



BRICS

STILL UNDER CONSTRUCTION

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As India hosts the 8th BRICS Summit on October 15-16, the paper reviews the evolution of the agenda of BRICS, assesses its global impact and reflects on its future course. It evaluates India's expectations from BRICS and explores whether (and how) they could be better fulfilled in the future.

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Summary

BRICS COUNTRIES HAVE DISPARATE economic strengths, divergent geopolitical perspectives and different political systems. Yet, annual BRICS Summits are now in the eighth year. The BRICS culture consists of highlighting convergences in its members' perspectives and side-stepping differences. The BRICS dialogue architecture today covers a wide canvas. Reforming the global financial architecture is a principal BRICS demand. The New Development Bank and other BRICS initiatives in this sector remain work in progress. Barring major shifts in the global geopolitical landscape, BRICS is likely to remain a relevant player on the international scene. BRICS membership furthers India's interests, expanding its room for manoeuvre in external relations.



BRICS

Still Under Construction

IN THE EIGHT YEARS OF ITS EXISTENCE as an inter-governmental group, assessments of BRIC/BRICS in world political and media circles have seasonally ranged from scepticism about its relevance to exaggeration of its global role. We are now in the scepticism phase, when the political and economic difficulties of its member-countries are deemed to be weakening BRICS. As India prepares to host the 8th BRICS Summit, a review of the path traversed by BRICS and an assessment of its future course may be timely.



“Falling BRICS”

IT IS A FACT THAT MOST BRICS countries have recently faced major internal and/or external challenges. The slowdown of growth in China has global repercussions. The fallout of the recent Permanent Court of Arbitration judgement on Chinese claims of sovereignty over parts of the South China Sea threatens heightened tensions in the region and complicated relations with the West. Russia

has an acrimonious relationship with Europe and USA; western sanctions and plunging oil prices have delayed the emergence of its economy from recession. In Brazil, an impeached President has stepped down and her successor confronts serious political challenges, even as Brazil is undergoing its worst recession in decades. South Africa's President escaped impeachment, but recent local elections showed his eroding popular support, as well as that of the ruling party. The South African economy is also experiencing near zero growth. India enjoys political stability and reasonably high economic growth, but its intensifying relations with the US raises questions of whether it can find common cause with a group whose major members are moving in the opposite direction.



The Numbers

IT IS USEFUL TO LOOK BEYOND the immediate political and economic circumstances of the five countries to study their “net worth”. Together, they have 43% of global population. Their combined GDP is about 40% of Global World Product. They cover 19% of world trade (2014) and have about US\$4 trillion in foreign exchange reserves. They are all members of G20. The table below lists some of the economic indicators of BRICS countries.

	Area (million sq. km)	Rank	Population (million) 2016 est.	Rank	GDP (US\$b) 2015	Rank	GDP (PPP) (US\$b) 2015	Rank	FE reserves (US\$b) [month/yr]	Rank
Brazil	8.5	5	207	5	1775	9	3192	7	362 [4/16]	9
Russia	17.1	1	147	9	1326	13	3580	6	398 [8/16]	6
India	3.3	7	1331	2	2074	7	7983	3	371 [8/16]	7
China	9.5	3	1379	1	10866	2	19524	1	3305 [3/16]	1
S. Africa	1.2	24	56	24	313	33	724	28	47 [3/16]	39

Sources: IMF (for economic data), national statistics (for area and population)

These are the numbers that have sustained economists' interest in BRICS. By 2010, BRICS accounted for about 25% of global Gross National Income on Purchasing Power Parity.

Two important points may be noted about the above statistics. One is the dominant contribution of China to the aggregate economic data (notwithstanding the slowdown in its growth), which has obvious implications for China's influence in the group. The second is the sobering reality that the economic numbers do not look quite as good in per capita terms. The global ranks of BRICS countries in per capita GDP at Purchasing Power Parity in 2015 (IMF statistics) range from 48 (Russia) to 122 (India), with Brazil(76), China (84) and South Africa (88) in between.

The other striking feature is the vast disparity between South Africa and the rest in almost all the indicators, which supports the belief that its inclusion in the group – at the 2011 Summit in Sanya (China), when BRIC became BRICS – could not have been justified solely on economic grounds.



The Birth of BRIC

IT IS WELL KNOWN that the acronym BRIC was coined by Jim O'Neill of Goldman Sachs in 2001 to identify a group of large emerging economies with fast growth rates, which would dominate the world economy by 2050. It is less well known that it was President Putin of Russia, who translated this idea into a BRIC group. In a speech at the 43rd Munich Conference on Security Policy in February 2007, he had this to say about BRIC:

“The combined GDP measured in purchasing power parity of countries such as India and China is already greater than that of the United States. Andthe GDP of the BRIC countries – Brazil, Russia, India and China - surpasses the cumulative GDP of the EUthis gap will only increase in the future. There is no reason to doubt that the economic potential of the new centres of global economic growth will

inevitably be converted into political influence and will strengthen multi-polarity.”¹

Even earlier, in 2006, Russia hosted an informal luncheon meeting of BRIC Foreign Ministers on the sidelines of the UN General Assembly. A more formal Foreign Ministers' meeting was held in Yekaterinburg (Russia) in May 2008. In its communique, the Ministers asserted that *“building a more democratic international system founded on the rule of law and multilateral diplomacy is an imperative of our time”*. This meeting (and others on the sidelines of multilateral gatherings) led to the first BRIC Summit hosted by Russia at Yekaterinburg in 2009.

Russia's motivation was to seek an alternative alliance to G8. Russia was invited into the G7 (thus making it G8) in 1998, with the implicit objective of encouraging the government of President Boris Yeltsin to press ahead with free-market reforms, so that Russia could be integrated politically and economically into the exclusive club. With the advent of President Putin, Russia's position in G8 was becoming increasingly tenuous, because of increasing tensions with the West over the eastward advance of NATO and developments in Georgia and Ukraine which President Putin saw as threatening Russia's vital strategic interests.

China, whose economic prowess was rising rapidly even as the global economic crisis was brewing, was receptive to the initiative to create a forum for demanding a democratization of the system of global economic governance. Russia-China relations had emerged decisively from the Cold War suspicions, with the resolution of their border dispute and China's expanding appetite for Russian raw materials to feed its economic growth.

The precursor to BRIC was RIC – a Russia, India, China dialogue of Foreign Ministers – also a Russian initiative with the same objectives, which was institutionalized in 2005. India's initial reluctance to join RIC arose from the apprehension that a Russian-Chinese axis may draw it into an unnecessarily confrontational posture with the West. At the same time, the concept accorded with India's support for multi-polarity in global political and economic decision-making. India's lingering unease about the format is reflected in the Joint Communique of a

¹ A full transcript of the speech is on the website of The Washington Post at <http://www.washingtonpost.com/wp-dyn/content/article/2007/02/12/AR2007021200555.html>

2007 RIC meeting in Harbin (China), which declares that the trilateral cooperation “*seeks to broaden common ground amidst divergent interests*” [emphasis added].²

India reacted with greater enthusiasm to the BRIC format. At the Yekaterinburg meeting, External Affairs Minister Pranab Mukherjee was quoted as describing BRIC as “*a unique combination of mutually complementary economies and a platform to promote energy and food security, fight terrorism and reform global political and financial bodies*”.³

Russia thereafter hosted the first BRIC Summit in Yekaterinburg in June 2009.



Broadening Membership & Agenda

AN IMPORTANT (and unexpected) development that preceded the first BRIC Summit was the institutionalization of the G20 Summits, with two Summits in November 2008 (Washington) and April 2009 (London) elevating the deliberations of the grouping to the level of Heads of State/Government, in addition to the meetings of its Finance Ministers and Central Bank Governors. The G20 Summit format addressed one of the key motivations behind the formation of BRIC: to secure meaningful participation of major developing economies in global economic governance.

It was, therefore, predictable that the Yekaterinburg BRIC Summit strongly welcomed the new G20 format, stressed its “central role” in dealing with the global financial crisis and called for vigorous implementation of decisions taken at the London G20 Summit.⁴ Since then, BRIC (and later BRICS) has consistently endorsed the role of G20, replacing the G7 as the premier forum guiding global economic governance.

2 The Communique is available at the Ministry of External Affairs website, http://www.mea.gov.in/press-releases.htm?dtl/3236/Joint_Communicu_of_the_Meeting_of_the_Foreign_Ministers_of_the_Peoples_Republic_of_China_the_Rpublic_of_India_and_the_Russian_Federation

3 Quoted in the fortnightly Frontline, June 7-20, 2008 in the report, “For a New Order” by Vladimir Radyuhin,

4 The text of communiqués/declarations/statements of all BRICS Summits and meetings at other levels can be found in the website of the University of Toronto BRICS Information Centre, <http://www.brics.utoronto.ca/>

The Joint Statement of the Yekaterinburg Summit focussed mainly on economic, financial and developmental issues. It called for reform of the global financial and economic architecture, promoting democratic and transparent decision-making, stability of the multilateral trading regime, a balanced Doha Development Agenda, achievement of the Millennium Development Goals and for closer BRIC cooperation in education, science and research, as well as for energy security, energy efficiency and global food security. It underlined BRIC support for a more democratic and just multi-polar world order and peaceful resolution of international disputes. It asserted the central role of the United Nations in dealing with global threats and challenges and stressed the importance of a comprehensive reform of the UN to make it more representative. It also contained the now virtually mandatory para in every international document, condemning terrorism “in all its forms and manifestations”.

These remained the subjects of focus in the Second and Third Summits in Brasilia (2010) and Sanya (2011) respectively, steering clear of global political developments. The exception was a couple of paragraphs in the Sanya Declaration referring to the fallout of the Arab Spring on West Asia and North & West Africa, calling for avoidance of force and preservation of unity, sovereignty and territorial integrity of all nations.

It is evident from the documents of the first three Summits that BRIC/BRICS member-countries were initially uncertain about how intra-BRICS dialogue and cooperation would develop beyond the original agenda of acting as a pressure group on, and within, G20. While BRICS countries supported a multi-polar world order (though the perception of each of its role in that order was different), they were not all entirely convinced that BRICS was a viable vehicle to effectively pursue this goal. Some countries (including India), which were in parallel building cooperative relations with the US, were willing to join a pressure group to reform the US-led world order, but were also anxious that it should not adopt an overly confrontational posture. Finally, disparities of polity, economic strength and geopolitical outlook among BRICS members raised questions about their ability to forge a cohesive platform for pursuing common interests.

This caution is reflected in the Joint Statements of Yekaterinburg and Brasilia,

which record that the countries agreed to promote cooperation “*in an incremental, proactive, pragmatic, open and transparent way*”. The Sanya Declaration (an advance from a “Joint Statement”) of 2011 expresses the determination to continue strengthening BRICS partnership for common development and “*advance BRICS cooperation in a gradual and pragmatic manner*”, going on to clarify that “*such cooperation is inclusive and non-confrontational*”.

The Delhi Declaration (2012) departed from this cautious approach and expressed a shared desire to take cooperation forward “*on the basis of openness, solidarity, mutual understanding and trust*” [emphasis added] and described BRICS as “*a platform for dialogue and cooperation*”. The eThekweni Declaration at Durban (2013) asserts more confidently, “*we aim at progressively developing BRICS into a full-fledged mechanism of current and long-term coordination on a wide range of key issues of the world economy and politics*”. The Ufa Declaration (2015) describes BRICS as a “strategic partnership”.

In tune with this developing self-image of a politico-economic association, BRICS Declarations since 2012 have been making pronouncements on major international political developments. Recent BRICS Declarations have covered the Middle East Peace Process, Iran, Iraq, Syria, Afghanistan, Ukraine and (from the eThekweni Declaration onwards) the situation in Mali, South Sudan, Central African Republic, Democratic Republic of Congo and Guinea Bissau.

Even as it was in the process of finding its feet and defining its role, BRIC added a fifth member, South Africa, at the Sanya Summit. The statistics quoted earlier show that South Africa does not quite fit into the group on economic indicators alone. However, its inclusion took the group from Goldman Sachs’ purely economic construct to a political one, giving it a wider inter-continental nature. The African connection enhanced BRICS’ developing world image. Added to this was the decisive fact that China, the most powerful member of BRIC, pushed strongly for South Africa’s inclusion. China’s growing demand for South Africa’s natural resources and South Africa’s strategic location as a gateway to Southern and East Africa were obvious considerations.



Cooperation & Dialogue

THE INSTITUTIONALIZATION OF ANNUAL SUMMITS has driven a concerted effort by all BRICS countries to widen the dialogue canvas and to proactively explore new cooperation opportunities. This has led to a proliferation of dialogue platforms over the years across a broad range of political, security, economic, socioeconomic and technical issues. The Action Plan of the Russian BRICS Presidency listed about 75 meetings, conferences and other events at ministerial, official and technical levels. The website of the Indian Presidency lists well over 100 during the course of 2016.

While it is too early to objectively gauge the impact of the cooperation generated by this diverse dialogue agenda, anecdotal information – mainly gathered from the events in Russia over 2015 – indicates that these meetings, though they may have been motivated mainly by the desire to rack up numbers, have often revealed real opportunities for mutually beneficial cooperation between BRICS countries or within subsets of the group. This is particularly true in sectors like health, education, science & technology, urbanization, energy efficiency, and skill development.

Intra-BRICS trade promotion has been an area of focus from the beginning. Regular meetings of Trade Ministers have now been reinforced by meetings of officials and experts on specific trade sectors and regulatory mechanisms. A BRICS Business Council was established in 2013 and has, in its annual reports in 2014 & 2015, made useful recommendations on trade in national currencies, business visa regime liberalization and standards harmonization, which are under consideration of governments. Between 2006 and 2015, intra-BRICS trade nearly tripled, from US \$93 billion to US \$276 billion. In this period, the share of intra-BRICS trade to total BRICS trade rose from about 9% to about 12%.⁵

Signalling its transformation from an economic pressure group to a more versatile politico-economic association, the BRICS dialogue included (from the Delhi 2012 Summit onwards) an annual meeting of BRICS National Security Advisers, which

5 BRICS statistics are difficult to verify, since there is significant variance in figures from different official sources. All figures in this paper may be taken as order of magnitude.

could discuss their respective national security concerns, even while navigating skilfully through areas in which they have non-convergent security perspectives.



Cementing BRICS: Banking & Finance

THE ESTABLISHMENT OF THE New Development Bank at the Ufa Summit was the most powerful rebuttal of descriptions of BRICS as a mere pressure group or talking shop. It also demonstrated that the group had the maturity to reach a negotiated settlement, reconciling competing (even divergent) interests on the logistics, structure and objectives of the Bank.

The idea of the bank originated from the conviction that the World Bank and regional financial institutions were allocating insufficient resources to the massive infrastructural needs of developing countries and were hidebound in their outlook and practices. The aim, therefore, was to establish a “BRICS bank” which would not suffer from the shortcomings of existing institutions.

It was agreed that the New Development Bank would fund infrastructure and development projects in BRICS (the main interest of India & Brazil) and other developing countries (which was the motivation of China & South Africa). The decision to have equal contributions of each of the five countries to the bank’s capital of US \$50 billion (to be increased later to US\$100 billion) was agreed on India’s insistence; this sets the bank apart from other international financial institutions, by ensuring an equality of voting power among BRICS countries.

Though its initial capital is relatively small compared to that of the World Bank (about US \$225 billion) or even the Asian Development Bank (about US \$150 billion) and African Development Bank (about US\$ 100 billion), NDB has made the major point that a developmental funding institution can be set up on the basis of equal participation of countries. Further, the bank will develop its fund mobilization policies and lending procedures independently of the norms of existing funding institutions. NDB may also attract investors from outside BRICS, but it has been

laid down that the BRICS nations together will have a minimum of 55% of voting power, so that the bank is protected from external “hostile takeovers”. NDB has already broken new ground by floating local currency bonds to raise capital for projects. A successful green bond issue of 3 billion RMB (about US \$450 million) in China in early 2016 is to be followed by a rouble-denominated issue in Russia by end-2016.

By mid-2016, NDB had approved a package of credits of US \$911 million for projects in all five BRICS countries. NDB’s President, K. V. Kamath, announced that the bank expects to approve loans of US \$1.5 billion by end-2016 and another US \$2.5-3 billion in 2017.

An additional achievement is the establishment of a “Contingency Reserve Arrangement” (CRA) of US \$100 billion, with contributions of US \$41 billion from China, US \$18 billion each from India, Russia and Brazil, and US \$5 billion from South Africa. The CRA is meant to provide emergency funds to member countries facing balance of payments crises or currency depreciation problems. Again, though the corpus of the fund is miniscule compared to that of IMF (about US \$750 billion), CRA promises to respond more sensitively to the specific needs of individual countries, as distinct from what is perceived as a more doctrinaire approach of the IMF.

BRICS countries are working on arrangements to facilitate trade without recourse to outside currencies. At the Delhi Summit (2012), development banks of BRICS signed two Agreements: one enabling companies from one BRICS country to avail of credits in local currency in another, on the basis of guarantees by the bank of the originating country; and another creating a Letter of Credit Confirmation Facility, to speed up confirmation of L/Cs through arrangements between banks of both countries. These arrangements have not yet acquired full traction, though a modest beginning appears to have been made. A currency swap deal between China and Brazil was reported in 2012, to finance trade in local currencies upto US \$30 billion. Russian and Chinese banks also announced an agreement in May 2014 for settlement in local currencies to promote bank lending, trade finance and investments.



Challenge and Response

AS DESCRIBED ABOVE, BRICS has moved from hesitant beginnings in 2009 to a “strategic partnership” by 2015. It has set up cooperative mechanisms which have broadened the canvas of intra-BRICS interactions.

The fundamental challenge to BRICS cohesion is its heterogeneity. The differences in ideological, political, strategic and cultural outlook of its member-countries are well known. India has long-standing issues with China and newer irritants in bilateral relations. Russia’s history of strategic differences with China, though now buried under their strategic partnership, still breeds Russian reserve about some aspects of cooperation with China. Perceptions and interests vary widely within the group on many multilateral trade and economic issues.

Conscious of these underlying contradictions, BRICS members have focussed on issues of their common interest and avoided contentious issues. BRICS members share perceptions on an entire range of issues in global economic and financial governance; these constitute a major part of BRICS activism in G20 and elsewhere. They declare identity of views on sovereignty, territorial integrity, non-interference and a rules-based international order with the centrality of the United Nations (though not all their actions may conform to these stated views, when national interests dictate otherwise).

These commonalities provide a sufficiently solid platform to project a convergence of perspectives and to side-step divisive issues. The group has sought to forge its cohesion on this basis. Mutually beneficial intra-BRICS cooperation in a growing number of areas provides additional binding material. BRICS has also been careful to position itself within the existing global order, seeking to reform it from within and not disrupt it.



India in BRICS

THE GOA SUMMIT is in the middle of the second cycle of annual BRICS Summits. The broader international setting has undergone a considerable transformation since 2009, BRICS' external posture has evolved (as noted above) and intra-BRICS dynamics are changing (as will be discussed in the following). A stock-taking of India's experience of membership of the group would be timely.

Countries form or join multilateral groups/organizations on one or more of the following considerations (among many others):

- They share common objectives and joining together would be a force multiplier to promote these objectives;
- They can optimally exploit economic cooperation opportunities within the organization;
- They can achieve some cooperation objectives more effectively in a multilateral setting than bilaterally with the member-countries; and,
- To a large extent, acting in a group shields a country from a negative impact on its bilateral relations with those countries with which the group takes issue.

India certainly shares with other BRICS countries the objective of promoting a multi-polar world order and in particular a democratization of global economic architecture and financial institutions. All BRICS countries have a common interest in supporting the WTO regime against trade protectionism and incompatible plurilateral arrangements. They have also consistently emphasized the importance of furthering the Millennium Development Goals, the post-2015 Development Agenda, Sustainable Development and the Doha Development Agenda. The forceful articulation of these interests by BRICS in G20 and other international forums does have an impact, even though progress may be incremental and intermittent.

Andrew Cooper⁶ has suggested that the activism of BRICS has influenced the inclusion of BRICS members in the global institutional architecture. The Basel Committee on Banking Supervision admitted China, India, Brazil, and South Africa. The Committee on the Global Financial System added China, India, and Brazil.

6 Andrew F. Cooper, *BRICS: A Very Short Introduction*, OUP 2016

When the Financial Stability Board replaced the Financial Stability Forum, China, India, and Brazil were included in it.

BRICS solidarity with Iran has helped India to maintain the links with that country that our strategic interests dictated, even before the Joint Comprehensive Plan of Action led to lifting of sanctions against that country. The range of BRICS economic agreements already signed and those in the pipeline can enhance intra-BRICS trade and investment exchanges, but would have taken much longer to negotiate bilaterally. The New Development Bank is an obvious example of a multilateral organization being much more than the sum of its constituent members.

However, there are areas of important political interest to India, in which BRICS membership has not been of particular help.

One of the most important efforts of Indian diplomacy has been to exhort the international community to put pressure on Pakistan to end cross-border terrorism against India and to dismantle the terrorist infrastructure on its territory. BRICS Summit documents routinely condemn terrorism “in all its forms and manifestations”, declare it cannot be justified on any grounds, emphasize the central role of the United Nations in coordinating the fight against terrorism and call for early adoption at the UN of the Comprehensive Convention on International Terrorism. The only BRICS Summit document which specifically mentioned terrorism in India was the one in Brasilia (2010), which expressed solidarity with India and Russia “on recent barbaric terrorist attacks” (referring to the Pune German Bakery bombing of February 2010 and the Moscow Metro bombing of March 2010). Only once, in the Fortaleza Declaration (2014) was there a sentence calling on “all entities” to refrain from financing, encouraging, providing training for, or otherwise supporting terrorist activities”, which could be reasonably interpreted as referring to Pakistan (among others). However, the Ufa Declaration (2015) diluted this formulation, merely calling on states and the international community to “adhere to their commitments and obligations [arising from various UN resolutions on terrorism] and....to resist political approaches and selective application”. This general exhortation has little value. The statement of the BRICS Ministers of Foreign Affairs, meeting in New York on September 20 (two days after the Uri attack), “strongly condemned the recent several attacks against some BRICS countries, including that in India”.

India's other major international campaign is for its candidature for permanent membership of the United Nations Security Council (UNSC). Co-BRICS member Brazil is also a declared aspirant, while South Africa cannot publicly declare its obvious aspiration, since the African seats in UNSC are the subject of consideration in the African Union. The BRIC formulation on this subject has remained virtually unchanged from Yekaterinburg (2009) to Ufa (2015): "China and Russia reiterate the importance they attach to the status and role of Brazil, India and South Africa in international affairs and support their aspiration to play a greater role in the UN".

Though BRICS statements routinely devote long paragraphs on the need to assist the Afghanistan government in countering terrorism and establishing peace in that government, the fact that India is one of the biggest donors of development assistance to Afghanistan is not acknowledged in them.

The reasons for these inadequacies (from India's perspective) in the BRICS formulation are obvious: they reflect China's sensitivity to Pakistan's interests in these areas, as well as its own strategic outlook in India's neighbourhood. On UNSC reform, the fact that South Africa's aspiration cannot be made explicit has provided a convenient excuse for the ambiguity.

In the spirit in which the BRICS countries entered the grouping, India would simply take the advantages that it can from the grouping (which are significant) and pursue its other interests in other forums.



The Goa Summit

THE GOA SUMMIT COMES AT a time when BRICS is on an upward curve of consolidation. The Summit themes chosen for India's Presidency are appropriate for this stage of BRICS' development: institutionalizing BRICS cooperation, implementing earlier decisions, integrating existing cooperation mechanisms, innovating for new mechanisms and continuity of ongoing cooperation. An extraordinarily large number of BRICS meetings and conferences have already

been held this year and more are scheduled upto December 2016, when India hands over the Presidency to China.⁷

India would seek to incorporate in the Goa Declaration formulations that would take forward some of the ideas which Prime Minister Modi put forward at the Ufa Summit. These cover, inter alia, agricultural research, digital initiatives, energy efficiency and urbanization.

Discussions have taken place on the feasibility of a BRICS credit rating agency, opening up bond markets in BRICS countries, a BRICS arbitration mechanism and building BRICS' strength in the reinsurance sector. These accord with the interests of all BRICS countries, which seek to break a Western monopoly in these areas.

India would strive to include in the Goa Declaration language on terrorism and UNSC reform which may show some improvement (from its viewpoint) from earlier formulations. Ground realities already discussed limit the scope for such advance. China would press for a formulation on the South China Sea which reflects its perspectives. The situation in Syria would be another tricky paragraph for the negotiators of the document. However, in the tradition that BRICS has already established, the final document will skilfully paper over differing perspectives to produce formulations that all can live with.

The Goa Summit should, therefore, help to consolidate the gains of BRICS cooperation thus far, and to identify directions of future work. It would of course reiterate the convergent views of BRICS members on reform of global economic governance and on major international developments.



Beyond Goa

LOOKING AHEAD, BRICS can be expected to continue to tread a path through the contradictions between the geopolitical interests and security perspectives

⁷ Full details are in the official website of BRICS 2016: <http://brics2016.gov.in/content/>

of India, Russia and China, to pursue the objectives that bind the group. Its recent initiatives will necessarily take a few years to achieve their full potential.

A drastic deterioration of the East-West climate could threaten its course. The persistent acrimony between Russia and the G7 countries is increasingly reaching Cold War proportions, with the mutual recriminations for the failure of the Syria agreement being the latest manifestation. There are reiterations at senior levels of the US Armed Forces that Russia is “an existential threat” to the United States. NATO’s Ballistic Missile Deployments in Central Europe are continuing apace, with Russian threats of a fitting response. The impasse in the implementation of the Minsk Agreements on Ukraine ensures that EU sanctions and Russia’s countermeasures remain in place.

An inevitable consequence of a continued Russia-West standoff would be a strengthening of Russia-China relations as a counterweight. If this is taken in conjunction with a US-led initiative to “contain” China in the Asia-Pacific, the result may be a strong Russia-China thrust in BRICS for more strident anti-West postures, which would not be palatable to India.

The other factor of potential disequilibrium in BRICS is the dominant strength of China in BRICS. The statistics at the beginning of this paper show the vast gap between China and the rest of BRICS in every economic indicator. In addition, its rapidly growing technological prowess and military strength, its aggressive assertion of power in the Asia-Pacific and the geopolitical implications of the land and sea corridors of its One Belt One Road project may test the willingness (and ability) of its partners to restrain China from hijacking the BRICS agenda.

Such concerns should not be exaggerated. The brief history of BRICS so far has shown that its members have succeeded in circumventing disparities of economic strength, divergences of geopolitical interests and current political controversies to focus on issues that unite them. The BRICS dialogue mechanisms have developed beyond the expectations of its founding members. The original core objective of securing reform of international economic governance is making steady (if gradual) progress through the creation of alternative structures within BRICS. This is work in progress, of interest to all BRICS members (though China will probably gain most from it). Finally, there are platforms other than BRICS where geopolitical confrontation can be pursued.

For India, BRICS provides increased room for manoeuvre vis a vis the major global powers. The structure of a coalition which pursues shared interests, while affording its members the freedom to pursue their other interests bilaterally and multilaterally, accords India the space for its other foreign policy initiatives. India can benefit from intra-BRICS economic cooperation in a number of sectors. Finally, an additional potential positive could be (though this can only be a tentative proposition) that cooperation within BRICS may help to attenuate some of the wrinkles in the India-China relationship.

The international profile of BRICS has aroused aspirations in a number of developing countries to join the group. High-level dignitaries of at least two countries – Egypt and Argentina – are known to have expressed this aspiration. Analysts have advanced the credentials of some other countries from the MINT (Mexico, Indonesia, Nigeria, Turkey) and CIVETS (Colombia, Indonesia, Vietnam, Egypt, Turkey & South Africa) groups as eligible candidates. Recommendations for such expansion are based on arguments such as contributing to further multi-polarity or correcting the “civilizational lacuna” of an absence of an “Islamic” country in the group.

There are some valid grounds for BRICS’ caution in this regard. The inclusion of South Africa to BRIC was a one-off “ambush” operation, which can probably not be repeated. Whenever a proposal for expansion is considered, each BRICS country would suggest countries with which it has strongly convergent perspectives; the result may be expansion to an unwieldy number. While BRICS has demonstrated the ability to manage its heterogeneity and to focus on areas of members’ convergence, there is no compelling reason to increase the challenge (and perhaps dilute its focus) by increasing its heterogeneity. The civilizational argument is not really relevant, since BRICS did not set out to be a representative body in the first place. Finally, as with all international groupings, BRICS needs to first institutionalize its operating procedures and, perhaps more importantly, its mechanisms for servicing the ever-expanding dialogue architecture and monitoring implementation of decisions on intra-BRICS cooperation taken in different dialogue forums.

The last consideration has also provoked suggestions for establishment of a BRICS Secretariat. This again is a tricky issue. A decision for a Secretariat would almost certainly be followed (or even accompanied) by competing bids from

member-countries to host it. Moreover, it still remains to be seen how many of the ambitious promises of intra-BRICS cooperation actually materialize and prove to be of lasting relevance. Even the New Development Bank, whose creation is a remarkable achievement, has to prove its durability through its functioning over a few years. A more reliable indication on this may be desirable, before embarking on the intensive negotiations and expensive creation of infrastructure that a Secretariat would entail. Every BRICS country has appointed a Sherpa and a sous-Sherpa to coordinate BRICS activities. In addition to the sectoral coordinators of the various meetings, these officials could also chair committees to meet periodically and monitor implementation. The question of a Secretariat could be revisited in a few years, perhaps at the beginning of the third cycle of BRICS Summits.

The short conclusion from the above is that BRICS has proved to be effective as a pressure group and remarkably adept at projecting its members' common interests, while papering over their differences. It has so far shown the maturity of an “international club”; as an organization for mutual cooperation, it is still under construction.





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