

AN ANALYSIS OF EMERGING TRENDS IN ECONOMIC DIPLOMACY: A COMPARISON BETWEEN GROUP OF SEVEN (G7) AND BRICS ALLIANCE

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Abstract

Economic diplomacy is the use of diplomatic apparatuses and strategies to promote a country's economic interests abroad. This involves negotiating favorable trade agreements with other countries, attracting foreign investment, or facilitating international cooperation in areas such as technology transfer or development assistance, tourism promotion and use of economic intelligence to promote the economic wellbeing of a country. The conventional international economic order comprises Breton-wood institutions, world trade organizations and global resource control of advanced economics such as G7 group. However, the emerging order involves the rise of new economic powers in the developing world such as BRICS group, AIIB and the rising economic power of their currency including proposed BRICS currency. In this article, I will attempt to analyze the traditional as well as emerging trends that shape the new economic world order.

Keywords: *advanced economies, developing world, economic diplomacy, emerging trends, new economic world order,*

1. Introduction

Economic diplomacy is at the heart of modern foreign policymaking. The bargaining power of the negotiating parties are supposed to play an active

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role in achieving economic objectives through economic diplomacy (Chatterjee, 2020). The use of diplomatic instruments and strategies to promote a country's economic interests abroad is referred to as economic diplomacy. The ultimate purpose of economic diplomacy is to boost a country's economic competitiveness and international influence through leveraging relationships and collaborations with other countries. Some scholars use the term new economic diplomacy which explains how states conduct their external economic relations in the 21st century, how they make decisions domestically and how they negotiate internationally and how these processes interact (Bayne & Woolcock, 2017).

Economic diplomacy and development diplomacy are two related but distinct fields of diplomacy. Economic diplomacy is focused on promoting a country's economic interests and objectives through diplomatic means. This includes negotiating trade agreements, attracting foreign investment, promoting exports, and addressing issues related to finance, investment, and economic development. The primary goal of economic diplomacy is to create a favorable economic environment for a country and its businesses, while also addressing global economic challenges. Development diplomacy, on the other hand, is focused on promoting economic, social, and political development in developing countries. Development diplomacy seeks to support the development goals of these countries through diplomatic efforts such as foreign aid, technical assistance, and capacity building.

While there is overlap between economic diplomacy and development diplomacy, the two fields have different objectives and approaches. Economic diplomacy tends to focus on promoting a country's economic interests, while development diplomacy is focused on supporting the development goals of other countries. However, both fields can work together to promote economic growth and development, particularly in the context of international cooperation and addressing global challenges.

In the modern world, economic concerns are paramount. The great powers are competing with one another to promote their economic well-being. The growing China, India, Brazil, and their economic alliance such as BRICS are strongly opposing to US hegemony in the global market. The single means of international trade, the US dollar, is under scrutiny. BRICS is exploring for an alternative currency to the US dollar

in international trade. Proposed BRICS currency would be like a new union of up-and-coming discontents collectively outweigh not only the reigning hegemon, the United States, but the entire group of seven advanced economies (G7) weight class put together (Sullivan, 2023).

2. Historical perspectives

Since the early years of global trade and commerce, economic diplomacy has existed. Economic diplomacy was best demonstrated by the old Silk Road, which linked China to the Mediterranean and promoted trade and cultural interchange between various nations and civilizations.

As nations started to establish diplomatic missions and conduct economic negotiations with one another, economic diplomacy became more structured in the modern era. The development of the modern nation-state system and the expansion of global trade and investment were key factors in the birth of economic diplomacy as a separate branch of foreign policy.

During the 19th and early 20th centuries, economic diplomacy played a critical role in promoting trade and investment between countries. This period was characterized by the emergence of new economic powers, such as Germany and the United States, which sought to expand their economic influence through diplomatic channels.

After World War II, economic diplomacy became even more important as countries sought to rebuild their economies and establish new trading relationships. The creation of Bretton Wood Institutions such as the World Bank (WB), the International Monetary Fund (IMF), and the General Agreement on Tariffs and Trade (GATT), now World Trade Organization (WTO), helped to facilitate economic diplomacy and promote international cooperation on trade and investment. The Bretton Wood Institutions support to establish US dollar hegemony as the means of international exchange in foreign trade. The monetary diplomacy of hegemonic power suggests that a necessary and sufficient condition for starting and sustaining regimes is cooperation among the leading economic powers in a system (Gallarotti, 2022), which can be done using effective economic diplomacy.

In modern days, economic diplomacy has become even more important as globalization and technological change have transformed the global economy. Countries now engage in economic diplomacy to promote their economic interests in a range of areas, including trade, investment,

and innovation. Economic diplomacy is also used to address global challenges such as climate change, poverty reduction, and sustainable development. Overall, the history of economic diplomacy reflects the changing nature of the global economy and the role that diplomacy plays in promoting economic growth and development.

In the changed context of global power balance, economic diplomacy is a powerful tool for countries looking to expand their influence on the global stage and achieve their foreign policy objectives. The future of economic diplomacy is likely to be shaped by several factors, including the changing dynamics of the global economy, new technological advancements, and a growing emphasis on sustainability and social responsibility.

In the recent years, one of the emerging trends we are seeing is an increased focus on strategic alliances and partnerships between countries. These collaborations enable stakeholders to pool their resources, combine their expertise, and tackle complex economic challenges together. At the same time, new technologies like blockchain, artificial intelligence (AI), and big data analytics are redefining the ways in which we approach economic diplomacy. These tools can help us develop new trade and investment models, predict market trends more accurately, and improve transparency and accountability in economic decision-making.

Moreover, there is a growing recognition among policymakers and business leaders that economic growth must be balanced with environmental protection and social equity. As a result, we can expect to see a greater emphasis on sustainability in future economic diplomacy efforts, such as promoting energy-efficient industries, supporting local communities, and investing in eco-friendly infrastructure.

3. Top Ten Economies of the World

The top ten influential economies of the world are presented in figure 1. According to World Bank USA has the largest Gross Domestic Product (GDP) which counts 23.32 trillion American dollars in 2021. US economy is followed by Chinese economy with the GDP of 17.73 trillion American dollars. Similarly Japanese economy ranks third largest with GDP of 4.94 trillion American dollars. The fourth to tenth ranked economies are Germany (GDP of 4.26 trillion USD), India (GDP of 3.18 trillion USD), United Kingdom (GDP of 3.13 trillion USD), France (GDP of 2.96 trillion USD), Italy (GDP of 2.11 trillion USD), Canada (GDP of

1.99 trillion USD), and South Korea (GDP of 1.80 trillion USD).

These top ten countries always try to seek their economic interest in the negotiations in international forum. They try to influence the policies of world bank, international monetary fund, and other development banks. They also try to pursue their economic interest in the United Nations. They are influential in international trade, investment, income and employment. The size of economy matter for economic diplomacy.

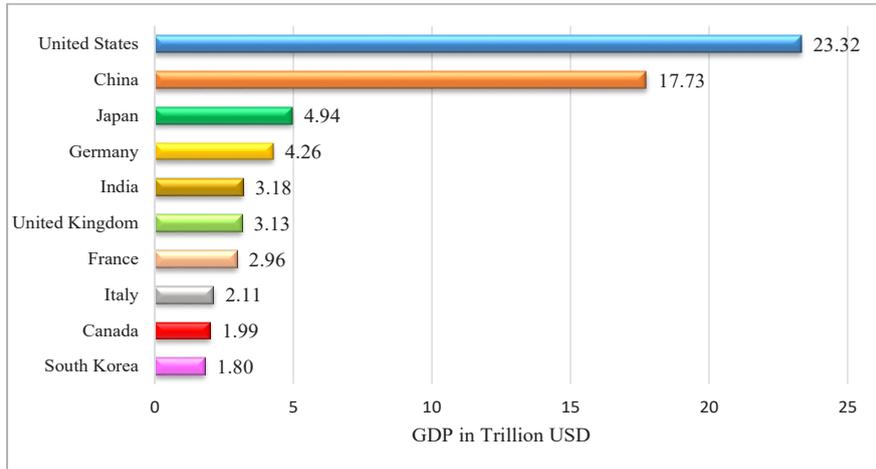


Figure 1: Top Ten Economies and Their Size

Source: Prepared by the author based on World Economic Indicators 2023.

These top ten economies are also big donors for poor countries in terms of foreign aid. They spend millions of dollars to support least developed countries in terms of technical assistance, humanitarian assistance, program and project-based assistance to influence the economic policies in their favor. In some respects, foreign aid has emerged as a new form of dollar diplomacy, with financial support used to advance diplomatic objectives (Adams, 2019).

4. The Conventional Economic Order

The advanced and industrialized economies are the main players in shaping the conventional economic order. The group of seven developed countries also called G7 is a powerful informal group which is influential in economic diplomacy. The World Bank, IMF, WTO, ADB and other international development finance institution set conventional economic order. The World Bank plays a large role in economic diplomacy providing development assistance to countries around the world, helping them to

build infrastructure, reduce poverty, and promote economic growth.

The International Monetary Fund (IMF) is an organization that promotes international economic cooperation and provides financial assistance to member countries in need. IMF provides its members the credit facilities to maintain balance payment, and foreign exchange stability.

The WTO is an international organization that promotes free trade among its members. Through negotiations, agreements and dispute settlement procedures, the WTO works to help companies conduct their business across borders as smoothly as possible, while also enforcing fair competition and protecting consumers' health and safety. Economic diplomacy is a key component of the WTO's work, as it seeks to foster cooperation and collaboration between countries on issues ranging from investment to trade in services, intellectual property, and tariffs.

The conventional economic order is facing global economic challenges which can be characterized by significant imbalances, with some countries running large trade surpluses while others run large trade deficits. This can lead to tensions and conflicts as countries seek to protect their own interests. Similarly, economic nationalism can lead to trade wars and undermine the principles of free trade. The global financial system is subject to frequent bouts of volatility, with stock markets, currency markets, and bond markets experiencing sharp fluctuations in response to economic and geopolitical developments. Rapid advances in technology are transforming the global economy, creating winners and losers, and disrupting traditional industries. This can lead to job losses and economic dislocation, particularly in developing countries. Climate change and other environmental challenges are placing increasing pressure on the global economy, with the potential to disrupt supply chains and cause significant economic damage.

To address these challenges, countries need to engage in effective economic diplomacy and work together to promote a stable and sustainable global financial order. This requires cooperation on issues such as trade, investment, and financial regulation, as well as a commitment to multilateralism and the rule of law.

5. Emerging Alternatives to Current Economic Order

These alternative proposals are often controversial and require significant changes to the current global economic order. However, they offer different approaches to addressing some of the key challenges facing the global economy, such as inequality, environmental sustainability,

and economic instability. The new international economic order (NIEO) refers to a proposal for a more equitable distribution of wealth and power between developed (industrialized) and developing countries. It was first proposed in the 1970s as a response to concerns about the unfairness of the global economic system, which favored wealthy countries at the expense of poorer ones. The NIEO called for measures such as debt relief, greater access to markets, and new international institutions to promote economic and financial cooperation. While some elements of the NIEO have been implemented, others have not, and the idea continues to be debated today.

We can take group of Brazil, Russia, India, China, and South Africa (BRICS) and Asian Infrastructure Investment Bank (AIIB) as alternative emerging order for comparison to conventional order. BRICS countries are leveraging their collective economic clout to exert more influence on the global stage, and are using economic diplomacy to support their own national interests and those of other developing countries. Recently, BRICS has proposed an alternative currency replacing US dollar. BRICS alliance could soon expand and become BRICS+ in a joint effort to take on the U.S. dollar's global status.

The number of nations that are eager to join the BRICS partnership and adopt the new currency for international trade is expanding. Russia and China are pleading with other developing nations to join the global campaign to dethrone the U.S. currency. The U.S. dollar is being sought after to be replaced by local currencies or new forms of exchange in developing nations in Asia and Africa. The development is impeding the dollar's ambitions and putting its position as the global reserve currency in jeopardy. In August 2023, South Africa will host the leaders of BRICS. Among the items on the agenda is the creation of a new joint BRICS currency. A BRICS currency is unlikely to dislodge dollar any time soon but it signifies growing challenge to established economic order (Papa, 2023). Afghanistan, Algeria, Argentina, Bahrain, Bangladesh, Belarus, Egypt, Indonesia, Iran, Kazakhstan, Mexico, Nicaragua, Nigeria, Pakistan, Saudi Arabia, Senegal, Sudan, Syria, the United Arab Emirates, Thailand, Tunisia, Turkey, Uruguay, Venezuela, and Zimbabwe have shown interest to join BRICS alliance.

Similarly, Asian Infrastructure Investment Bank (AIIB), which is a multilateral development bank founded in 2015 to promote infrastructure and economic development across Asia, is also an emerging institution for financing infrastructures in the world. AIIB focuses its investments

on sectors such as energy and power, transport and telecommunications, rural infrastructure and agriculture development, water supply and sanitation, and urban development and logistics.

There are several proposed alternatives to the current global economic order, including fair trade, localism, socialism, degrowth and universal basic income.

6. Comparison between Group of Seven (G7) and BRICS Alliance

In this article, we can take World Bank, IMF and WTO as conventional order while group of seven (G7) as a representative of advanced economies for the further analysis between conventional and emerging trend. Similarly, we can take BRICS as emerging representative of developing world to compare with group of seven countries (G7).

The G7 is a grouping of seven of the world's advanced economies. This group includes the countries named Canada, Italy, France, Germany, Japan, the United Kingdom, and the United States. Three of the countries of this group (France, the United Kingdom and the United States) are the permanent members of United Nations (UN) Security Council and have veto power. All these seven countries are in the top ten economy of the world. They have great economic power in the world. They can influence economic policies of World Bank, the IMF, WTO and the UN and other international forums. They are the leading countries in influencing global economic diplomacy.

In the other hand, BRICS refers to the acronym of group of five emerging national economies of Brazil, Russia, India, China, and South Africa. As an alliance, BRICS countries are increasingly important players in the global economy, and have been working together to increase trade among their respective nations. This could potentially lead to greater opportunities for economic growth and development. They are increasingly emerging economies which can influence economic diplomacy and set up new economic order.

G7 and BRICS represent different groups of economies. G7 members represent advanced economies with high income while BRICS members represent developing world with higher or lower middle income. In this article, I compare market size, economy and income, investment and investment capacity and trade engagements of both the groups so that we can identify the emerging economic powers that can shape future international economic order.

A. Market Size

Group of seven (G7) and BRICS both has big market size. G7 covers 15.57 % of the global surface area and 7.73 billion people (9.80% of the global population) live in these countries. Canada and USA are the two biggest countries in this group while the United Kingdom and Italy are the smallest in size. USA has the largest while Canada has the smallest population among the countries of this group (see table 1).

Table 1: Surface Area and Population of G7 Members

Country Name	Surface Area		Population in 2021	
	in 1000 sq. km	% of World	in millions	% of World
Canada	9,985	7.34	38	0.48
Italy	301	0.22	59	0.75
France	552	0.41	68	0.86
Germany	357	0.26	83	1.05
Japan	378	0.28	126	1.59
United Kingdom	243	0.18	67	0.85
United States	9,373	6.89	332	4.21
G7	21,188	15.57	773	9.80
World	136,060	100.00	7888	100.00

Source: World Development Indicators 2023 and UNFPA, <https://www.unfpa.org/data/world-population/>

BRICS covers 29.27% of the global surface area and about 3.28 billion people (41.04% of the global population) live in this BRICS member countries. Russia, China, Brazil and India are the are the four biggest countries in surface areas while South Africa is the smallest in size among BRICS members (see table 2).

Table 2: Surface Area and Population of BRICS Members

Country Name	Surface Area		Population in 2021	
	in 1000 sq. km	% of World	in millions	% of World
Brazil	8,516	6.26	214	2.72
Russia	17,098	12.57	143	1.82

Country Name	Surface Area		Population in 2021	
	in 1000 sq. km	% of World	in millions	% of World
India	3,288	2.42	1408	17.84
China	9,707	7.13	1412	17.90
South Africa	1,221	0.90	59	0.75
BRICS	39,830	29.27	3237	41.04
World	136,060	100.00	7888	100.00

Source: World Development Indicators 2023 and UNFPA, <https://www.unfpa.org/data/world-population/>

Compared to G7, BRICS is about two times bigger in surface area and four times bigger in population. BRICS alliance has huge market compared to G7. For the consumption of finished goods and services, the size of market matters. Therefore, BRICS alliance is an emerging group which can provide a better alternative to the advanced economies as G7.

B. Economy and Income

G7 members collectively has 44.24% of Gross Domestic Product (GDP) of the world. It has 47.2 trillion economies. Average economic growth of this group is 5.27% which is slightly lower than world average (5.87%) in 2021 (see table 3).

Table 3: GDP and Per Capita Income of G7 Members

Country Name	GDP in 2021			Per capita Income in 2021(USD)
	In Billion USD	% of World	Growth (%)	
Canada	1,988.34	2.06	4.54	48,310
Italy	2,107.70	2.18	6.74	35,990
France	2,957.88	3.06	6.82	44,160
Germany	4,259.93	4.41	2.63	51,660
Japan	4,940.88	5.12	1.66	42,650
United Kingdom	3,131.38	3.24	7.52	44,480
United States	23,315.08	24.15	5.95	70,930
G7	42,701.19	44.24	5.27	59,163
World	96,527.43	100.00	5.87	12,026

Source: World Development Indicators 2023

G7 members are among the richest countries in the world. The average per capita income of this group is 59,163 USD which far better than average per capita income of the world (12,026 USD).

BRICS alliance has 24.72 trillion USD economy which is 25.61% of world GDP in 2021. Average GDP growth of this group is 7.66% which is larger than world average (5.87%). India and China are the fastest growing economics among the BRICS group members (see table 4).

The average per capita income of BRICS alliance is 10,250 USD which is lower than the world average per capita income (12,026 USD). China and Russia have almost similar per capita income (11,880 USD and 11,610 USD) while India has the lowest per capita income (2,150 USD) among the BRICS members.

Table 4: GDP and Per Capita of BRICS Members

Country Name	GDP in 2021			Per capita Income in 2021(USD)
	In Billion USD	% of World	Growth (%)	
Brazil	1,608.98	1.67	4.62	7,740
Russia	1,778.78	1.84	4.75	11,610
India	3,176.30	3.29	8.68	2,150
China	17,734.06	18.37	8.11	11,880
South Africa	419.02	0.43	4.91	6,530
BRICS	24,717.14	25.61	7.66	10,250
World	96,527.43	100.00	5.87	12,026

Source: World Development Indicators 2023

G7 is richer group than BRICS in terms of economy and income. However, BRICS has lower GDP and per capita income than G7, it has a greater prospect and room to grow. The economies of G7 members are almost saturated as these countries has gained efficiency in using factors of production. But, the economies of BRICS members are in the phase of gaining efficiency. Labor market efficiency, higher education, use of higher technology can grow that economy of BRICS countries while research and development and new innovation is necessary for the growth of G7 economy.

C. Investment and Investment Capacity

G7 has lower average foreign direct investment (FDI) net inflow (1.72 % of GDP) in 2021 compared to the world average FDI net inflow of the same period (2.26 % of GDP). However, average foreign direct investment (FDI) net outflow (2.85 % of GDP) is higher than the average world FDI net outflow (2.31 % of GDP) in the same period (see table 5).

Data shows that Canada has the highest FDI net inflow (3.265 % of GDP) while United Kingdom has the lowest FDI net inflow (0.19 % of GDP). The number of globally ranked dollar billionaires is 1,123 in G7 Members out of total 2,640 in the world. United States has largest number of billionaire (735) in 2023.

Table 5: Foreign Direct Investment and Number of Billionaires in G7 Members

Country Name	Average FDI Net Inflow/ Net Outflow in 2021 (as % of GDP)		Number of Globally Ranked Billionaires in 2023
	Inflow	Outflow	
Canada	3.26	0.83	63
Italy	0.90	2.70	64
France	2.99	2.60	43
Germany	1.73	4.55	126
Japan	0.67	4.27	40
United Kingdom	0.19	5.14	52
United States	1.92	1.81	735
G7	1.72	2.85	1,123
World	2.26	2.31	2,640

Source: World Development Indicators 2023 and Forbes 2023

Compared to G7, in an average BRICS has higher FDI net inflow (2.05 % of GDP) and lower FDI net outflow (0.92 % of GDP). FDI net inflow and outflow of BRICS is lower than world average (2.26% of GDP and 2.31 % of GDP). Among BRICS members South Africa has the largest FDI net inflow (9.86% of GDP) and India has the lowest FDI net inflow (1.41% of GDP). Similarly, among BRICS members Russia has the

largest FDI net outflow (3.70 % of GDP) and South Africa has no the lowest FDI net outflow (no outflow).

Out of total 2,640 globally ranked dollar billionaires of the world in 2023, 925 are from BRICS members. China has the largest number of globally ranked dollar billionaires (595) among BRICS members while South Africa has the lowest number of globally ranked dollar billionaires.

Table 6: Foreign Direct Investment and Number of Billionaires in BRICS Members

Country Name	Average FDI Net Inflow/ Net Outflow (as % of GDP)		Number of Globally Ranked Billionaires in 2023
	Inflow	Outflow	
Brazil	2.89	1.01	51
Russia	2.27	3.70	105
India	1.41	0.54	169
China	1.88	0.72	595
South Africa	9.86	0.00	5
BRICS	2.05	0.92	925
World	2.26	2.31	2,640

Source: World Development Indicators 2023 and Forbes 2023

As the country grows rapidly, some of the rich business houses accumulate billions of dollars and invest them in their multinational companies. Increasing numbers of billionaires in a country will help in employment generation and the growth of the national economy. However, if not directed in the productive sectors by the government policies, it may also widen the gap between the haves and the have-nots.

D. Trade Engagements

The G7 Members have open economy and they are open to foreign trade. They are day by day exploring new innovative ideas in international trade. They have gained economies of scale in their products and economies of scope. I have mentioned their trade volume, share in world trade, number of partner countries with trade agreements and top five trading partners in 2022 in table 7.

Table 7: Trade Volume and Trade Engagements of G7 Members

Country Name	Trade Volume in 2022		Trade Agreements with Countries	Top Five Trading Partners
	in billion USD	% of World Trade		
Canada	1,187	2.38	51	USA, China, UK, Japan, Mexico
Italy	1,354	2.72	46	USA, UK, France, Switzerland, Poland
France	1,503	3.01	46	Germany, Italy, USA, Belgium, Spain
Germany	3,282	6.58	46	USA, France, China, Netherlands, UK
Japan	1,623	3.25	16	China, USA, South Korea, Thailand, Singapore
United Kingdom	1,214	2.43	99	USA, Netherlands, Germany, Switzerland, China
United States	5,303	10.63	20	Canada, Mexico, China, Japan, Germany
G7	15,466	31.01	46	
World	49,872	100.00	154	

Source: Direction of Trade Statistics 2023 and WTO Database 2023

Total global trade was US\$ 49.87 trillion while global trade of G7 was US\$ 15.47 trillion in 2022 constituting 31.01 % of total global trade. The G7 members are engaged in international trade with partner countries with an average of 46 trade agreements out of 154 countries with trade agreements with at least one country. United Kingdom has the largest number of countries with trade agreements (99) while Japan has trade agreements with only 16 countries. USA is the top trading partner of Canada, Italy, and United Kingdom and among the top five trade partners of Japan and Germany. China is in the top five trade partners of five G7 countries except Italy and France.

BRICS members are also open for international trade but have more restrictive policies in imports than G7 members. The BRICS group constitutes US\$ 8.64 trillion trade with 17.33% of world trade. China

solely has 11.54 % share in global trade. They have in average trade agreement with 16 countries. China is the top trading partner of Brazil, Russia, and South Africa and second largest trade volume with India. USA is top trading partner of India and among top five trading partner of all BRICS members (see table 8).

Table 8: Trade Volume and Trade Engagements of BRICS Members

Country Name	Trade Volume in 2022		Trade Agreements with Countries	Top Five Trading Partners
	in billion USD	% of World Trade		
Brazil	648	1.30	28	China, USA, Argentina, Netherlands, Spain
Russia	838	1.68	12	China, Netherlands, Germany, Belarus, USA
India	1,105	2.21	13	USA, China, UAE, Saudi Arabia, Russia
China	5,757	11.54	16	USA, Japan, South Korea, Vietnam, India
South Africa	297	0.60	13	China, USA, Germany, Japan, UK
BRICS	8,644	17.33	16	
World	49,872	100.00	154	

Source: Direction of Trade Statistics 2023 and WTO Database 2023

Trade agreements increase trade engagements. Trade agreements are the result of economic diplomacy and they are one of the best ways to open up foreign markets to domestic exporters. The G7 group has in average more trade agreements in force with 46 countries than BRICS group (16 countries). USA and China are the number one trading partner of most of the countries in the world In 2022, China's global trade volume of US\$ 5.76 trillion (11.54 % of global trade) is higher than USA's trade volume of US\$ 5.30 trillion (10.63 % of global trade).

As technology is rapidly changing after COVID-19, trade and technology are growing together. The powerful and rich countries are making the poor developing countries their market. According to Pigman (2020), we need collectively to control and manage emerging technologies so that trade in the future global economy benefits everyone. To succeed, we must be prepared to negotiate our economic future on the global diplomatic stage.

E. Summary of G7 and BRICS Comparison and Findings

The summary of the above analysis is presented in table 9.

Table 9: Summary of Comparison between G7 and BRICS

Category	G7	BRICS	Remarks
Members	Canada, Italy, France, Germany, Japan, UK, USA	Brazil, Russia, India, China, South Africa	G7 has seven members while BRICS has five members
Permanent member in UN Security council	France, UK, USA	Russia, China	Out of 5 permanent members of UN security council, 3 are from G7 and 2 from BRICS
Countries with nuclear weapons	USA, UK, France	Russia, China, India	Russia has the largest numbers of nuclear weapons
Claim in UN Security council	Germany, Japan	Brazil, India, South Africa	Powerful countries of both groups seeking their role in UN Security council as permanent member
Total surface area of world	15.57 %	29.27 %	BRICS is 1.88 times bigger in size than G7
Total population of world	9.80 %	41.04 %	BRICS has 4.19 times larger population than G7
Share of GDP of world	44.24 %	25.61 %	G7 has 1.73 times higher share of GDP than BRICS
Average GDP growth in 2021	5.27 %	7.66 %	BRICS has higher average GDP growth than G7

Category	G7	BRICS	Remarks
Average per capita income in 2021 (USD)	59,163	10,250	G7 has 5.77 times higher per capita income than BRICS
Average FDI net inflow in 2021 (% of GDP)	1.72 %	2.05 %	Average FDI net inflow is larger in BRICS than G7
Average FDI net outflow in 2021 (% of GDP)	2.85 %	0.92 %	Average FDI net outflow is larger in G7 than BRICS
Number of globally ranked billionaires in 2023	1,123	925	G7 has larger number of billionaires than BRICS
Share of total world trade	31.01 %	17.33 %	G7 has larger share of trade than BRICS
Trade partners among top five from another group	China	USA, Japan, Germany	USA and China are the two largest trade partners in both the groups.

Source: prepared by author using different sources

G7 and BRICS both are powerful groups with three all five permanent members in UN security council. Three members of G7 (USA, France and China) and two members of BRICS (Russia and China) are permanent members of security council having veto powers. France, USA and UK of G7 and Russia, China and India from BRICS have nuclear power. Russia is a country with largest number of nuclear weapons (about 6,000) followed by USA (5,400). They were competitors of cold war and now both are involved in Russia-Ukraine war. G7-Russia economic relation is almost cut off due to the sanctions imposed to Russia since Russian force invaded and occupied parts of Ukraine in a major escalation of the Russo-Ukrainian War beginning in 24 February 2022.

The surface area and population of BRICS group is larger than G7 group which shows that the size of market in BRICS is bigger than G7 for international trade of goods and services.

The size of G7 GDP is bigger than BRICS GDP but the average GDP growth of BRICS is higher than G7 showing that BRICS is a rapidly growing group. In future BRICS members such as China and India will grow to become the top first and second economy of world.

In terms of size of economy and per capita income, G7 is a group of rich, high income and economically advanced countries while BRICS is a group of developing countries with better prospects of economies. Foreign Direct Investment is inflowing in BRICS countries while outflowing from G7 members. Increasing number of dollar billionaires in BRICS shows that they are increasing their investment capacity and competing G7 group. G7 group has more trade engagement as a result of more trade a

7. Emerging Trends

There are many emerging trends in economic diplomacy such as digital diplomacy, regional and multilateral economic cooperation, sustainable development and climate change financing, public-private partnership, economic sanctions etc. These are just a few examples of new trends in economic diplomacy. It is a continuously evolving field as policy makers seek new tools and strategies to promote their country's interests in the global economy.

Means and ends dilemma in economic diplomacy is closely linked, as the means used to achieve economic goals can have significant implications for the outcomes of economic diplomacy. The ends of economic diplomacy are the economic goals that a country seeks to achieve through its diplomatic efforts. These goals can include promoting trade and investment, protecting domestic industries, attracting foreign investment, and advancing national economic interests.

The choice of means is crucial in economic diplomacy, as different approaches can have different outcomes. For example, a country that prioritizes free trade agreements may benefit from increased trade and investment, but may also face challenges in protecting domestic industries and addressing concerns about job losses and inequality. Conversely, a country that prioritizes protectionist measures may benefit from protecting domestic industries, but may also face challenges in attracting foreign investment and participating in global markets.

Effective economic diplomacy requires a careful balancing of means and ends, considering the interests of different stakeholders and the broader implications of economic policies. This requires a deep understanding of economic trends, political dynamics, and social and environmental issues, as well as a willingness to engage in dialogue and compromise to achieve mutually beneficial outcomes.

There are some triggers for new economic order. Some are mentioned as below.

- a. **USA-China economic conflict:** the trade war between the United States and China has had a significant impact on the global economy, creating uncertainty and slowing growth. While there have been some recent efforts to reduce tensions between the two countries, the long-term impact of the trade war remains uncertain.
- b. **Russia-Ukraine conflict:** the ongoing conflict between Russia and Ukraine has had a significant impact on the global economy, creating uncertainty and slowing global growth and causing economic recession.
- c. **Impact of COVID-19 in global economy:** the COVID-19 pandemic has had a significant impact on the global economy, with widespread disruption to trade, investment, tourism, production, and employment.
- d. **Post COVID-19 Economic Diplomacy:** post COVID-19 economic diplomacy is a critical topic that could navigate the economic challenges ahead. The challenges are: focus on building strong trade relationships with key partners, diversify supply chains, strengthen regional integration, leverage innovative technology solutions, advocate equitable distribution of resources. By implementing strategies like these, nations can make steady progress towards rebuilding their economies through diplomatic negotiations and collaborations that can meaningfully recover the global economy.
- e. **Emerging role of an economic diplomat:** Most of the country appoint economic diplomat to conduct economic diplomacy abroad. The role of a diplomat in economic diplomacy is to promote the economic interests of their country and to develop and maintain strong economic relationships with other countries. This involves working closely with government officials, business leaders, and other stakeholders to identify economic opportunities and to develop policies and strategies to maximize economic benefits. Diplomats also play a key role in negotiating trade agreements, investment treaties, and other economic agreements. They can also provide information and analysis to their home government about economic trends, policies, and developments in other countries. This information can be used to formulate better economic policies and strategies, and to identify opportunities for economic cooperation and partnership.

8. Conclusion

There are emerging issues and emerging players in economic diplomacy. BRICS alliance is an emerging economic group with huge market. BRICS is trying to establish a new global economic order by dislodging the hegemony of US dollar as a means of international trade. The conventional economic powers such as G7 alliance and the current global economic order has many challenges ahead.

However, economic interest of countries, groups and forums can collaborate each other to influence international economic policies in their favor. Emerging economic order, by means of effective economic diplomacy, requires enhanced commitment to multilateralism, a willingness to engage in dialogue and partnership through the recognition of the interdependence of national economies of developing world. It also requires a focus on sustainable development and environmental stewardship, as well as efforts to address poverty, inequality and promote social justice in the world.

There are also numerous opportunities for countries to work together to create a more stable and sustainable economic system. Through effective economic diplomacy and international cooperation, countries can promote economic growth, reduce poverty, and improve the lives of people around the world. The developing world can work together in international forum to influence the global economic policies and create a new global economic order.

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