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G7 *vs* BRICS+: Comparative Analysis of Financial and Economic Potentials

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ABSTRACT

Subject. The rapid economic growth of China and other developing countries has led to a large-scale transformation of the global economy and formation of a new center of power, around which countries have begun to get united focusing to abolish financial and economic dependence on the United States and its allies. To maintain its leading position, the United States instigated an escalation of geopolitical tensions. This aggravated the fragmentation of the global economy and world finance. As a result of such fragmentation, currently, there coexist two main blocs of countries: the G7 and BRICS+. The article presents an analysis of the basic financial and economic indicators of these groups of countries. **The objective of the study** is to identify the current state and development prospects of the financial and economic potential of the G7 and BRICS+. **Methodology.** Key features of the economic and financial development of country members of these groups are revealed stemming from comparative and economic-statistical analysis. **In conclusion,** indicates a significant financial and economic potential of the BRICS+. Besides, it is recommended to initiate a dialogue between developed and developing countries regarding the formation of a fundamentally new global financial and economic architecture.

Keywords: G7; BRICS+; fragmentation of world economy; macroeconomic indicators; public debt; external debt; international reserves

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INTRODUCTION

In June 2025, President of the Russian Federation Vladimir Putin pointed out at the St. Petersburg International Economic Forum that the global economy is undergoing the most extensive transformation of the recent decades: countries of the world community increase their potential altering the balance of power and the entire economic landscape of the planet [1]. At the core of this transformation stems the accelerated economic growth of developing countries: China, India, Russia, Brazil, etc. For example, from 2000 to 2024, China's share of global GDP increased from 3.6 to 16.8 per cent (in current prices),[1] and in terms of GDP on the basis of purchasing power parity (PPP), China took the first place in the world. In the same interim, the share of the United States in global GDP (in current prices) decreased from 30.3 to 26.2 per cent. Consequently, there emerged a new stronghold in the global economy, which united countries interested in eliminating financial and economic dependence on the United States and its allies, and in further development in accordance with their national interests.

Within the period of existence of the unipolar global financial and economic system headed by the United States, there piled up contradictions seriously jeopardising the global economy and global finance. One of such antagonisms is the imbalance between the role of the dollar in the global financial system and the US position in the global economy [2]. Having lost unrivaled economic command and the capability to ensure global stability, the USA, trying to maintain its superior position, has provoked growing geopolitical tensions worldwide and unleashed a trade war against China and other countries. The emergence of the new stronghold represented by the People's Republic of China (PRC) has intensified the fragmentation of the global economy [3, 4].

Currently, the Western world remains aligned with America, while the leading developing countries focus on a new direction towards China. Other states support one of these leaders, usually adopting a neutral position and equidistant engagement with them for their own benefit.

The bloc-driven format of global economic fragmentation leads to appearance of informal associations: the leading developed countries interact within the G7 (Group of Seven), and the leading developing countries within BRICS (now referred to as BRICS+, due to the entry of new members). At the end of 1999, the G20 (Group of Twenty) was established on the initiative of the G7 finance ministers to unite the leading developing countries. However, the effectiveness of its association is limited by existing internal contradictions among its diverse participants [5], as well as by the currently intensified rivalry between the USA and the PRC [6].

HISTORY OF THE G7 AND BRICS+

In the spring of 1973, the G7' history began on the US initiative at the informal meetings of the finance ministers of the USA, the UK, West Germany, and France.[2] The main topic of the agenda was financial problems in view of the abandonment of the fundamental principles of the Bretton Woods monetary system, the transition from fixed to floating exchange rates, the oil crisis, and the subsequent recession of the global economy.

In November of 1975, the event was elevated in the stature: leaders of states and governments attended the first summit held in France with participation of Italian delegation. From 1976, Canada became the seventh member of the group. Henceforth, their summits were held annually, their locations chosen on a rotating basis. From 1977, representatives of various international institutions were invited to take part. By the end of the 20th century, the regular G7 meetings became major international events.

In 1998, Russia joined the summit (then known as the G8), however, since 2014 it was no longer invited to join summits, and the association resumed its G7 format.

[1] The given figures are based on the World Bank data reviewed by the author. URL: https://databank.worldbank.org/source/world-development-indicators#

[2] G7: the Member-States, Objectives of the Institution, Summits. Rosbusinessconsulting.URL: https://www.rbc.ru/base/10/07/2024/6687873f9a79471ddf82190e

Nowadays, the solutions of the "Group of Seven" are purely suggestive in nature, and the core objective of the summits is to discuss the most vital financial, economic, and political issues, as well as to develop coordinated approaches to resolve them. The member states of geopolitical influence and global prestige exert a strong impact on the functioning of the economy and finance worldwide, as well as on the activities of various international institutions.

As to BRICS+, the title is the acronym of the member states' names: originally Brazil, Russia, India, China and later South Africa. The first four participants began direct interaction among them in 2006 and the maiden full-format BRIC assembly took place in June 2009 in Yekaterinburg. After South Africa's entry in December 2010, such in the BRICS format congresses were held annually. One of the primary objectives of the association is to foster open dialogue and cooperation that serve the common interests of all members, as well as "to build a harmonious world characterised by lasting peace and shared prosperity".[3]

In January 2024, Egypt, Iran, the United Arab Emirates (UAE), and Ethiopia joined BRICS, and in January 2025, Indonesia as well. The association in its expanded composition has been named BRICS+ unofficially. Nearly 30 states mainly from Asia and Africa have already applied for membership.[4]

The following current issues are under discussion at BRICS+ congresses: reform of global governance (including the Bretton Woods institutions), the development of independent payment systems and cooperation in various spheres [7]. The latest BRICS+ summit in July 2025 reaffirmed the course towards strengthening a multipolar world.

GENERAL CHARACTERISTICS OF THE G7 AND BRICS+

Since BRICS+ and the financial institutions it has established are often regarded as antagonists to the G7 and traditional international financial organisations [8], it is worth comparing the basic financial and economic indicators of these two associations in order to understand the approximate balance of power between the major blocs of the global economy and global finance. Notably, attempts to compare specific financial and economic aspects of activities of G7 and BRICS+ have been made many times by both Russian and international academic scholars [9–12]. However, in our viewpoint, a comprehensive financial and economic analysis is still required.

Definitely, the results of such an analysis should not be regarded universal truth for several reasons: the difference in numbers of countries in each association, unequal living standards, differences in the quality of economic growth and economic structure, as well as in cultural and historical traditions, etc. Besides, one should bear in mind that Iran and Russia are under external sanctions, which restrain the full-fledged development of their national economies and compel them to restructure relations with other states [13]. Anyway, the dynamics and the macroeconomic and financial indicators of the countries in each group allow for an evaluation of their existing potential and prospects for further development.

To gain a broad understanding of distinctive features of both associations, we compare some of their basic characteristics. The ten BRICS+ countries and the seven G7 countries altogether occupy half of the Earth's territory, in a ratio of 2:1. In terms of population size, BRICS+ exceeds the G7 fivefold, and according to World Bank data for 2024, both associations altogether account for nearly 58 per cent of the world's population.

The G7 comprises urbanised countries with the rural population of about 15–18 per cent. Japan and Italy deviate slightly from these values: almost 8 and 28 per cent correspondingly. As to BRICS+, the share of rural population is nearly 12 per cent in Brazil and the UAE, 22–24 per cent in Iran and Russia, 30–40 per cent in South Africa, China, and Indonesia, and it is predominant in India, Egypt, and Ethiopia, ranging from 56 до 76 per cent.[5]

[3] URL: https://www.mid.ru/ru/detail-material-page/1767167/

[4] URL: https://tass.ru/info/18558683

[5] Official data of the World Bank website. URL: https://databank.worldbank.org/source/world-development-indicators#

The mobile cellular saturation is equal among the population in BRICS+ and G7, however, the UAE and Russia even surpass Japan, which is the leader in its group. However, as to the number of mobile cellular subscriptions per capita, BRICS+ countries demonstrate considerable disparities: in 2023, this indicator for the UAE was 3.5 times higher than that for Ethiopia, which, along with India and Egypt, had an index below one. For comparison, the maximum difference within the G7 is a factor of 1.9 (with all members, except Canada, have an indicator above one).

As to political stability and potential violent, or terrorist actions, in accordance with The World Bank estimates (it ranges from –2.5 to +2.5, the higher score — the greater political stability), G7 significantly outperform BRICS+. The average indicator in the G7 is 0.54 (Japan is on top), while in BRICS+ it is –0.92 (the leader is the UAE).

THE MAJOR MACROECONOMIC INDICATORS

It is worth noting that the share of each association in global GDP (the paramount universally acknowledged indicator of economic development) differs substantially depending on the calculation method. In current prices, the G7 amounted for 44 per cent of global GDP in 2024, while BRICS+ accounted for approximately 27 per cent; based on PPP, the picture changes dramatically: 30 and over 41 per cent respectively (*Table 1*).

As illustrated in Table 1, each association has its own leader. The USA accounts for almost 60 per cent of its aggregate GDP in G7 and 26.2 per cent of the global GDP (in current prices), and based on PPP, almost 52 and nearly 16 per cent, respectively. China's share is about 62 per cent in BRICS+ of its aggregate GDP and approximately 17 per cent of the global GDP (in current prices), and based on PPP, almost 50.0 and 20.5 per cent, respectively.

Regarding the average GDP per capita (in current prices), the G7 leads by a wide margin (a factor of 4.7), however, the difference based on PPP is less substantial. If each group has no leader in GDP per capita (the USA and the UAE), the G7 surpasses BRICS+ by a factor of 6.9. If so, the difference between the leader (the USA) and the last one (Japan) in the G7 is a factor of 2.6 (in current prices), meanwhile in BRICS+ it is between the UAE and Ethiopia, at almost 49 times.

Thus, the living standard in the G7 states with the average GDP per capita is still higher — 3.8 times the global average in current prices and 2.7 times based on PPP than in BRICS+, where this indicator is 81 per cent of the global average and 6.7 per cent above the global average based on PPP. Besides, the G7 member states show no significant disparities in GDP per capita among themselves, except of the US and Japan. However, within BRICS+, one can distinguish three poles. Six countries indicate GDP per capita (in current prices) ranging from USD 1,011 to USD 6,253, three other countries range from USD 10,280 to USD 14,890. As to the UAE, its average index is USD 49,380, which would correspond to fifth place in the G7.

The dynamics of GDP volume in the core-of-five countries of BRICS+ throughout 2015–2024 were higher, than those among G7 states. Within this period, the share of aggregate GDP of G7 in global GDP (in current prices) decreased from 45.8 to 44.0 per cent, whereas that of the BRICS countries increased from 22.1 to 24.4 per cent. Based on PPP, the G7 share declined from 32.4 to 30.0 per cent, meanwhile the indicator of the BRICS members grew from 29.0 to 35.9 per cent. Whereby, average GDP per capita in the G7 rose by a factor of 1.26 (in current prices) and by a factor of 1.46 based on PPP. The analogous indicator for BRICS expanded by a factor of 1.39 (in current prices) and by a factor of 1.73 based on PPP (*Tables 1, 2*). Thus, throughout 2015–2024, the gap in per capita income levels between the G7 and BRICS shrank from a factor of 6.07 to 5.53 (in current prices), and from 3.13 to 2.65 based on PPP.

It is worth noting that in G7 states, the share of exports and imports in GDP is higher as compared to BRICS+ (30–33 vs. 20–23 per cent). Germany is the most dependent on foreign trade operations in G7: exports account for 42 per cent of the country's GDP, imports for 38 per cent, while

Table 1

The Size and Share of GDP in G7 and BRICS+ (in 2024)

Indicator / Country / A group of states	GDP, billions USD (current prices)	Share of global GDP, %	GDP, billion USD (at PPP)	Share of global GDP, %	GDP per capita, USD (at current prices)	GDP per capita, USD (at PPP)
World	111 326.3	100.0	185 886.7	100.0	13 673.0	24 247.9
USA	29 184.8	26.2	29 184.8	15.7	85 809.9	85 809.9
Germany	4659.9	4.1	6037.8	3.2	55 800.2	72 300.1
Japan	4026.2	3.6	6407.6	3.4	32 475.8	51 685.0
UK	3643.8	3.2	4196.5	2.2	52 636.7	60 620.3
France	3162.0	2.8	4201.5	2.2	46 150.4	61 321.6
Italy	2372.7	2.1	3589.1	1.9	40 226.0	60 846.9
Canada	2241.2	2.0	2702.8	1.4	54 282.6	65 463.1
G7 total	49 290.6	44.0	56 320.1	30.0		
China	18 743.8	16.8	38 190.0	20.5	13 303.1	27 104.8
India	3912.6	3.5	16 190.8	8.7	2696.6	11 158.8
Brazil	2179.4	1.9	4734.6	2.5	10 280.3	22 333.4
Russia	2173.8	1.9	6921.2	3.7	14 889.0	47 404.9
Indonesia	1396.3	1.2	4662.8	2.5	4925.4	16 448.2
UAE	537.0	0.5	847.9	0.4	49 377.5	77 958.9
Iran	436.9	0.4	1688.6	0.9	4771.4	18 441.5
South Africa	400.2	0.3	989.3	0.5	6253.3	15 457.4
Egypt	389.0	0.3	2225.1	1.2	3338.4	19 094.1
Ethiopia	126.7 (2022 г.)	0.1 (2022 г.)	432.9	0.2	1011.0 (2022 г.)	3278.4
BRICS+ total	30 169.0 (except Ethiopia)	26.8 (except Ethiopia)	76 883.2	41.1		

Source: compiled and calculated by the author according to data provided by The World Bank. URL: https://databank.worldbank.org/source/world-development-indicators#

the USA is the most self-sustaining (11 and 14 per cent, respectively).

As to the similar indicator in BRICS+, the UAE heads the list: its share of exports is over 108 per cent of the country's GDP, while imports constitute nearly 94 per cent, but Ethiopia is at the end of the list with exports at 5.5 and imports at about 12 per cent. Notably, the UAE is a leading trading hub for the Middle East and Africa and ranking among the top 20 global centres for trade in goods and services. The reason for this is a preferential tax regime: the tax on income from foreign trade is just 0.01 per cent. For comparison, in G7 countries it is 0.6–1.7 per cent, and in most BRICS+ countries it constitutes 1.4–5.5 per cent.

In general, trade operations are of more importance for the G7: for example, the German trade-to-GDP ratio is 80 per cent. The only exceptions are the USA and Japan, which make 25 and 45 per cent respectively. In most BRICS+ member states, the share of trade ranges from a third to a half of national GDP. However, the UAE and Ethiopia are in stark contrast: 202 and 17 per cent, respectively.

The trade in various services is of higher level among the G7 states. The leaders in both associations are the UK and India (nearly 29 and 15 per cent of their national GDP, respectively).

In 2024, inflation among the G7 states was generally lower if compared to BRICS+ with a substantial consistency ranging from 0.98 to 3.27 per cent from year to year. In BRICS+, the scale of difference was substantial: from 0.22 in China to 32.46 per cent in Iran.

The G7 states' unemployment rates in 2024 were also quite similar (from 2.56 in Japan to 7.37 per cent in France). As for the indicators of BRICS+, they were highly distinct: from 2.13 in the UAE to 33.17 per cent in South Africa, and, for comparison: 4.57 in China and 2.53 in Russia. Concurrently, from 2021 to 2023, the level of part-time employment (which essentially means a hidden form of unemployment) in the G7 averaged 40, compared to 24 per cent in BRICS+. However, the degree of its differentiation was notable, ranging from 3.24 in the UAE to 61.44 per cent in Ethiopia.

Regarding the investment attractiveness and investment potential of both associations, the average value of the relative capital inflow of foreign direct investment (FDI) into BRICS+ countries in 2024 was higher than into the G7 (1.75 and 1.18 per cent, respectively). Top BRICS+ performers in this indicator were the UAE, Brazil, Ethiopia, and Egypt, and within the G7 only Canada. However, as to aggregate volume, the G7's share was threefold higher, with its US leader, and Brazil in the top list of BRICS+.

As for the net outflow of FDI (the foreign direct investments by residents abroad minus capital repatriation and loan repayments), the G7 notably exceeded BRICS+ (averaging 2.25 against 0.90 per cent). Japan and Canada were leaders in this indicator. Within BRICS+, the major foreign investors were the UAE, Brazil, and China. In respect of aggregate volume, the G7's share was four times larger, but the gap would shrink, if Russia and Iran were able to maximise their potential in full.

KEY MACROFINANCIAL INDICATORS

Analysis of macro-financial indicators[6] implies that the level of consumption of produced national product is generally higher in the G7. In 2024, in five G7 countries, it exceeded 100 per cent of national GDP. Notable polarisation was revealed in BRICS+: in the six wealthiest countries, gross national expenditure accounted for 94–99 per cent of GDP, whereas in four countries it was 103–106.

In terms of expenditure on R&D within 2020–2023, the G7 has a clear advantage: 2.62 vs. 1.04 per cent of GDP. The G7 leaders are the US and Japan, while China leads in BRICS+ by a considerable margin. Companies from these three countries obtain certain competitive advantages and ensure their own technological superiority in the global market [14].

In terms of savings as a ratio of national GDP, the G7 lags behind BRICS+ averaging 22.40 vs. 25.23 per cent. In the G7, the top rates, nearly

[6] Compiled and calculated by the author based on the World Bank data. URL: https://databank.worldbank.org/source/world-development-indicators#

Table 2

The Size and Share of GDP in G7 and BRICS (in 2015)

Indicator / Country / Group of states	GDP, billion USD (at current prices)	Share of world GDP, %	GDP, billion USD (at PPP)	Share of world GDP, %	GDP per capita, USD (at current prices)	GDP per capita, USD (at PPP)
World	75 723.6	100.0	113 112.1	100.0	10 175.4	15 199.5
USA	18 295.0	24.1	18 295.0	16.1	56 849.4	56 849.4
Germany	3423.5	4.5	3966.5	3.5	41 911.0	48 558.4
Japan	4444.9	5.8	5200.9	4.6	34 960.6	40 906.5
UK	2927.9	3.8	2767.9	2.4	44 983.8	42 526.7
France	2442.4	3.2	2722.8	2.4	36 702.4	40 916.1
Italy	1845.4	2.4	2252.2	2.0	30 639.8	37 394.4
Canada	1556.5	2.0	1594.9	1.4	43 594.1	44 669.4
G7 total	34 935.6	45.8	36 800.2	32.4		
China	11 280.8	14.9	18 577.5	16.4	8175.3	13 463.3
India	2103.5	2.7	7204.5	6.3	1584.0	5425.0
Brazil	1802.2	2.3	2989.1	2.6	8936.2	14 821.4
Russia	1363.4	1.8	3526.2	3.1	9277.7	23 994.0
South Africa	346.7	0.4	759.9	0.6	6112.2	13 397.5
BRICS total	16 896.6	22.1	33 057.2	29.0		

Source: compiled and calculated by the author according to data provided by The World Bank. URL: https://databank.worldbank.org/source/world-development-indicators#

30 per cent are in Japan and in Germany, while the UK and the USA retain the bottom level (15.37 and 18.14 per cent, respectively).

Regarding BRICS+, China leads (42.49 per cent in 2023) as one of the global major creditors followed by Indonesia, Russia, India (30–34 per cent), African countries and Brazil with relatively low rates (13–21 per cent). It is worth noting that a high savings rate, on one hand, represents financial potential for further economic development, but on the other hand, this may indicate a lack of opportunities and conditions for effective investment in projects within one's country.

A comparison of the development level of domestic financial markets reveals a broad spectrum of indices within both associations. In 2024, the index of market capitalisation to national GDP was 213 for the USA and almost 44 per cent for Germany. Likewise in BRICS+: South Africa and Egypt: 246 vs. nearly 11 per cent.

Concerning the role of the banking sector in financing national companies, both associations

Table 3

Principal Debt Sustainability Indicators in G7 and BRICS+ (in 2024)

Indicator / Country	Government debt / GDP, %	External government debt / GDP, %	External government debt / Total external debt, %	Net international investment position, billions USD	Total External Debt / GDP, %	International reserves, in months of imports	International reserves / Total External Debt, %	Gold share in international reserves, %
USA	136.6	33.25	35.03	- 26 539.4	94.92	1.97	3.28	75.0
Germany	62.5	27.56	19.35	3 623.6	142.44	2.18	5.69	74.3
Japan	223.5	28.33	26.08	3 493.8	108.59	13.05	28.14	5.7
United Kingdom	153.3	27.09	9.91	−351.4	273.34	1.22	1.75	14.9
France	122.5	53.01	22.08	−696.7	239.99	2.38	3.72	72.2
Italy	135.3	41.98	36.30	347.9	115.63	4.00	10.58	70.7
Canada	121.4	25.91	18.33	1 341.6	141.32	1.57	3.78	0.0
China	88.3	2.17	16.81	3 295.7	12.91	11.23	142.82	5.5
India	81.6	4.06	22.11	−367.7	18.36	7.52	89.49	11.4
Brazil	74.0	8.76	26.57	−785.9	32.98	8.11	45.86	3.3
Russia	14.5	0.88	6.63	946.7	13.37	16.26 (2023)	209.42	32.1
Indonesia	38.8	14.54	47.68	−245.7	30.51	5.74	36.54	4.2
UAE	32.1	No data	No data	No data	No data	No data	No data	2.6
Iran	36.8	No data	No data	No data	No data	No data	No data	No data
South Africa	84.2	19.96	47.45	113.2	42.06	5.68	38.86	16.0
Egypt	82.9	20.36	51.06	−265.2	39.86	3.87 (2023)	28.96	23.7
Ethiopia	32.0	No data	No data	No data	No data	1.04 (2023)	-	0.0

Source: compiled and calculated by the author according to data provided by The World Bank. URL: https://www.worldbank.org/en/programs/debt-statistics; https://databank.worldbank.org/source/world-development-indicators#); МВФ / IMF. URL: https://data.imf.org/en/Data-Explorer?datasetUrn=IMF.STA: IIP(13.0.0); Trading Economics. URL: https://tradingeconomics.com/country-list/government-debt-to-gdp) и Банка России / and Bank of Russia. URL: https://www.cbr.ru/statistics/macro_itm/external_sector/ed/; https://www.cbr.ru/hd_base/mrrf/mrrf_m/

have their own frontrunners and laggards. In 2024, Japan, the UK and France were the leaders in the G7: their bank credit to the private sector ranged from 107 to 124 per cent of national GDP. As for BRICS+, China outperformed with 194 per cent, followed by Brazil and the UAE with a notable lag. It is worth noting that a large volume of bank credit is an important source of financial resources for the development of the national economy, but this also increases the risks due to deterioration of credit portfolio and the growth of non-performing loans from corporate borrowers.

Comparing levels of market capitalisation and the credit volume to the private sector allows for assessing the financial nature of the national economy, as well as the dominant type of corporate finance in a given country. The primary source of funding is financial market in the United States, Japan, and Canada. The pillar of corporate finance in Germany is bank credit, while in the UK both types prevail. As for BRICS+, the financial market is the primary source of funding in South Africa, the UAE, and India, whereas bank credit forms the main form of corporate finance in China, Brazil, and Russia.

Since individual indicators do not account for the complex, multidimensional nature of the financial sector of the economy, the International Monetary Fund (IMF) has developed a specialised Financial Development Index. In 2021 (data have not been published since 2022), the average index for the G7 was 1.76 times higher than that for BRICS+. However, compared to figures of 2015, the gap narrowed by 11 per cent.[7]

In terms of assess of national governments for financing public expenditures, a key indicator is the proportion of tax revenue to national GDP. In 2023, the G7 average indicator compared to the one of BRICS+ was notably higher: 18.4 vs. 10.1 per cent. The difference between the leader and a laggard being a factor of 2.5 meanwhile in BRICS+, it was overwhelmingly larger. The UK was the G7 record holder (27.4 per cent) and South Africa was the top list member of BRICS+ (26.0 per cent). Thus, the fiscal base in the G7 is more substantial to serve as a financial source enabling governments to implement various investment projects that foster national economic growth.

KEY INDICATORS OF DEBT SUSTAINABILITY IN THE G7 AND BRICS+

It is appropriate to determine and compare the degree of debt sustainability of the G7 and BRICS+ since the countries of both associations actively participate in international credit relations as both borrowers and lenders. In terms of total government debt (including debt of public authorities at all levels) to a percentage of GDP, in 2024, G7 countries exceeded BRICS+ by an average factor of 2.4 (*Table 3*).

The highest level of government debt (223.5 per cent of GDP) was recorded in Japan. Although no formal critical threshold exists, the European Union and the Eurasian Economic Union recommend certain threshold levels: 60 and 50 per cent of national GDP, respectively. In view of this, all G7 countries and some BRICS+ countries currently exceed these values, which indicates a high level of risk links to their debt policies. In 2024, the lowest government debt was fixed in Russia (14.5 per cent of GDP).[8]

Internal debt in both associations involves the predominant share of government borrowing. Commonly, its share is 77–82 per cent in the structure of government debt, however, in 2024, it accounted for 93 and 94 per cent, respectively in China and Russia. Thus, external borrowing does not play a major role in financing public expenditure in these countries.

External debt is of significant role for the structure of government debt: if a borrowing country fails to meet its obligations, it no longer uses international debt market instruments and loses confidence of a wide range of foreign investors. The paramount indicator of a state's external debt burden is the external debt-to-GDP ratio. As shown in *Table 3*, by this indicator of 2024, the governments of G7 states exceeded those of BRICS+ by an average factor of 3.4 (apart from Iran, the UAE, and Ethiopia, their comparable data are unavailable). Moreover, in both associations the magnitude of this indicator is notably

[7] Compiled and calculated by the author based on the IMF data. URL: https://legacydata.imf.org/?sk=f8032e80-b36c-43b1-ac26–493c5b1cd33b&sid=1481126573525

[8] Operational report on the execution of the federal budget for January-December 2024. URL: https://ach.gov.ru/upload/iblock/f7d/mp3zg8a6s3o7gzxxv2sl260u2r6mwmu4.pdf

different. In the G7, it ranges from 25.9 in Canada to 53.0 per cent in France and as to BRICS+, the minimum value of 0.88 per cent was recorded in Russia, and the maximum in South Africa and Egypt (19.96 and 20.36 per cent, respectively). Hence, the G7 governments much more actively attracted and used the external debt financing. For instance, the share of government debt in the total external debt of the USA and Italy is almost 35–36 per cent. The primary BRICS+ borrowers on the international debt market are among the governments of the African states and Indonesia: their share in the total external debt is 47–51 per cent.

The sustainability of the state's debts depends not only on the volume of government debt but also on the volume of corporate debt, primarily in external borrowing. As seen in *Table 3*, in 2024, in terms of total external debt as a percentage of GDP, the G7 exceeded BRICS+ by an average factor of almost six fold. Furthermore, all the G7 members outperformed the maximum threshold values for this indicator, which has not occurred in any BRICS+ country.[9]

One of the indicators of a state's debt sustainability is the volume of its international reserves. However, there is no single identifier of their adequacy. Various criteria are applied for this purpose: the most common is the requirement that a country obtains reserve assets sufficient for a 3-month financing of national imports. As shown in *Table 3*, in 2024, only Japan and Italy fulfill this criterion among the G7 members, whereas all BRICS+ countries adhered to this standard, except Ethiopia.

Since the rapid growth of external debt has become one of the major global financial problems, the volume of a country's international reserves is regarded as a kind of "safety cushion" in case of a shortage of funds for current servicing and paying off external debts. As follows from *Table 3*, in 2024, all G7 states, except Japan, covered the volume of national total external debts within the range of 1.7 to 10.5 per cent by their international reserves. A different situation was observed in BRICS+: even the minimum value of this ratio for Egypt (about 29 per cent) slightly exceeded the level of Japan and the highest indicator was registered in Russia (over 209 per cent). Hence, almost all G7 countries could struggle with servicing and repaying their external debt, if they face problems in its refinancing.

CONCLUSIONS

The G7 is a relatively homogeneous and politically stable association of industrially developed countries that do not differ significantly in key financial and economic indicators. BRICS+ members have different levels of economic development and are significantly distinct by key indicators. Thus, it is more convenient for the G7 to find common ground and develop unified approaches to deal with urgent issues, unlike for BRICS+ participants, in view of the noticeable differences in their current and forthcoming national interests [15].

Both associations have its leader in terms of economic size that notably surpasses all others: the USA and China [16]. Both of these states wage very close trade and economic relations: China ranks second in the US exports after Canada.[10] Therefore, it is unlikely that any political disagreements between them may reach a critical point. They would rather be focused on securing additional economic benefits, primarily for the USA: it has a significant bilateral trade deficit, while the volume of Chinese exports exceeds imports by more than threefold.

The G7 surpasses BRICS+ in most of the financial and economic indicators: the size of the economy and degree of financial development, the people's standard of living, investment attractiveness and potential, a more sustainable and stable tax base, the inflation rate, R&D expenditure, the structure of international reserves, etc. Concurrently, many factors indicate a strong

[9] In accordance with the IMF methodology, a high level of external debt risk occurs when the ratio of "total external debt/GDP" exceeds 50 per cent.

[10] Trading Economics. URL: https://tradingeconomics.com/united-states/exports-by-country

financial and economic potential of BRICS+ states, including the noted superior growth dynamics of the economy and finance, the active reduction of the gap with the G7 in many indicators, the active adoption of modern communication technologies, and the possession of significant international reserves [17]. Moreover, a number of developing countries seek to join BRICS+ in the near future, which will spur its further development and the strengthening of its impact on the global economy and global finance.

The G7 is known for a very high level of consumption, which is mainly ensured by an active attraction of debt financing, including the rapid growth of external debt. All its member-states have a very solid government debt, exceeding the threshold values of acceptable risk recommended by international financial institutions. Their national banks and companies may be unable to meet their external debt obligations to foreign creditors if refinancing problems arise, in addition to the substantial corporate external debt, as well as the comparatively modest international reserves of the member countries. In such a scenario, the G7 governments would be compelled to source financial resources and jointly handle the crisis.

Traditional global financial institutions have not yet adequately reacted to the abovementioned gradual shift in the balance of financial and economic potential between the G7 and BRICS+ in the distribution of votes and participation shares. According to the IMF, the G7's share is 2.4 times larger than that of BRICS+, and as to the International Bank for Reconstruction and Development, the core of the World Bank, is 2.3 times larger. This leads to internal conflicts and destabilisation of the global economy and global finance. Probably, the time has come to initiate a dialogue between developed and developing countries on building a fundamentally new global architecture.

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