

issue | A closer look at BRICS

Beyond the Acronym

More than a decade after the acronym BRIC was coined, the concept is appearing to take shape of an idea with Brazil, Russia, India, China and South Africa (latest BRICS entrant), constituting the five pillars of the idea. Together, the plan is to usher in a new narrative and to challenge years of 'western hegemony' to dominate political and economic discourses. Can BRICS shape a new world order? **BY SANJAY KUMAR**

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WHAT IS BRIC?

In 2001, Jim O' Neill, the chief economist at Goldman Sachs, coined an acronym—BRIC—as a part of the economic forecast theory. The idea was to advise international corporate houses on how to expand their business in those nations witnessing rapid economic growth post-globalisation

NATIONS: Brazil, India, China and South Africa. Together they represent around 40 per cent of the world's population and nearly a quarter of its economic output

The hope for BRICS arises from the sheer economic size of the five countries. "Together, BRICS account for more than 40 per cent of the global population, nearly 30 per cent of its landmass and a share in world GDP that increased from 16 per cent in 2000 to nearly 25 per cent in 2010. It is expected to rise significantly in the near future," reads The BRICS Report, published recently.


Naturally, there was significant expectation surrounding the BRICS Summit which was held in New Delhi recently. BRICS proponents hailed the "Delhi Declaration" issued after the meet as the manifesto of "most comprehensive criticism of the failures of the West that has been voiced by any group of countries since the end of the Cold War". They say it has come out with an alternative world view and offers stinging criticism of the established world order, and its institutions. They argue that it offers an outline of an alternative blueprint for the new emerging world.

The Delhi Declaration calls for an end to violence in Syria. It calls for dialogues to bring normality. Similarly, the group suggests resorting to political and diplomatic means to resolve the issues in Iran rather than war, as some "western" countries and allies are calling for. The meeting also agreed to examine the feasibility and viability of setting up a new "Develop-

ment Bank" for mobilising resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries. The nascent organisation also expressed its commitment to support Afghanistan in eradicating terrorism and extremism, and underscored the need for more effective regional and international co-operation for the stabilisation of the country.

However such overt united intent to address the world issues, hides latent contradictions within the BRICS group. According to critics, these "subaltern nations" do not have the cohesion or a united world view to represent a new order. They also point out to how the economic and geo-political interests of the bull in the BRICS shop (China) will come in the way of BRICS emerging as a cohesive and united international front. The argument states that China is not enthusiastic enough on an alternative international order. Rather it is keen to perpetuate the *status quo* in the institutions, so that it gets to deny India's entry into the United Nations as a permanent member. Opinions surrounding democracy also divides the group. There are fingers being pointed at China and Russia's notion of democracy. How can BRICS reconcile with such an in-built contradiction? Critics also pointed out to the political differences and

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disputes between New Delhi and Beijing as a stumbling block. These inherent contradictions and lack of trust has proved to be an impediment in the way of the “BRICS Bank”; an idea that was first proposed in the Yekaterinberg Summit held in Russia in 2009. The summit also led to the criticism that Russia was hoping to promote Renminbi—its currency—at the international level through BRICS. To know both sides of the argument, *DW* spoke to two leading voices—Oliver Stuenkel, Professor, International Relations Coordinator, School of History and Social Sciences at São Paulo. And Dr Harsh V. Pant, Reader in International Relations, Department of Defence Studies, Kings College London.

OLIVER STUENKEL// The recent BRICS Summit in New Delhi, India, has shown that BRICS nations are committed to building stronger ties, principally in the economic sectors. However, the consensus is not only at an economic level. The nations have also found common denominators on political issues. I would rate this year's summit as a positive one which covered a gamut of issues. I believe co-operation and consultation between the BRICS members is taking place at a broader level now.

Do not make any mistake. The “Delhi Declaration” is not a “manifesto of dissent” against the West. The BRICS nations do not seek to undermine the nature of the western world order. After all, they have

been the greatest beneficiaries of it. Rather, the declaration shows that global structures need to be modified to reflect the shift of power. And that the BRICS nations symbolise this shift of power away from the United States and Europe towards the “developing nations”. In this sense, they pose a challenge to some nations.

Internally, BRICS nations continue to differ on several issues themselves, which need to be resolved so that the world does not move from one version of hegemony to a BRICS' version of it. Rather, we should be moving towards a multi-polar world in which several powerful actors—both western and non-western—work out strategies together to deal with the most pressing challenges such as climate change and financial volatility.

I am aware that critics have been referring to BRICS as “an artificial bloc built on a catchphrase”. However, two things need to be considered before we examine the context. It is true that the BRICS nations differ on a handful of issues. It will be a great challenge for them to find a middle-ground together. This has partly to do with the fact that while India, Brazil and South Africa seek to obtain more decision-making power in today's institutions, China and Russia are relatively established. This becomes obvious while looking at the debate surrounding the UN Security Council reforms: China continues to oppose India's inclusion. This shows that China's national interest continues to matter more than the collective whole.

Another problem lies in the composition of BRICS—despite being a group of rising economies, it remains contradictory. There is a deep-seated dissent among member countries India and China. Though the tension is an obstacle, but that is the very reason why the nations need to have more discussions. It is only through strengthening trade ties, co-operating over political issues and conducting multi-level interactions that we can reduce the risk of conflict. While seeking to find common positions on security matters, China and India are in constant conflict. The two are yet to solve the border conflict. India's political and economical ambitions pose difficulties for China's

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regional ambitions. The two countries have to find ways to improve relations.

But instead of taking it as a reason for BRICS not to exist, I see it as a vindication of why it should. As an expert on international relations, I see the emergence of the BRICS to be relevant to the present global order. The rise of BRICS will impact the future of global order. The member nations' attempts to find a common voice is also an attempt to turn into a global agenda-setter. The BRICS no longer seek to merely participate in debates, they seek to define the topics.

China is by far the most important country within the member nations. I take hope in the fact that in the recently-held New Delhi Summit, China showed its inclination to engage the members, particularly India. Rather than dominating, China seems to be getting comfortable being seen as a part of a group of emerging powers.

The BRICS Bank project is still in its infancy. Several details need resolution. There is clearly a trend towards stronger economic and financial co-operation between the BRICS countries. For example, China will begin to provide Yuan denominated loans to member countries. The BRICS Stock Exchange will be created. A BRICS Bank would be an important step towards institutionalising ties.

Given the compositions of the group, it is not a surprise that the member nations within the BRICS do not agree on several important issues; but there are disagreements between NATO nations or when the G7 Summits are carried on. Germany abstained from the Libya Resolution, while several other nations supported it. Even EU member-countries are often unable to reach a consensus. That does not make such groups self-defeating. Why should we attach too much negativity to the internal divisions within the BRICS over geopolitical questions. It does not reduce the group's potential. 🌐

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The recently-held BRICS Summit followed its earlier tradition and tried to focus on establishing the group's credentials as a credible global actor. However, nothing substantive evolved.

This year, a proposal to create a joint development bank, which could finance investments in developing nations, was mooted. On their part, BRICS nations have signalled their commitment to becoming a potential counterweight to other multilateral lenders such as the World Bank and the Asian Development Bank. But China's clout in the proposed venture, and the unease of the other four member-states regarding China's role, will prevent any concretisation of the plan.

On one hand global economic order remains well within western control, while on the other hand the BRICS together are significantly in-charge of the global economic trajectory. So it is natural that the BRICS leadership wishes to change this dichotomy. They are seeking to convert their economic might into a collective diplomatic clout.

As for the cry of power through the Delhi Declaration. Do I believe that the declaration is a manifesto of dissent against the west or the beginning of a new Cold War—well, not really. At best the declaration can be viewed as a dissenting note against a type of global economic clout. Everything said and done, the five member nations remain keen on maintaining their ties with the US.

However, with the Obama Administration perpetually preoccupied with its internal



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troubles, and the European Project unraveling, the times as they are, present an ideal opportunity for the new powers to emerge as global players. Whether the five will be able to achieve anything substantial, despite substantial conflicting interests, only time will tell.

There are problems galore within BRICS. One problem lies in the significant bilateral differences among the nations. Take Brazil for instance. It is worried about the influx of Chinese investment and cheap imports,



and has been vocal in criticising China for its undervalued Yuan. It is also wary of China's growing economic profile in South America—a region that Brazil has come to consider its own.

China's currency manipulation has led to problems for the manufacturing sectors of other emerging powers.

India, Brazil and South Africa have expressed their disenchantment with Beijing's economic policies. Chinese exports have decimated a number of industries in Brazil, South Africa and India. New Delhi even imposed anti-dumping

duties on a range of Chinese goods. China's dominance of the intra-south trade remains overwhelming with other emerging powers struggling to get a share.

Problem number two: though Russia and China remain united in their aversion to the US-led global political order, and though co-ordination continues in scuttling western policies (take Iran and Syria for instance), it remains a partnership of convenience. Deep down, Russia is worried about its growing economic disparity with China. The nation is also concerned by its failure to develop the Far East, a failure that has allowed China to get a toe-hold in this strategic region. It has also pushed Beijing into the driver's seat in defining the Asian security landscape. Russia's finance minister Aleksei Kudrin has openly warned that if Russia fails to become a "worthy economic partner" for Asia and Pacific Rim, "China... will steamroll Siberia and the Far East."

Even though China is the largest buyer of Russian conventional weaponry, many see this as counterproductive because China

might emerge as the greatest potential security threat to Russia—worse than the US.

Closer home, the saga of the decline in Sino-Indian ties is well-known. Despite the two sides deciding to resume defence ties during the Prime Minister's trip to China, New Delhi remains sceptical. China's refusal to acknowledge India's rise, and its apparent lack of sensitivity on core security interests, are leading to pushbacks with the Prime Minister himself acknowledging that "China would like to have a foothold in South Asia and we have to reflect on this reality. It is important to be prepared."

Granted power politics is a murky business. For all the bonhomie exhibited at the annual summit, there are marked differences between most of the five states.

There is the structural disparity between China and the rest—China's rise has been fast and spectacular and its dominance makes the idea of a co-ordinated BRICS something of a non-starter.

At the Delhi summit, the five nations agreed to work towards creating a "development bank" on the lines of the World Bank to mobilise "resources for infrastructure and sustainable development projects in

BRICS and other emerging economies" and directed their finance ministers to "set up a joint working group for further study and report". It is difficult to be optimistic about the project as long as the four states remain concerned about China's clout. India, for example, might be interested in using this project to get capital, but would be wary of seeing the Chinese Renminbi emerging as a global alternative to the US dollar.

Also the economic situation in BRICS states is at a crossroads. China's economy is facing challenges and it is not evident if its political leadership will be able to handle the challenges effectively. The growth rate estimates for all BRICS have been declining. India has already been described as the "most-disappointing" of the nations.

It was never obvious why South Africa was added to the group apart from the fact that China wanted South Africa in as it views it as an access point for Africa. Not only is South Africa's economy much smaller than the others, South Africa's influence on the rest of Africa remains tenuous.

Brazil, South Africa and India are democracies. Values do play a role in nation's foreign policies. It may be a limited one, but it is important. Given the leverage that China enjoys in BRICS, it should not come as a surprise that Beijing has suggested that IBSA, a grouping of democracies, be shut down in favour of BRICS.

I agree with Professor Stuenkel only so far as BRICS together now constitute the strongest aspect of the global economic order. But the grouping remains an artificial construct, nothing more than an acronym coined by an economist at Goldman Sachs, Jim O'Neill. There is not enough complementarity of interests among the stakeholders to make it sustainable.

For BRICS to be a NATO or even a G-7, there has to be some semblance of a convergence in so far as the vital interests of BRICS members is concerned. At the moment, they are conflictual apart from their opposition to the west-led economic order. NATO is an alliance that was created when the West faced a common adversary in the form of former Soviet Union. In cases of India, Russia, Brazil and South Africa—China might soon turn out to be their biggest problem, if it is not so already. ☹️

