

BRICS

DR. SHILPI JAISWAL
ASSISTANT PROFESSOR
DEPTT OF POLITICAL SCIENCE
U.P. COLLEGE, VARANASI

- **BRICS** is a term for an alliance of five major emerging economies—Brazil, Russia, India, China, and South Africa—that collaborate on economic, political, and cultural fronts to strengthen their collective influence on global issues. This grouping, initially known as BRIC, was coined in 2001 by economist Jim O'Neill and included Brazil, Russia, India, and China. South Africa joined in 2010, making it BRICS. Here's an in-depth look at BRICS, with detailed discussions on its origin, objectives, influence, challenges, and future potential.

1. Origin and Evolution of BRICS

- **1.1 Early Days: The Concept of BRIC**

- The concept of BRIC originated from a 2001 paper by Jim O'Neill, who argued that Brazil, Russia, India, and China were reshaping global economic dynamics. These four economies were experiencing rapid growth, and it was believed that by 2050, their combined GDP could surpass that of the G7 economies. This initial grouping was based solely on economic factors, focusing on these countries' high growth potential and large populations.

- **1.2 Formalization and Expansion: Enter South Africa**

- In 2009, the BRIC countries held their first official summit in Russia, formalizing the alliance and discussing strategies for mutual growth. The group was later expanded in 2010 to include South Africa, marking a significant shift from a purely economic concept to a geopolitical alliance. This was a strategic move that provided BRICS with a stronger presence in Africa, increasing its global footprint.

2. Objectives of BRICS

- The BRICS alliance seeks to accomplish several objectives that reflect both economic and political aspirations:
- **2.1 Economic Collaboration**
- One of the core objectives of BRICS is to create a platform for economic collaboration and support. By pooling resources, the member countries aim to achieve:
 - Increased trade among BRICS countries, reducing reliance on Western economies.
 - Investment in infrastructure through initiatives like the New Development Bank (NDB).
 - Financial stability by creating mechanisms like the Contingent Reserve Arrangement (CRA), a BRICS initiative designed to protect member nations against currency fluctuations and other financial crises.

- **2.2 Political Influence**
- **BRICS aims to balance Western dominance, particularly that of the United States and the European Union, in global political and economic spheres. By presenting a united front, BRICS countries can push for more inclusive global governance structures that reflect the interests of emerging economies, especially within organizations like the United Nations, the International Monetary Fund (IMF), and the World Bank.**
- **2.3 Social and Cultural Exchange**
- **BRICS is also focused on fostering social and cultural ties among its member nations. This involves promoting people-to-people exchanges, educational programs, and cultural events to enhance mutual understanding and cooperation.**

3. Economic Impact and Trade

• 3.1 Intra-BRICS Trade and Investments

- BRICS has actively promoted intra-group trade and investments as a way to reduce dependency on Western markets. Some notable examples include:
 - Brazil and China have established a strong trade relationship, with China being one of Brazil's largest trading partners.
 - India and Russia have longstanding trade ties, especially in the defense sector, with Russia being one of India's top suppliers of military equipment.

- **3.2 The Role of the New Development Bank (NDB)**

- In 2014, BRICS launched the NDB to finance infrastructure and sustainable development projects within BRICS countries and other developing nations. The NDB aims to provide an alternative to Western-led financial institutions like the World Bank, focusing on the unique needs of emerging economies.

- **3.3 Currency and Financial Mechanisms**

- BRICS has taken steps towards reducing dependency on the US dollar, including discussions around the creation of a BRICS currency and agreements to trade in local currencies. This helps mitigate the impact of US-led sanctions on individual BRICS members, particularly Russia and China.

4. Geopolitical Influence

4.1 Global Governance Reform

BRICS advocates for reforms in global institutions, including the United Nations, the IMF, and the World Bank. The current structure of these organizations is perceived to disproportionately favor Western countries, sidelining emerging economies. BRICS pushes for reforms that provide greater representation for developing nations.

4.2 Counterbalance to Western Alliances

By presenting a united front, BRICS acts as a counterbalance to Western-led alliances such as NATO and the G7. It provides an alternative voice on issues such as climate change, international trade, and security, allowing its members to negotiate with greater leverage on the global stage.

5. Challenges Facing BRICS

- While BRICS holds significant potential, the alliance faces a number of challenges:
- **5.1 Economic Disparities**
- The economic growth rates, political structures, and development levels of BRICS members vary widely. For instance, China's GDP far outstrips that of the other members, which can lead to power imbalances within the group.
- **5.2 Political Tensions**
- Geopolitical tensions, particularly between India and China, present challenges to BRICS unity. Border disputes and competition for influence in Asia can create friction, impacting the group's ability to work cohesively on certain issues.

- **5.3 Dependency on External Markets**

- **While BRICS advocates for intra-group trade, member economies still rely heavily on Western markets, particularly the United States and the European Union. Decoupling from these markets is challenging and has not been achieved to a significant degree.**

- **5.4 Limited Institutional Framework**

- **Compared to institutions like the European Union, BRICS lacks a strong institutional framework and shared values. Its goals and ambitions are often undermined by limited cohesion and the absence of a comprehensive organizational structure.**

6. Future Prospects and Potential of BRICS

- **6.1 Expanding Membership**

- BRICS has considered expanding its membership to include other emerging economies such as Argentina, Indonesia, and Nigeria. Such expansion could increase BRICS' economic clout and bring new perspectives, but it also risks further complicating the group's dynamics.

- **6.2 Increasing Economic Cooperation**

- In the future, BRICS may increase efforts to strengthen trade and investment links among its members, with a particular focus on technology, energy, and infrastructure. This would support economic resilience and growth across the alliance.

- **6.3 Innovation and Technology Collaboration**

- To compete with Western economies, BRICS may focus on fostering collaboration in technology and innovation. Joint research initiatives, technological exchanges, and investments in education and innovation are likely to be prioritized.

- **6.4 Climate Change and Sustainable Development**

- As climate change becomes a pressing global issue, BRICS has the opportunity to lead in sustainable development. By sharing expertise and resources, BRICS can support renewable energy projects and establish itself as a responsible global player in climate action.

The 16th BRICS Summit, held on October 22-23, 2024

- **The 16th BRICS Summit, held on October 22-23, 2024, in Kazan, Russia, marked a pivotal moment for the alliance as it addressed both its strategic expansion and evolving global influence. The summit's key objectives centered on enhancing economic cooperation, promoting trade in local currencies, and advancing an agenda for reform in international governance. Additionally, BRICS leaders sought to solidify the bloc's role in providing a unified voice for emerging economies amidst rising global tensions.**
- **Key Highlights of the Summit**
 1. **Expansion of BRICS Membership** One of the most significant outcomes of the 2024 summit was the announcement of five new members: Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates. This expansion reflects the bloc's aim to be more inclusive of countries from the Global South and to strengthen the voices of emerging economies on the global stage. Chinese President Xi Jinping emphasized the importance of this move, which he described as a “milestone” for BRICS, adding that it aligns with the group's goal to counterbalance Western-led institutions like the IMF and the World Bank

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- The addition of new members is expected to bolster the group's economic power and geopolitical clout, with the expanded BRICS now representing over half of the world's population and a larger share of the global economy. Leaders believe that a broader BRICS can better advocate for reforms in international institutions to make them more representative and equitable.

Strengthening Economic Cooperation and Financial Independence

- The BRICS countries continued their pursuit of reducing dependence on the U.S. dollar for international transactions, underscoring the importance of trade in local currencies to mitigate economic vulnerabilities. This move aims to insulate member countries from external economic shocks, such as those arising from fluctuating exchange rates and sanctions. Leaders discussed expanding local currency use across BRICS nations, which is seen as a step toward establishing greater financial autonomy from Western economies and providing more stable trading conditions. Russia and China, in particular, are strong advocates of de-dollarization, especially given the sanctions imposed on Russia and trade tensions affecting China. The bloc agreed to further study the feasibility of creating a common BRICS currency, though they acknowledged the challenges involved due to varying economic structures and exchange systems across member states.

Bilateral Meetings and Regional Stability

- The summit also facilitated several important bilateral discussions among BRICS leaders. Indian Prime Minister Narendra Modi and Chinese President Xi Jinping held a significant meeting to address long-standing border tensions, with both leaders underscoring the importance of maintaining peace and stability in border areas. Modi emphasized that a stable India-China relationship is essential for broader regional stability and global peace. The leaders agreed to work through diplomatic channels to resolve disputes responsibly and promote mutual respect. This meeting illustrated BRICS's role as a platform where complex bilateral issues can be addressed constructively, even between nations with differing geopolitical agendas. Modi and Xi's dialogue is particularly crucial, given India's and China's substantial influence in Asia and their roles in shaping the BRICS agenda.

Partnerships Beyond BRICS: Engagement with Iran

- In addition to formal BRICS discussions, several leaders held meetings with Iranian President Masoud Pezeshkian, who attended as a new member representative. Iran's inclusion in BRICS is especially significant given its geopolitical positioning and contentious relations with Western countries. Both Chinese and Russian leaders highlighted Iran's potential role in regional stability, particularly in the Middle East. This interaction also showcased the group's broader commitment to diversifying partnerships beyond traditional alliances, reflecting an intent to create a more multipolar global order

International Financial System Reforms

- A recurring theme of the summit was the push for reforms in the international financial architecture. BRICS leaders emphasized the need for a more inclusive system that better reflects the interests of developing economies, which are often sidelined by existing global financial structures. The bloc reiterated calls for changes in the governance of institutions such as the IMF and World Bank to enhance representation for emerging markets. This agenda is in line with BRICS's longstanding critique of Western-dominated financial institutions, which members argue perpetuate inequality in global economic power

Focus on Development and South-South Cooperation

- The BRICS countries also reaffirmed their commitment to South-South cooperation, focusing on sustainable development initiatives and infrastructure projects. Through the New Development Bank (NDB), BRICS has financed various projects in sectors such as renewable energy, healthcare, and infrastructure. While the NDB's funding capacity is still relatively modest compared to the World Bank, the bank is gradually increasing its reach and impact, especially as it now includes non-BRICS countries as shareholders.
- In line with this, the summit highlighted the importance of strengthening networks among developing countries, sharing technological expertise, and supporting sustainable economic practices. This aligns with BRICS's mission to promote a development model that is less reliant on traditional Western economies and more supportive of homegrown initiatives across the Global South

Challenges and Future Prospects

- Despite the ambitious outcomes of the 2024 summit, BRICS faces several internal and external challenges that could impact its future. Internal divisions, such as political differences between democracies like India and authoritarian states like China and Russia, continue to affect group cohesion. Geopolitical tensions, including ongoing border disputes between India and China, present challenges to the group's unity. Moreover, the economic disparities between members—China's economy far surpasses the others—may influence the balance of power within the expanded BRICS.
- Externally, BRICS's efforts to counterbalance Western influence face significant obstacles, including the entrenched role of the U.S. dollar in global finance and the dominance of Western financial institutions. While BRICS's influence is growing, its impact on reshaping global financial and political systems remains limited.

- **Nonetheless, the 2024 BRICS summit has set the stage for an expanded and potentially more influential bloc. With new members and a clearer agenda for economic and political independence, BRICS could evolve into a more potent force in global governance, advocating for the interests of emerging and developing nations. If it can overcome its internal challenges, BRICS holds the potential to be a significant player in advancing a multipolar global order that is more inclusive of diverse economic and political systems**

7. Conclusion

- **BRICS plays a unique role in today's global economy and geopolitics as an alliance of emerging economies with the potential to reshape global power dynamics. While economic collaboration, political influence, and cultural exchange form the backbone of BRICS, the alliance faces several challenges, including internal political tensions and external economic dependencies.**
- **Despite these challenges, BRICS remains a significant force. Through its institutions like the New Development Bank and initiatives in financial, technological, and political spheres, BRICS aims to foster a more multipolar world that better represents the interests of emerging and developing economies. The future of BRICS will depend on its ability to balance individual national interests with collective goals and to address global issues ranging from economic inequality to climate change.**
- **Ultimately, the success of BRICS lies in its flexibility to adapt to changing global realities and its commitment to fostering inclusive growth and sustainable development for the benefit of all its members and the wider world.**

THANKS

Dr. SHILPI JAISWAL