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BRICS to BRICS+: From development ambition to geopolitical challenge

The BRICS summit in South Africa in the summer of 2023 might go down in history as a memorable date for international politics. Amidst a massive campaign by the G7 countries to isolate Russia as a reaction to its attack on Ukraine, some important regional powers of the non-Western world decided to apply to join BRICS, which counts Russia as a prominent member. With the addition of Argentina,¹ Egypt, Ethiopia, Iran, Saudi Arabia and the United Arab Emirates, the club will be enlarged from five to 11 members by January 2024. As an expression of symbolist politics, the signal to be given to the West could not be clearer: these countries are no longer willing to allow anyone to dictate how to act or with whom to cooperate internationally.

Claiming an adequate place in the global order

Given the organisation's legacy since its beginning, this development could hardly be foreseen. BRICS was launched in the summer of 2009 during the international financial crisis. Adopting the acronym thought up by Goldman Sachs, one of the major American investment banks and main culprits behind the crisis, was seemingly not considered to be a problem. The bank had launched a new fund to channel its investors' abundant capital into the most dynamic emerging markets of Brazil, Russia, India and China. South Africa was added in 2011 at the instigation of China: BRIC became BRICS.

After almost three decades of dynamic expansion and sometimes spectacular growth rates, particularly in China, it had become clear that the globalisation of goods and financial markets was based on a deregulated capitalism, whose greed had caused it to overextend itself, pushing the entire international economic order to the brink of collapse and into its

¹ Under recently elected President Javier Milei, it is highly improbable that Argentina will join the club. In his election campaign, he explicitly excluded this option.

greatest crisis since the Great Depression of the late 1920s. The emerging economies, and indeed the Global South as a whole, saw their conviction confirmed that the international order at the end of the first decade of the 21st century represented yesterday's world. From the World Bank to the International Monetary Fund (IMF), from the UN Security Council to the global power of the US dollar, the institutions of the world order reflected the balance of power in 1945 not 2009.

The emerging and developing countries felt more than ever that they were not adequately represented in this multilateral system, which neither reflected the proportion of the global population they represented nor their growing political and economic importance. At the time of its establishment, the BRICS group of states represented around 40% of the global population. The BRICS countries' share of global GDP grew from 8% in 2001 to 26% (in US dollars) in 2023, while the share accounted for by the G7 countries fell from 65% to 43% during the same period. Between 1990 and 2022, the BRICS countries achieved a growth rate of 4.5%, compared to a meagre 1.5% for the G7 countries, with China (12.3%) and India (6.4%) as the driving forces.²

Since its launch, BRICS has been a loose association of very different states that are significantly more divergent than the G7, for example. The group has little in the way of institutions, with neither a charter nor an executive or legislative body. It does not even possess a permanent secretariat. There are no formal membership criteria. The group of countries is also very diverse in political, military and economic terms: democratic and authoritarian governments collaborate with each other, and three of the members are nuclear powers (Russia, China and India). The group's economic weight is very unevenly distributed. China's gross national product is higher than that of all the other members of the group combined, accounting for some 70% of their total. There are also overt conflicts, including military clashes, between individual countries like China and India. The member states do, however, share common interests concerning the reform of the multilateral UN system, the international financial system, trade and development.

Political legitimacy and priorities of the founding members

The final communiqués of the past 15 BRICS summits are very clear in this respect. Three priorities have emerged over the period of the group's existence:

- 1) The financial system. The very first final communiqué stated the following:

We are committed to advance the reform of international financial institutions, so as to reflect changes in the world economy. The emerging and developing economies must have greater voice and representation in international financial institutions, and their heads and senior leadership should be appointed through an open, transparent, and

² Conte, N. (2023) "Charted: Comparing the GDP of BRICS and the G7 countries". Visual Capitalist, 23 October; Gylafson, T. (2023) "G7 versus the BRICS: Taking stock in 12 figures". Social Europe, 3 October.

merit-based selection process. We also believe that there is a strong need for a stable, predictable and more diversified international monetary system.³

- 2) Development and trade. BRICS first vigorously promoted the Millennium Development Goals (MDGs) and, from 2015, the Sustainable Development Goals (SDGs). By doing so, BRICS chose a position which reflected that of the many successful major UN conferences⁴ that have had a lasting impact on the development agenda, leading up to the Paris Climate Conference and the adoption of the SDGs. This phase of multilateral politics was characterised by the socialisation of international relations. The World Social Summit (not a UN event), for example, declared itself a “summit from below”. The groundbreaking results of these conferences for the international community would not have been possible without the participation of non-governmental organisations (NGOs) of all kinds.
- 3) A far-reaching reform of the UN system and its approach to multilateralism.

Given this background, it is clear that the emergence of BRICS on the international stage has been associated with a high degree of legitimacy for the Global South. An actor had emerged that was committed to a fairer multipolar order, which was interpreted as a further step towards the emancipation of the developing countries. The end of European colonialism appeared to be a pivotal but incomplete step on the road to liberation. It was quickly replaced by neo-colonial dependency and exploitation, based on the US-dollar-dominated financial system. This became particularly evident during the debt crisis that the developing countries suffered in the 1980s.

The structural adjustment programmes drawn up by the IMF forced developing countries to liberalise trade, privatise and implement a variety of austerity measures as a condition for the loans they needed. These policies forced countries to cut social services and led to an increase in poverty and inequality. It made self-determined national development impossible for many developing countries.

Given these initial conditions for BRICS, many analysts from 2009 onwards began to see the group of states as a potential challenge to the Western countries that collaborated in the G7. This turned out not to be the case, however. The predicted growth of the emerging economies failed to materialise. Instead, BRICS lost momentum. Brazil and South Africa were engulfed by domestic political problems. And Russia stagnated as a rent economy based on energy and raw materials. “Non-Asian BRICS economies stagnated in the 2010s. At summits, the bloc would issue garbled communiqués about the perfidious West, which the perfidious West would promptly ignore. The BRICS looked dead”,⁵ is how *The Economist* recently described this phase.

3 See the BRICS information portal.

4 See “Die großen Weltkonferenzen der 1990er Jahre”. Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung website [in German].

5 “The BRICS bloc is riven with tensions”. *The Economist*, 17 August 2023.

Looking inward in light of frustrated ambitions and a loss of global significance

With the consolidation of the global economy in the aftermath of the financial crisis, the pressure for reform that had characterised the first meetings of the G20 began to wane on the Western side. The hopes that the Global South might finally play a greater role in shaping the international rules-based order were dashed: since then, the reform of the multilateral UN system has been subject to a never-ending debate, with the UN Security Council deadlocked; the IMF and World Bank in the hands of the Europeans and Americans, respectively; and the World Trade Organization blocked. In this respect, the 2010s were a lost decade for the Global South.

Given these developments, the question arose as to what held BRICS together during this phase. Despite its loss of global significance, the club fulfilled a number of important functions for its members: it provided a platform to criticise the existing system; it indirectly contributed to the stability of their domestic regimes, and thus, offered protection against unwanted external interference (principles of sovereignty and non-interference); and it offered the possibility of flexible foreign policy alliances. In addition, the nature of the club served as a source of prestige and, for Brazil and South Africa as the only members on their respective continents, it was a means of projecting their regional influence.

Even more importantly, however, BRICS began to build multilateral institutions, intensify their internal relations and adapt to the return to geopolitics in international relations. In 2015, the Shanghai-based New Development Bank (NDB) was established as a lending platform for financing in developing countries. A contingency reserve arrangement was also set up to act as a buffer in the event of global financial pressure. The process of setting up the bank was protracted and fraught with conflict among the club's members, with China ending up holding the largest share of deposit capital at 40%. Apart from the fact that the balance sheet volume of the bank is many times smaller than the corresponding ones of the World Bank or the IMF, a lot of business is still done in dollars. Not only Western observers have criticised the NDB's hitherto short performance (lack of transparency, too many loans in dollars, dominance of the founding members in the supervisory bodies etc.). "That does not suggest a truly progressive Global South bank", says Professor Daniel Bradlow from the University of Pretoria in South Africa.⁶ Some of the assessments of the NDB's business practices are highly critical: „How the BRICS nations failed to rebuild the global financial order“⁷ was a headline on the TV channel France24.

Regardless of these assessments, from the perspective of its shareholders, the BRICS states had made a start. China, in parallel, vigorously pursued its own global strategy in the form of the Belt and Road Initiative and set up its own development bank (Asian

6 "The BRICS bloc is riven with tensions". *The Economist*.

7 The role and impact of the NDB has been covered and debated in the international media. For example, see: "How the BRICS nations failed to rebuild the global financial order". Reddit website; D. Zhang (2016) "NDB: A bank with a question mark". DW, 4 August.

Infrastructure Investment Bank, AIIB), which somewhat overshadowed the launch of the BRICS Bank (NDB).⁸

The most crucial aspect in the 2010s was probably the strengthening of internal relations between the member states in the areas of investment and mutual trade, which have been expanded. Exchanges and communication between national governments and government-related organisations have also been intensified and, in addition to the annual summits, many working groups and forums have been set up. Until the middle of the decade, Brazilian and international NGOs, such as Oxfam, remained under the illusion that they could advise BRICS on how to deal with civil society.⁹ However, it is not NGO activists who meet within the framework of BRICS, but representatives of ministries, ruling parties, companies, academia and so forth. This leads to the formation of networks of functional elites closely associated with the regime. This practice shows that the BRICS club has little intention to allow for civil society participation. It instead resulted in a reversal of the socialisation of international politics achieved in recent decades. BRICS is a purely intergovernmental endeavour.¹⁰

The pandemic and Russia's war as catalysts

All these events happened largely under the radar of the West, which, since the financial crisis, has been preoccupied with managing multiple crises and the return of geopolitics. It was not until the pandemic and the Russian invasion of Ukraine that the West realised it could no longer take for granted that countries of the Global South would automatically follow its lead. On the contrary, it became clear that Western ignorance had come at a high price. Both events reinforced the trend towards a reshuffle and deglobalisation. As far as the pandemic is concerned, the developing countries had to face the bitter truth that the rich countries of the West were unwilling to recognise the Covid-19 vaccine as a "global common good", as demanded by India and South Africa.¹¹ Instead, they protected the patents of their multinational pharmaceutical companies – despite a global pandemic with an uncertain outcome. The outbreak of the war in Ukraine also soon demonstrated that wars waged by major powers have far-reaching global consequences and can, at best, be confined militarily.

8 For China's global strategy under President Xi, see: U. Optenhögel (2022) "Sind Chinas beste Zeiten schon vorbei?" *Mit Sicherheit kontrovers* Blog, 21 November [in German]; U. Optenhögel (2023) "China en el orden global: ¿socio comercial, competidor o alternativa sistémica?" *Nueva Sociedad*, January [in Spanish].

9 See "Improving global governance through engagement with civil society: The case of BRICS". Oxfam Briefing Note, March 2016; F. Mello (2014) "*Wohin geht die BRICS-Gruppe?*" IPG, 28 July [in German]; W. Gumede (2018) "Strengthening civil society influence on BRICS". Democracy Works Foundation. Policy Brief 29, 15 June.

10 This is hardly surprising if we consider how China and Russia deal with citizens who do not conform to the system. They are systematically monitored (China's social credit system), persecuted, sometimes murdered or locked up in a variety of ways.

11 See the debate on this issue: B. Dhar (2021) "India's vaccine diplomacy for the global good". East Asia Forum, 8 February; "Campaigners warn that 9 out of 10 people in poor countries are set to miss out on COVID-19 vaccine next year". Oxfam Press Release, 9 December 2020.

The war itself and the West's decisive support for Ukraine resulted in supply-chain disruptions and shortages in various global markets (food, raw materials, energy etc.), leading to price increases and higher interest rates and inflation, which put the issue of debt back on the agenda for a large number of developing countries.

The aim of the Western alliance was to turn Russia into an international pariah and bring it to its knees economically through tough and comprehensive sanctions of the kind that had never previously been applied. However, an unintended consequence of these sanctions has been a serious disruption of international trade and far-reaching repercussions on their own societies.

Against this background, many countries from the Global South voted in favour of the March 2022 UN resolution that condemned Russia's war of aggression. Of the five BRICS countries, however, only Brazil voted in favour; Russia, of course, voted against; China, India and South Africa abstained. But only a few countries in the Global South joined the sanctions imposed by the West, because they saw their interests and relations with Russia as being in jeopardy and considered the war to be a Western or, more precisely, a European affair. In this conflict, the West was repeatedly confronted with its own double standards, which have permanently damaged its credibility in the Global South. Had it not itself violated international law and ignored international norms on many occasions? The Indian foreign minister, Subrahmanyam Jaishankar, may have aptly described the Global South's view of the Ukraine war when he said: "Somewhere Europe has to grow out of the mindset that Europe's problems are the world's problems, but the world's problems are not Europe's problems. That if it is you, it's yours, if it is me, it is ours".¹² And whatever impact the war in Ukraine has on the relationship between the West and the Global South, the relation is exposed to a new stress test when it comes to the war between Israel and Hamas in Gaza.

Many developing countries see no reason to take sides regarding the war in Ukraine. In an era where the developed world is derisking and decoupling from one-sided dependencies on individual countries (China and Russia in particular), developing countries have leverage for the first time in years. Indeed, they are suddenly being courted, whether for raw materials, because they are needed to solve global migration flows or simply because the increasing polarisation between China and the USA is opening up a negotiating space for the 'nobodies' of the international community.

BRICS enlargement as a challenge to the West

This tense, dynamic environment was the backdrop for the 15th BRICS Summit in South Africa in August 2023. Two significant topics were on the agenda: expanding the club to include new members; and further decoupling from the dollar through growing trade in national currencies. Public interest in the meeting was high, an indication that BRICS has

¹² "Explained: What Jaishankar said about Europe, why Germany chancellor praises him". Outlook India, 20 February 2023.

become a symbol of a change in the global landscape, despite the fact that the club has achieved little in terms of its broad development policy objectives.¹³ Nevertheless, candidates for membership were queuing up in Johannesburg.

According to South Africa, some 20 formal applications were received and a further 20 countries expressed an interest. Enlargement was a controversial topic among the founding members. China and Russia were very much in favour, while India and Brazil were opposed.¹⁴ Without formal membership criteria, the admission of new members was purely a matter of influence between the founding members. The selection of new members, which has turned the group of five into a group of 11 countries, leaves no doubt that Russia and China prevailed.¹⁵

The new countries to be affiliated by January 2024 – Argentina, Egypt, Ethiopia, Iran, Saudi Arabia and the United Arab Emirates (UAE) – consist of two monarchies, a theocracy, a de facto military dictatorship and a country currently engaged in a civil war. Only Argentina would have been an indisputable democracy, but after the election of its new president, Javier Milei, it is most improbable that the country will join the club (see also footnote 1). Why were countries such as Indonesia, Thailand, Nigeria, Vietnam, Malaysia, the Philippines, Bangladesh, Mexico and Colombia not considered? The answer is that the chosen new members fulfil a very specific task:

The expansion of BRICS with additions of major energy exporters such as Saudi Arabia, the UAE, and Iran, improves the nominal importance of the BRICS as an energy and financial partnership. Countries like Iran, Russia, and China have strong incentives to develop alternative currency system due to their concerns about sanctions and being cut off from the dollar-based system. This expansion also increases the potential for the promotion of the use of non-dollar currencies in energy pricing, trading, and settlement. BRICS expansion with adding new energy powerhouses could contribute to the development of alternative energy trading markets, both oil and natural gas. For example, China's renminbi oil futures trading launched in 2018 has developed rapidly. The Chinese government is also very much interested in promoting the use of renminbi in natural gas trading.¹⁶

Russia and China have thus turned BRICS into an anti-Western project aimed at breaking the hegemony of Western countries in the current global order and the dominance of the US dollar in the global economy. The emancipatory elements of the founding phase, linked to a comprehensive developmental ambition, give way to a geopolitical project characterised by traditional power politics, economic and military strength, and foreign policy influence. If the enlargement that has taken place becomes the norm, there is every chance that BRICS+ will degenerate into a club of predominantly autocratic regimes. This

13 See the analysis by T. Gylafson (2023) "G7 versus the BRICS: Taking stock in 12 figures".

14 For the motivations of individual players, see: Summit in South Africa – The BRICS states are still a long way from reaching their goal | Cicero Online.

15 For a size comparison with the G7 following the enlargement, see: N. Conte (2023) "Charted: Comparing the GDP of BRICS and the G7 countries".

16 See the interview with Zongyuan Zoe Liu (international currencies expert) in "Is the dollar's dominance ending?". Friedrich Ebert Stiftung, 17 October 2023.

development offers nothing in the way of progress for the people in the developing world and is more likely to result in a return to the kind of great power politics that characterised the 19th century. The multipolar world of Vladimir Putin¹⁷ and Xi Jinping formulates neo-imperialist claims to self-defined spheres of interest. It is not subject to any rules and is the precise opposite of a multilateral world in which everyone plays by the same rules. This understanding of multipolarity does away with rule-based order, replacing the strength of the law with the law of the strongest. And every autocratic leader is guaranteed a free hand in their own country.

Open future, yet wake-up call, for the West

At the same time, the group is becoming even more heterogeneous than it already was, with growing imbalances between the member countries and outright conflicts between the new affiliates. How the remaining three democracies (Brazil, India and South Africa) will deal with the new, more limited and simultaneously more aggressive approach remains to be seen. The Brazilian president, Lula, who strongly advocated for Argentina's membership, emphasised in Johannesburg that the BRICS group was not directed against others, but instead was about improving the Global South's position in the international order.¹⁸ And some pundits advocate that, for India, "the most populous country on earth, the summit is just a sideshow, because India has larger ambitions – making the BRICS summit just one of many".¹⁹ Against this background, it is doubtful whether the new direction and enlargement to BRICS+ makes the club more functional. Either way, it is a direct challenge to the West.²⁰

However sceptical one may be about the future of BRICS+, the interest shown at the Johannesburg summit and the number of candidate countries illustrates that multipolarity is well established in today's global order. BRICS, or in the future BRICS+, is generally treated as an actor in this context. But, on a closer look, BRICS seems more of a symptom of the changes in the international arena than a cause. The weight between states and 'civilisations' is changing with the economic and technological modernisation of the former "Third World".

And BRICS is giving these changes an institutional face. For this to be successful, it's often sufficient to promote symbolic politics. Looking at the legacy of the 'loose association' it is evident that substantial developmental and economic achievements are limited, whereas the geo-political impact in a world of competing narratives can be considerable. History does however teach us that a world with multiple centres of power tends to increase the

17 Russia under Putin developed the concept '*Russskiy mir*', 'Russian world', which relativises existing state borders and explicitly includes the diaspora, a comprehensive concept that addresses ideological, political, cultural, geopolitical and identity issues. The concept of *Russskiy mir* has already been employed by Putin to legitimise Russia's annexation of Crimea.

18 See: "Debatte um BRICS-Erweiterung: Putin und Xi wollen Gegenpol zum Westen bilden - Lula nicht". NTV, 22 August 2023.

19 Mohr, C. P. (2023) "One summit amongst many". IPS, 21 August.

20 See also H. Wulf (2023) "Kampfansage an den Westen". IPG, 12 June [in German].

risk of conflict and war.²¹ A multipolar world can only ensure stability if the major powers collaborate. Where multipolarity is not integrated into multilateralism, the outcome is fragmentation and war.

The West, and the EU in particular, should see this development as a belated wake-up call. If the EU wishes to remain a global player, it should prepare itself for the fact that

multipolarity is here to stay, and the strategic landscape is likely to get even more complicated. Getting ahead in such an environment will require the EU to move beyond the West-centric transatlantic frame and truly engage with developing countries. It means sharing Europe's knowledge, experience and wisdom with partners – but not lecturing and hectoring them.²²

The EU will have to learn to take autonomous decisions in an increasingly unpredictable and often fragmented multipolar world. But it is better equipped to do so than most other actors. As an alliance of very different, disparate and often conflicting member states, it is accustomed to complex situations and the art of compromise in difficult negotiations.

21 See interview with Matias Spektor in: J. Glüsing and B. Zand (2023) "Ist der Globale Süden moralisch überlegen, Herr Spektor?" *Der Spiegel*, 24 August.

22 Paikin, Z., S. Islam and S. Biscop (2023) "Regional actor, global player". CEPS, 26 June. "Can the EU get the best of both worlds?"