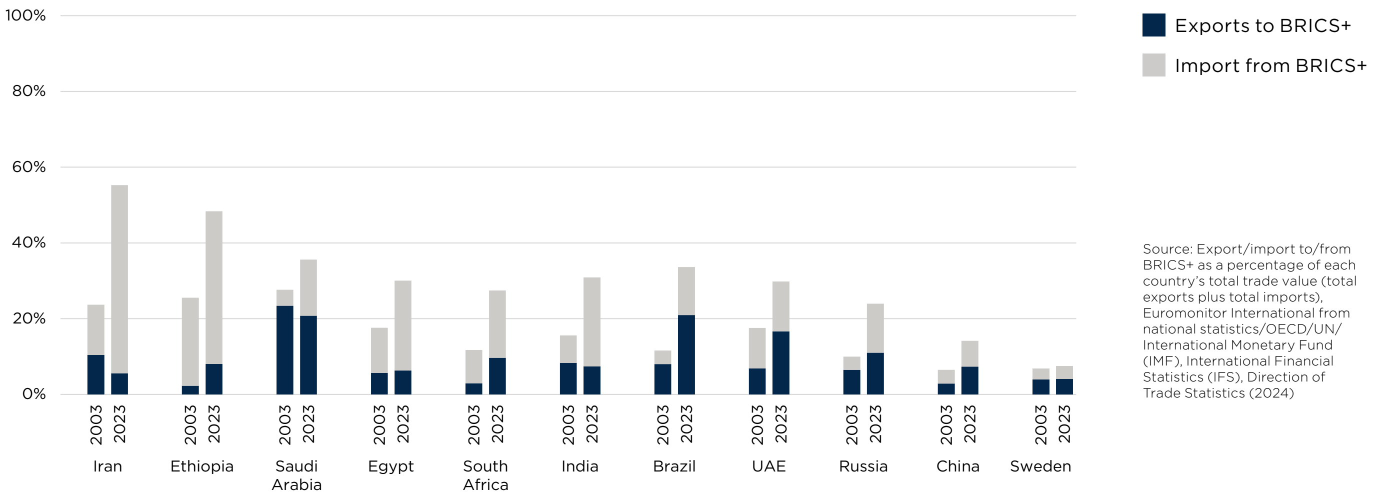
## 1. FOCUS ON INTRA-BRICS TRADE

Trade data shows growing interdependence among BRICS+ members, driven by intensified multilateral and bilateral relations. For example, Western sanctions on Russia have prompted the country to redirect its exports towards BRICS+ markets. While G7 nations are diversifying their trade partners, reducing reliance on intra-bloc trade, BRICS+ is strengthening its trade ties despite criticism over limited formal trade agreements. Emerging markets are also increasingly trading with BRICS+, and if this trend continues, it could dethrone the G7's position as the top trading partner in terms of total volume.

Although BRICS+ does not have an exclusive free trade agreement (FTA) with all members, the expansion integrates a new range of existing alliances and FTAs. The Gulf Cooperation Council (GCC), Pan-Arab Free Trade Area (PAFA), the African Continental Free Trade Area (AfCFTA), and Common Market for Eastern and Southern Africa (COMESA) will collectively enhance the BRICS+ trade network in the Middle East, Africa, and globally.[6] New members also bring other economic partnerships with the West, such as Saudi Arabia's Trade and Investment Framework Agreement (TIFA) and the US and Egypt's participation in the Euro-Mediterranean Partnership (EUROMED). The UAE has six operational Comprehensive Economic Partnership Agreements (CEPAs) with countries such as India and Indonesia, with 20 more signed and underway, as part of its strategy to position itself as a global trade and logistics hub.

BRICS+ TRADE RELIANCE OVERVIEW

Share of total trade with BRICS+ members, 2003 versus 2023

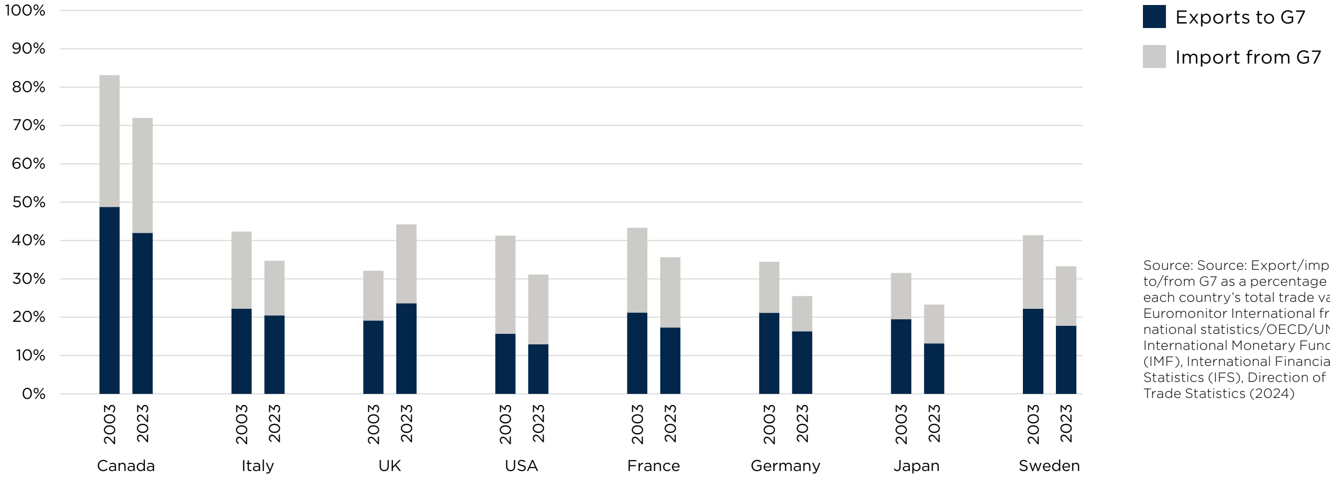



Source: Export/import to/from BRICS+ as a percentage of each country's total trade value (total exports plus total imports), Euromonitor International from national statistics/OECD/UN/ International Monetary Fund (IMF), International Financial Statistics (IFS), Direction of Trade Statistics (2024)

[6] The GCC is a regional political and economic union with all Arab states of the Persian Gulf, including Saudi Arabia and the UAE, but excluding Iraq. PAFTA, also known as the Greater Arab Free Trade Area (GAFTA), is a trade agreement for economic integration between 18 Arab countries by reducing trade barriers and promoting free exchange of goods. Egypt, Saudi Arabia, the UAE are members of PAFTA. Both Egypt and Ethiopia are members of AfCFTA, aiming to eliminate trade barriers in intra-Africa trade. COMESA, including Ethiopia, promotes regional integration through trade and development of natural and human resources.

## G7 TRADE RELIANCE OVERVIEW

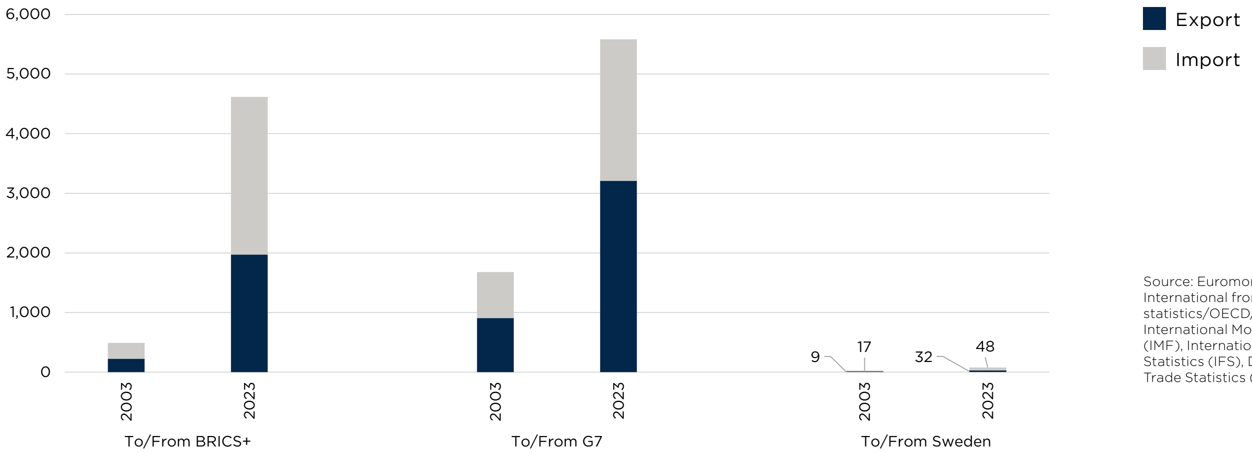
Share of total trade with G7 members, 2003 versus 2023




Source: Source: Export/import to/from G7 as a percentage of each country's total trade value, Euromonitor International from national statistics/OECD/UN/ International Monetary Fund (IMF), International Financial Statistics (IFS), Direction of Trade Statistics (2024)

## RISING TRADE WITH BRICS+ IN EMERGING AND DEVELOPING COUNTRIES

Trade overview BRICS+, G7 and Sweden, USD billion, 2003 vs 2023




Source: Euromonitor International from national statistics/OECD/UN/ International Monetary Fund (IMF), International Financial Statistics (IFS), Direction of Trade Statistics (2024)

BRICS+ could significantly enhance internal market access through joint trade facilitation and harmonised economic policies to challenge the G7's global influence, particularly in emerging and developing markets. With the recent and upcoming G20 presidencies held by BRICS+ members – India in 2023, Brazil in 2024, and South Africa in 2025 – the bloc is well-positioned to shape the G20 agenda, amplify its economic priorities, and strengthen its role in global governance. This strategic influence underscores BRICS+'s potential to redefine trade dynamics.

### 2. CONSOLIDATION OF ENERGY AND RAW MATERIALS

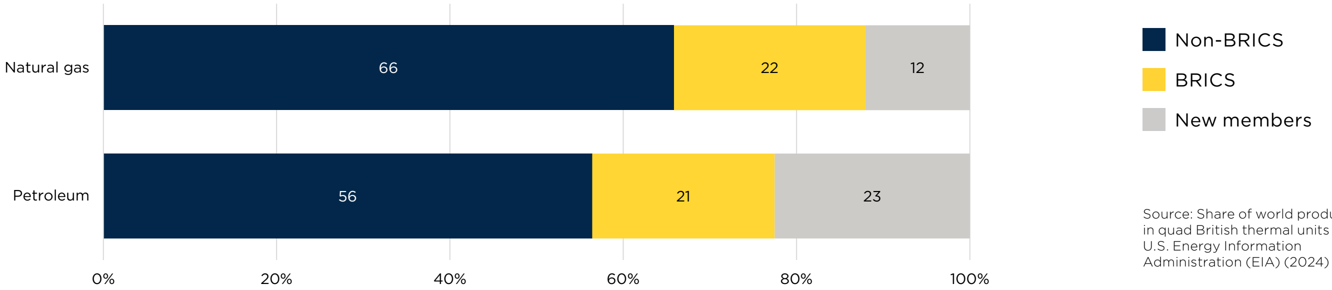
The expanded BRICS+ group will include some of the world's largest energy producers and consumers. With the presumptive addition of Saudi Arabia, the UAE, and Iran, these new members will contribute 12 per cent of global natural gas and 23 per cent of petroleum production. This means that BRICS+ will control nearly half of the world's oil supply. Coupled with rising energy demand from non-oil-producing members like China – the largest global crude oil importer – this could significantly shift energy market dynamics.

BRICS+ offers a strategic platform for key oil producers, including Russia, Saudi Arabia, the UAE, and Iran, to strengthen economic ties and potentially boost downstream investments. For countries like Russia, facing Western sanctions, BRICS+ provides an avenue to bypass Western-dominated financial systems and potentially influence global oil prices. However, despite shared interests in energy cooperation, the economic diversity and differing priorities among BRICS+ members could limit broader collective actions, likely leading to more bilateral or smaller-scale initiatives.

BRICS also plays a crucial role in the production and processing of critical raw materials. While many new members are not major producers of these materials, joining BRICS+ grants them access to leading producers such as Brazil, China, and South Africa. For instance, Brazil dominates global niobium production, China leads in magnesium, rare earths, and bismuth, and South Africa is a key supplier of platinum group metals.

GLOBAL ENERGY MARKET

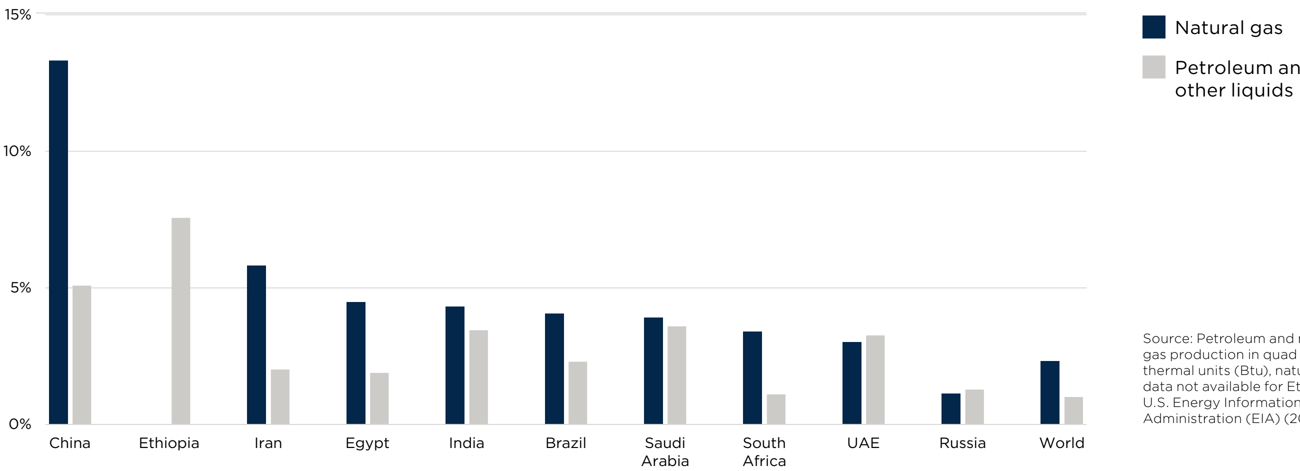
Share of total world petroleum and natural gas production, 2022




Source: Share of world production in quad British thermal units (Btu), U.S. Energy Information Administration (EIA) (2024)

PETROLEUM AND NATURAL GAS CONSUMPTION GROWTH

CAGR, 2002–2022




Source: Petroleum and natural gas production in quad British thermal units (Btu), natural gas data not available for Ethiopia, U.S. Energy Information Administration (EIA) (2024)

The Center for Strategic and International Studies (CSIS) suggests BRICS+ could adopt strategies similar to the US-led Minerals Security Partnership (MSP) to enhance investment in sustainable critical mineral supply chains. Saudi Arabia is making sizeable investments in lithium and other critical minerals in Brazil, notably a recent USD 2.6 billion deal to buy a ten per cent stake in Brazil's largest mining company, Vale's base metals division. This investment will give Saudi Arabia access to essential minerals such as nickel and copper, aligning with its goal to produce 500,000 electric vehicles by 2030. With its dominance in critical raw materials and significant role in global energy markets, BRICS+ is also poised to play a vital role in the global transition to a low-carbon economy.

## 3. TOWARDS DE-DOLLARISATION

Unlike the G7, the expanded BRICS+ bloc has diverse monetary and exchange rate policies, with most members using managed exchange rate regimes and various approaches to inflation targeting and capital controls. Despite these differences, trading and financing in local currencies have been key topics since the group's first summit in 2009, driven by the desire to move away from a dollar-dominated financial system.

While BRICS de-dollarisation efforts have drawn attention, their full impact remains underexplored. Though the dollar remains "hot-coded in the DNA of the bank" as the bank's former CFO Leslie Maasdorp put it, the NDB is aiming to increase local currency financing from 22 to 30 per cent. Recent initiatives include bond issuances in South African rand and Russian rubles. Russia and China's reduction in USD settlements—from 90 per cent to 46 per cent between 2015 and 2020 – and their push for alternatives to the Society for Worldwide Interbank Financial Telecommunication (SWIFT) network indicate a shift away from dependence on the dollar. Plans for a BRICS Pay system for retail transactions further underscores this trend.

Despite transactional prevalence and foreign currency reserve dominance, the US dollar's supremacy is showing some signs of weakening, particularly in oil markets, as transactions increasingly use currencies like the Chinese yuan (CNY) and UAE dirham (AED). For example, Russia sells oil in the local currencies of its buyers, and Indian refiners have paid in AED for Russian oil purchased through Dubai-based traders. This shift reflects a declining correlation between the US dollar's value and oil prices.

Historically, a 1 per cent appreciation of the US dollar would reduce Brent crude prices by 3 per cent between 2005–2013, but this correlation weakened to 0.2 per cent between 2014–2022, suggesting a declining impact of the dollar on oil prices and a greater influence of OECD oil inventories. BRICS+ members are also exploring digital currencies. Prospective member Saudi Arabia recently joined mBridge, a project using central bank digital currencies for international fund transfers, potentially reducing reliance on the US dollar for trade settlements over time.[7]

In all, BRICS members are exploring non-dollar financial institutions and market mechanisms to reduce dependency on the US dollar, while still engaging with the broader global financial system.

## 4. BOOSTING DEVELOPMENT AND INFRASTRUCTURE FINANCING

The BRICS+ expansion could slightly enhance the bloc's voting power in the IMF and increase its investment capacity through the New Development Bank, while strategic infrastructure projects involving new members like Saudi Arabia, the UAE, and Iran bolster the group's influence in global development and trade connectivity.

Although the expansion will only marginally increase the group's collective voting power in the IMF – from just under 15 per cent to around 18 per cent – it could allow BRICS+ to form a blocking minority on decisions requiring an 85 per cent supermajority on the IMF's Board of Governors.

The New Development Bank (NDB) remains a key achievement of BRICS, with several new members, including Egypt, India, Russia, Saudi Arabia, and the UAE, also participating in the Asian Infrastructure Investment Bank (AIIB). Saudi Arabia's potential inclusion in the NDB, backed by its substantial sovereign wealth fund, could enhance the investment capacity of BRICS+. While the influence of new members may remain secondary to the founding BRICS countries due to historical dominance in decision-making and financial contributions, the UAE and Saudi Arabia's economic diversification efforts could position the NDB as a key financier of sustainable development across BRICS+.

New BRICS+ members are integral to some notable strategic infrastructure initiatives. Saudi Arabia and the UAE's involvement in the India-Middle East-Europe Economic Corridor (IMEC) strengthens BRICS+ connectivity, linking India to Europe through a network of railways and maritime routes. Both countries have invested heavily in domestic rail networks, and UAE's logistics giant DP World manages key ports across India, enhancing trade connectivity. However, completing this corridor will depend on regional geopolitical stability.

Besides this, Iran is pivotal in the North-South Transport Corridor, a proposed route between India and Russia that bypasses Western sanctions. This corridor offers Russia an alternative trade path and allows India to access resources from Afghanistan and Central Asia. Russia has also committed to funding infrastructure development between Iran and Azerbaijan, while India has invested in Iran's Chabahar Port, with plans for further enhancements.

*"If you look back two or three years in Saudi Arabia, China has a 5 per cent market share. Now they have a 30 per cent market share. This is what we are a little concerned about since China has a strategy for the entire Middle East region."*

Regional Manager, transport sector

[7] A collaboration initiated by China, Hong Kong, Thailand, and the UAE in 2021. Using digital ledger technology, the project uses central bank digital currencies for international fund transfers between participating banks.

JAIPUR, INDIA

SWEDISH PERSPECTIVES

# HOW WILL BRICS+ AFFECT SWEDISH EXPORTS?

**Swedish companies have traditionally focused on individual BRICS markets and regions rather than viewing BRICS as a unified entity. But some industries are monitoring changes more closely than others.**

Examining Sweden's top 13 export categories from 2013 to 2023 shows mixed trends in BRICS+ markets. The import value of Swedish goods such as petroleum products, furniture, electrical equipment, telecom, pulp and paper, and instruments has declined among BRICS+ members.

Factors such as currency fluctuations and external trade shocks may contribute to these declines. However, imports from fellow BRICS+ countries in these same categories generally show positive or less negative growth, indicating stronger intra-BRICS+ trade ties.[8] For example, Swedish exports of electrical equipment and telecom products have faced significant competition from Asian exporters, particularly China, which has become a dominant player in these markets.

Similar trends are seen with petroleum products. While China has been an important import partner for countries in the Middle East, such as Saudi Arabia for oil exports, China is expected to increase its own exports to the region. Companies like Tencent and Alibaba are expanding their cloud and data storage capabilities in the region, aiming to support the region's smart city initiatives and investments in emerging industries, such as AI and advanced computing power, to diversify beyond fossil fuels.

Countries like Russia and Iran have increased imports from other BRICS+ members in several commodity groups, contrasting sharply with the decline in imports from Sweden, due to Western sanctions. This pattern underscores the countries' efforts to circumvent trade barriers and reduce reliance on Western markets. Apart from chemicals and pharmaceuticals, the import data for all other 12 commodity groups presents an overarching pattern of import growth average from BRICS+ exceeding or outperforming that from Sweden.

This, coupled with rising intra-BRICS+ trade, could pose growing long-term challenges for the competitiveness of Swedish exports in BRICS+ markets.[9]

## LONG-TERM CHANGE IN IMPORTS BY BRICS+ COUNTRIES FROM BRICS+ COUNTRIES VERSUS SWEDEN

Import CAGR for BRICS+ countries within Sweden's 13 largest commodity export groups

| COMMODITY GROUPS | IMPORTS FROM: | RUS | IR | KSA | SA | ETH | BR | CN | EG | IN | UAE | AVERAGE: |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Petroleum products | BRICS+ | -9% | -0.2% | 28% | -1% | -7% | 4% | 6% | 15% | 5% | 22% | 6% |
| | SE | -107% | -8% | -22% | 49% | -19% | -6% | 2% | 5% | -1% | -18% | -12% |
| Furniture | BRICS+ | -1% | 20% | 3% | -5% | 8% | 2% | -9% | -5% | -0.1% | 6% | 2% |
| | SE | -103% | -41% | -12% | 10% | 9% | -5% | -2% | -27% | 4% | 3% | -16% |
| Electrical equipment | BRICS+ | 6% | 7% | 3% | 4% | 3% | 2% | -3% | 5% | 11% | 22% | 6% |
| | SE | -110% | -27% | -13% | -5% | 20% | -1% | -3% | -15% | -11% | 5% | -16% |
| Machines | BRICS+ | 4% | 2.6% | 2% | 3% | -2% | 3% | -1% | 7% | 11% | 9% | 4% |
| | SE | -107% | -24% | -6% | -5% | -20% | -2% | 0.4% | 2% | 4% | 6% | -15% |
| Textiles and shoes | BRICS+ | -2% | 7% | 2% | -2% | 5% | -1% | -10% | 4% | 5% | 3% | 1% |
| | SE | -109% | 17% | 3% | -7% | -21% | 9% | 5% | -2% | 9% | 12% | -8% |
| Metals industry | BRICS+ | 3% | -4% | -1% | 1% | 1% | 2% | -3% | 5% | 8% | 6% | 2% |
| | SE | -110% | -11% | -4% | -0.4% | -9% | 7% | 8.3% | 6% | 7% | 2% | -10% |
| Pulp and paper | BRICS+ | 4% | -1% | 8% | 3% | 3% | 3% | 12% | 4% | 9% | 14% | 6% |
| | SE | -91% | -34% | -4% | -6% | -2% | -5% | 3% | 6% | 3% | 1% | -13% |
| Wood products/ processing | BRICS+ | -1% | -4% | 5% | 2% | 2% | 3% | 8% | 0% | 9% | 11% | 4% |
| | SE | -98% | -24% | -4% | 2% | -8% | 12% | 6% | -1% | 11% | 4% | -10% |
| Instruments | BRICS+ | 7% | 5% | 9% | 7% | 3% | 14% | -9% | 22% | 17% | 13% | 9% |
| | SE | -108% | 2% | -6% | -6% | -1% | -3% | 2% | -2% | 4% | 2% | -12% |
| Foodstuffs (food and beverage) | BRICS+ | -6% | -0.2% | -1% | -2% | 9% | -1% | 18% | 9% | 10% | 6% | 4% |
| | SE | -107% | 4% | 5% | 5% | 33% | 10% | 0.4% | -1% | 18% | 6% | -3% |
| Steel | BRICS+ | 2% | -6% | -4% | 2% | 1% | 7% | 8% | 9% | 6% | 10% | 4% |
| | SE | -110% | -23% | 10% | -1% | 0.2% | 0.3% | 1% | -8% | 7% | 4% | -12% |
| Automotive | BRICS+ | 7% | -9% | 14% | 7% | 10% | 10% | 1% | 2% | 7% | 21% | 7% |
| | SE | -110% | -46% | -4% | 2% | -27% | 3% | 5% | 21% | 8% | 4% | -14% |
| Chemicals and pharmaceuticals | BRICS+ | 8% | 4% | 5% | 4% | 9% | 9% | -1% | 7% | 9% | 13% | 7% |
| | SE | 98% | -22% | 4% | 1% | 15% | -1% | 3% | 15% | 6% | 1% | 12% |

Note: Growth rate (CAGR) is calculated from import data spanning 2013–2023 for all countries except Ethiopia, Iran, Russia, Saudi Arabia, and the United Arab Emirates, where latest available data for BRICS+ imports ranged from 2021 to 2022 for some or all commodity groups. CAGR was therefore calculated using the data points compared with 2013 or 2012. The UN Comtrade database converts all current prices to US dollars. Export data from Sweden to BRICS+ countries was used to calculate CAGR for BRICS+ imports from Sweden as Sweden's reported exports covered data from 2023. Import data among BRICS+ countries was used for the BRICS+ rows.

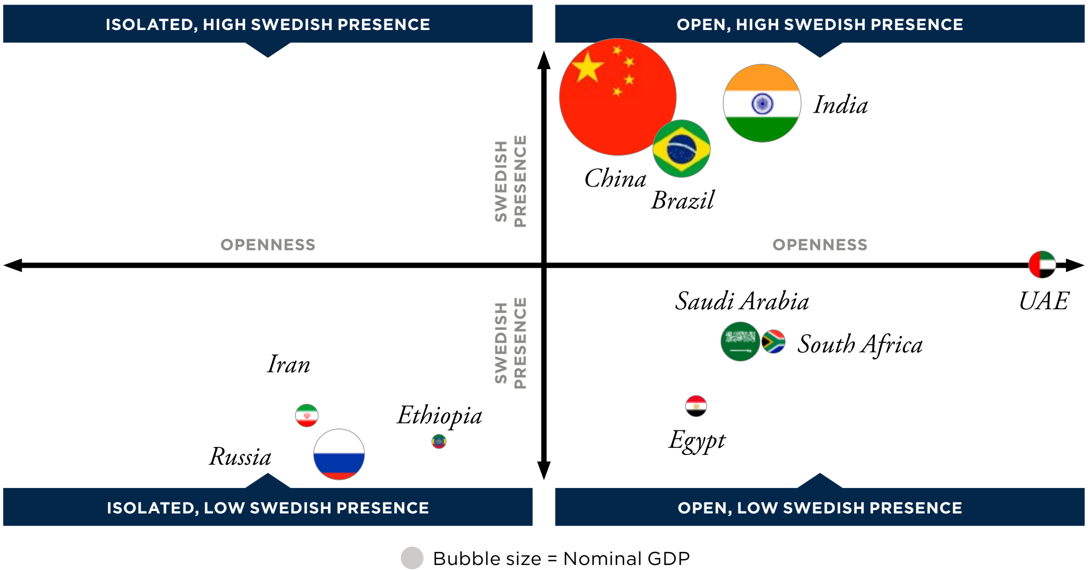
Source: UN Comtrade (2024)

[8] For more information on general developments in the global export market and how Sweden's export of goods is performing relative to other countries, view Business Sweden's report Global Export 2023.

[9] Data sourced from UN Comtrade's database with values reported in current prices converted to US dollars. This may affect results, especially for countries like Sweden, where a significant share of exports is priced in euros (EUR) or Swedish kronor (SEK). Measuring Swedish exports in USD may not fully capture performance due to currency fluctuations. External shocks like the Covid pandemic and invasion of Ukraine may also influence volumes and the relative value of exports.

## EASE OF MARKET ENTRY

Market openness versus Swedish presence




Note: Openness is measured by blending the Trade and Investment risk index and Trade Openness index and by weighing in US and EU sanctions as a factor. Swedish presence is measured by the estimated number of Swedish companies represented in the country.

However, expanding intra-BRICS+ trade could also present improving strategic entry points for companies looking to enter and grow in other emerging markets. Historically, Swedish companies have prioritised establishing presence in the largest BRICS+ economies such as China, India, Brazil, where openness to trade and investment is relatively strong. However, with growing trade interdependence, relatively less saturated markets such as Egypt, Saudi Arabia, the UAE, and South Africa could become important avenues for accessing trade opportunities within other BRICS+ member countries and broader emerging markets, especially as many of these new members seek to position themselves as crucial trading hubs.

### WHAT THE SWEDISH BUSINESS COMMUNITY SAYS

To gain insights into how Swedish companies perceive the expansion of BRICS, Business Sweden interviewed 16 Swedish stakeholders, including both corporate and government representatives active in various BRICS+ countries and regions.[10]

The representatives interviewed expressed having a limited understanding of BRICS and that implications have not been discussed internally. Until now, BRICS has not been seen to have unified influence, with no major shifts in the global business environment attributed to BRICS before its expansion. Instead, many perceived the group as simply sharing a common frustration with Western dominance.

Most companies view the impact of BRICS+ expansion as neutral, focusing more on individual markets and regions. Some stakeholders believe the expansion could lead to reduced tariffs and improved market access, while others worry about increased competition from BRICS countries and potential strain in relations with the West.

A retail manager based in China advocated for more trade partners, reduced tariffs, and aligned product standards to enhance market access for consumer goods, regardless of whether these benefits come through BRICS or other bilateral agreements. In contrast, a telecommunications manager in Ethiopia expressed concerns that increased trade among BRICS+ members could make the business landscape more challenging.

Concerns were also raised about how BRICS+ could affect supply chains and trade flows, particularly in telecom and transport due to factors like Chinese subsidies and Western trade restrictions, as a regional manager in telecom working in the Middle East emphasised. China subsidises EVs which enables them to compete on price in markets such as the UAE. The same executive also pointed out that Chinese companies are freely allowed to do business while US companies face certain license restrictions in telecom and IT, making "greater polarisation" a likely outcome. This could impact Swedish companies with US-made components or partnerships, which opens the playing field for other competitors in public contracts.

Meanwhile, executives in sectors such as forestry foresee minimal risk from the BRICS+ expansion but noted that certain segments such as paper and pulp, which are exported in large quantities to China, could see greater competition from Russia and Brazil. The question remains, they say, whether European sanctions on Russia will prompt Russia to export goods to BRICS and MENA countries instead. Others expressed the view that, ultimately, the most advantageous deal will prevail.

Overall, the BRICS+ expansion is not on the radar for most of the interviewed Swedish companies, though many plan to keep an eye on potential changes within the group. The expansion is seen by some as a sign of growing geopolitical polarisation, with varying implications across industries.

*"Politics aside, where there is a good deal, there will be business made. Sweden could still be the better deal."*

Manager, retail (formerly based in Russia)

[10] In total, 18 interviews were conducted with representatives from these 16 different Swedish stakeholders. The intent was to collect insights from individuals with experiences from different regions, BRICS+ countries, and industries to better understand how the international Swedish business community perceives the expansion of BRICS.

*CONCLUSION*

# FIVE STEPS TO TACKLE OPPORTUNITIES AND RISKS

**The rise of BRICS+ presents a new horizon of both opportunity and business risks for Swedish companies. Here are five ways to adapt to the changing landscape and safeguard long-term success.**

Given the implications of a larger BRICS bloc, Swedish companies operating in or looking to enter BRICS+ markets – or emerging and developing markets at large – need to build an understanding of potential risks but also how they can capture unfolding opportunities. The expansion of BRICS+ marks a new era for the group and adapting to potential changes is paramount.

In a world of growing economic fragmentation and geopolitical tensions, companies worldwide are taking steps to mitigate risks, diversify their supply chains, and future-proof their business to seize new opportunities.

Swedish companies should prepare for the potential impacts of BRICS+ developments on their operations and strategy by taking the following five actions:

*1* **Develop a BRICS+ conscious strategy:** With the expansion of BRICS+, Swedish companies face increased competition from member markets, particularly major players like China. Adapt your go-to-market strategy by leveraging opportunities in less saturated markets such as Egypt, Saudi Arabia, the UAE, and South Africa, which are all emerging as pivotal trade hubs.

These countries, with their strategic locations and focus on becoming trade hubs, could serve as gateways to other BRICS+ and emerging markets. This means that you can leverage BRICS+ dynamics for global expansion into emerging markets. Focus on sectors where Sweden has a competitive edge, such as sustainable technologies, healthcare, and advanced manufacturing, to navigate market pressures effectively.

*2* **Diversify and future-proof your supply chains:** Growing geopolitical tensions and the emphasis on localised production in BRICS+ countries highlight the need for more resilient supply chains. By exploring manufacturing and sourcing opportunities in new BRICS+ markets, you can tap into benefits such as cost efficiencies, reduced lead times, and increased agility.

In light of the growing geopolitical instability and supply chain trends of regionalisation, dual design, and dual sourcing and production, leveraging these local incentives can you build resilience and reduce reliance on any one specific region.

*3* **Proactively navigate geopolitical risks:** The shifting geopolitical landscape requires Swedish companies to adopt a proactive approach to risk management and strategic planning in capital allocation. Understanding the evolving dynamics between BRICS+ and Western nations, and potential shocks in geopolitics and trade, is crucial. You need to develop cross-organisational understanding and monitoring of these events to maximise opportunities while reducing supply chain risks.

Besides this, it is important to build a strong relationship with governments, businesses, and other stakeholders in BRICS+ countries to convey and emphasise Swedish business values, innovation, and quality. Your analysis should ideally encompass local business practices, potential sanctions and trade restrictions, global supply chain management, external partner evaluation, exchange rate strategies and compliance operations.

*4* **Capture infrastructure opportunities:** Significant infrastructure investments in BRICS+ countries, supported by entities such as the New Development Bank (NDB), present opportunities for Swedish companies, especially in sectors like sustainable energy, digital communications, and smart transportation. Evaluate how these infrastructure projects could impact economic connectivity and explore strategic partnerships for involvement.

*5* **Manage financial risks and opportunities:** The increasing use of local currencies could impact your financial performance and foreign exchange risk in BRICS+ markets.

You also need to be aware of the use of other local currencies in transactions between BRICS+ members while balancing your own pricing strategies to stay competitive and protect profits. At the same time, Swedish companies looking to expand in these markets may benefit from increased access to finance through BRICS+ financial institutions such as NDB or other intra-BRICS+ development and infrastructure financing initiatives.

NAJRAN, SAUDI ARABIA

# BUSINESS SWEDEN CAN SUPPORT YOU

Want to capture opportunities in developing BRICS+ markets? We can help you mitigate risks and navigate your way to success. Business Sweden offers local market knowledge, deep industry expertise and local networks.

Our advisers are based at offices in six of ten BRICS+ countries. Together, they can provide the analysis, scenario planning and insights you need to build a future-proof strategy.

With a unique mandate from the Swedish government and the business sector, our global team offers strategic advice and practical support in more than 40 markets worldwide.

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Sources: This report is built on both primary data, including interviews conducted by Business Sweden with Swedish and international stakeholders, and secondary data drawn from a variety of sources. These sources encompass official BRICS statements and documents, financial institutions (e.g., New Development Bank, JP Morgan, Asian Infrastructure Investment Bank, World Bank, International Monetary Fund, and International Financial Statistics), research organisations (e.g., Euromonitor International, BMI, and the Observatory of Economic Complexity), government bodies, news organisations (e.g., Bloomberg, Reuters, and the Financial Times), and academic institutions (e.g., University of Cambridge and Center for International Studies).

1061 (THE RISE OF BRICS+) 2024

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