

BRICS on everyone's lips

The BRICS states will grow as a group in the near future.



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When analysts coined the term BRIC in 2001 as a synonym for the emerging economies of Brazil, Russia, India and China, no one could have guessed that it would become a political alliance of very different countries in 2009. South Africa became the fifth country to join in 2010, creating a global reach.

After a decade of relative insignificance, BRICS is now attracting increasing international attention. Some even see this loose formation as competition for the G7, the seven strongest industrialised nations, but this misses the point. Rather, BRICS is an expression of a geopolitical upheaval that can be seen in many places.

Five become twelve

At the summit in South Africa in summer 2023, the previous quintet decided to include Saudi Arabia, Iran, the United Arab Emirates (UAE), Argentina, Egypt and Ethiopia from January 2024. Five will become eleven, BRICS will become BRICS Plus. South Africa's President Cyril Ramaphosa announced that this would "open a new chapter in creating a fair world. A fair world. A world that is inclusive and prosperous." That sounds very euphoric and suggests high expectations. Obviously, the new members in particular have high hopes for their membership. They are apparently not alone in this, as there are many other countries on the waiting list, such as Venezuela, Vietnam and Pakistan.

But what makes BRICS so attractive? First and foremost, there is probably great dissatisfaction with the existing, westernised world order under US dominance. The global financial system with the World Bank, the International Monetary Fund and the SWIFT payment system is met with disapproval. This is because loans from the World Bank are usually linked to strict reform requirements that some governments are unable or unwilling to fulfil. For many interested parties, the hope of obtaining new loans without onerous obligations probably dominates. The declared goals are therefore to "end Western hegemony" in multilateral organisations and to decouple from the US dollar as the international reserve currency.

The potential of BRICS Plus

The new additions create an economic area in which almost half of the world's population lives and

around 37% of global gross domestic product is generated. In contrast, the G7, with around 30% of global GDP and around 10% of the world's population, are clearly falling behind. However, all of this remains a numbers game as long as this loose association is unable to realise its nominal strength in real political terms.

Let us therefore look at the potential of BRICS Plus on the basis of economic, geopolitical and security policy factors. Here are a few economic aspects to illustrate this. Bilateral trade is already increasingly taking place in local currencies, from which China's yuan benefits the most. With the Cross-Border Interbank Payment System (CIPS), Beijing also offers an alternative to the previously dominant SWIFT, and the New Development Bank ("BRICS Bank") has also been based in Shanghai since 2014. Saudi Arabia is seriously considering settling part of its oil exports to China in yuan in future, while 72% of Russia's exports in July 2023 were settled in roubles or in the currency of "friendly states" - before the start of the war in 2022, this figure was only 15%. However, the dollar (39.4%) and the euro (35.8%) continue to dominate as a means of payment worldwide, but the yuan (currently 2.4%) could quickly gain significant ground.

For the foreseeable future, however, most countries are likely to continue to trust the hard dollar and euro more than volatile national currencies. BRICS membership will not do much to change this. And although the contributions of Saudi Arabia and the UAE will provide the "BRICS Bank" with more credit volume, its potential will remain well behind that of the "old" World Bank.

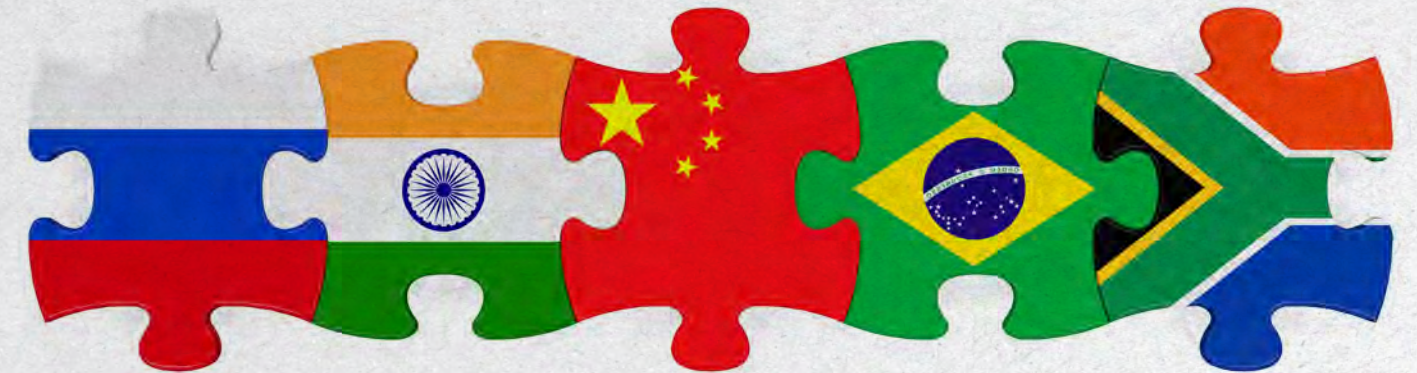
In terms of energy policy, it should be noted that with the additions in 2024, around 50% of global oil production will be gathered under the BRICS umbrella. Sounds alarming, but it is not. These countries are already coordinating their production quotas within the OPEC framework. Above all Saudi Arabia and Russia, who want to achieve high oil prices. BRICS Plus therefore does not mean any substantial change; everyone remains their own neighbour.

However, the geopolitical dimension is more exciting. The dissatisfaction of BRICS with the existing world order does not mean that there is an agreed idea of a successor model. Here, views are likely to differ widely. Moreover, BRICS is becoming more heterogeneous with each new member, and antagonisms are

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The flags stand for the BRICS states Russia, India, China, Brazil and South Africa (from left to right).

increasing. This was already evident at the summit in South Africa, where no common position was found on Russia's war against Ukraine and the associated food crisis, particularly in the Global South.

The previous five were already pursuing different goals. Beijing wants to build a counter-power to the West, including a new world order, while Putin now welcomes any format to escape increasing isolation and counter the USA and Europe. India presumably wants to stand up to its rival China and increase its importance, also vis-à-vis the USA. As the world's most populous country, it understandably insists on a permanent seat on the UN Security Council. South Africa, on the other hand, probably felt honoured to be the fifth country in the group. In return, it is performing a foreign policy balancing act by flirting with Russia and China without alienating its most important trading partners, the USA and the EU, too much.

In the area of security policy, cooperation between individual countries is increasing. For example, there have recently been joint naval manoeuvres between South Africa, Russia and China off the South African coast and between Iran, Russia and China in the Strait of Hormuz. Saudi Arabia and the UAE have been looking for foreign and defence policy alternatives to the USA for years and have long shown great interest in Russian armaments. The inclusion of Ethiopia means having a partner in the geopolitically important Horn of Africa.

BRICS Plus therefore offers a suitable framework for willing and capable members to drive forward security and defence policy cooperation. However, the rivalry between China and India and between Saudi Arabia and Iran, in particular, sets limits to this. At

present, it remains to be seen to what extent the anger of the Arab world against the West, which came to light during the war in the Gaza Strip, will play into China's hands. However, there are no signs of a security alliance such as the co-operation between India, the USA, Japan and Australia (QUAD).

BRICS Plus as a collecting tank

With every expansion, BRICS becomes more and more of a collecting tank of anti-Western, largely authoritarian states. In extreme cases, however, competitive thinking or rivalries could lead to a „paralysis“ of the union. China's reluctance to enlarge suggests that it is aware of this problem. Common goals and structures including institutions or a clear strategy are not yet recognisable. This is because many collaborations and projects are already taking place bilaterally or in smaller groups, particularly as part of the new Silk Road (BRI). Geopolitical added value could arise if Beijing succeeds in linking BRICS Plus and the New Silk Road (BRI) for its own purposes.

Many unanswered questions

Ultimately, much will depend on how strong the internal cohesion of BRICS Plus is, how the participants react to China's dominance and what offers can be made to countries in the Global South in particular. The fact that China and India are vying for the role of advocate for all emerging and developing countries should only be mentioned for the sake of completeness. Nevertheless, Europe in particular would be well advised to intensify contact with the BRICS Plus countries in order to present itself as a partner on an equal footing and not be used as an enemy. ●

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