

BRICS

Multipolarity / Dedollarization / New Global Order / Global South

History:

2001 → Jim O'Neill, a manager at the New York based investment bank, coined the term BRICs.

B	R	I	C
↓	↓	↓	↓
Brazil	Russia	India	China

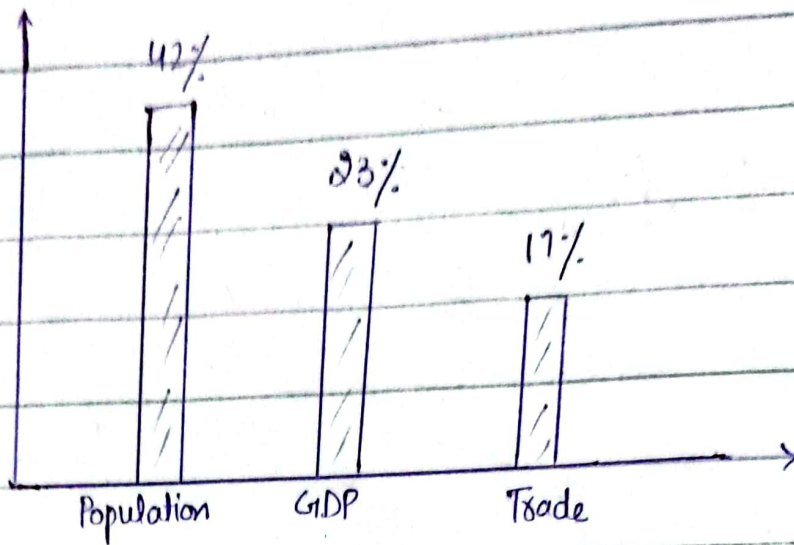
2006 → Four foreign ministers of BRICs met on the sidelines of UNGA in NY.

2009 → Inaugural Summit of BRICs took place in Russia

2010 → South Africa joined. Then BRICS.

The main reason behind the formation of BRICS was the financial crisis of 2008. When dollar the global currency became unstable. So many countries felt the need for another ^{stable} currency.

In terms of influence of BRICS
account for. Global Pop, GDP, Trade.



All 5 members also members of G20.

► Objectives of BRICS :

- BRICS was envisioned to usher in reforms in the global financial Governance.
- To pursue democratisation of international relations and provide developing nations a greater say in global governance.
- To promote economic growth and development for mutual prosperity through expansion of intra BRICS cooperation in sectors like trade, agriculture, infrastructure, energy, finance, banking and enterprises etc.

► Pillars of BRICS

Three pillars of co-operation.

- i) Political and Security Co-operation
- ii) Financial and Economic Co-operation
- iii) Cultural and People-people Co-operation

Under these Pillars, BRICS nations meet to discuss key problems.

► New Development Bank (NDB)

NDB → One of the BRICS' multilateral development institutions, has been operational for some time and is based in Shanghai, China.

- It was considered at the 4th BRICS Summit in New Delhi in 2012, and was founded in 2015.

→ **Aim of NDB** : Main objective was to raise finances and resources for infrastructure and sustainable development initiatives. NDB was beneficial not only to the BRICS countries but also for emerging economies and underdeveloped countries.

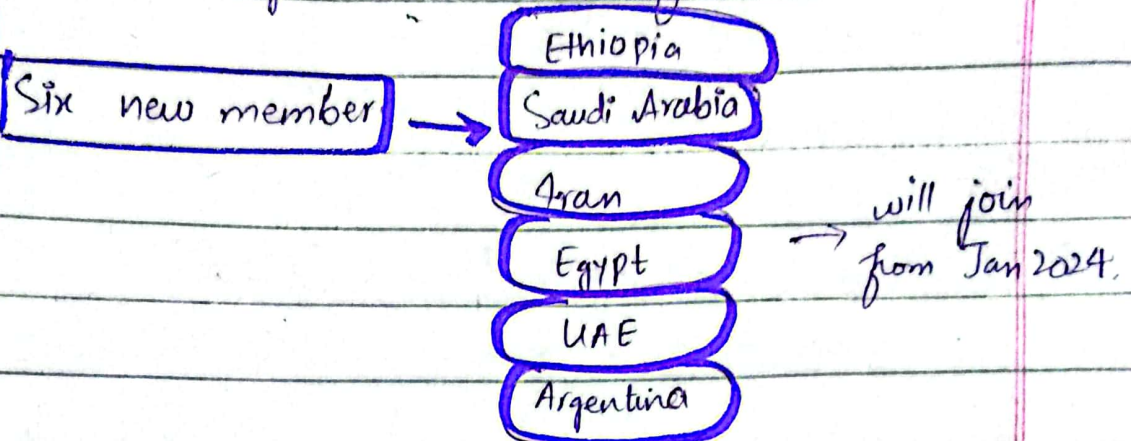
→ **Achievement of NDB**

42 investment projects totaling more than \$ 11 bn have been approved and are currently

being implemented, bringing much needed investment to poor nations.

Expansion of BRICS:

15th Summit of BRICS in South Africa (Johannesburg)
Attended by Presidents & PM of all members



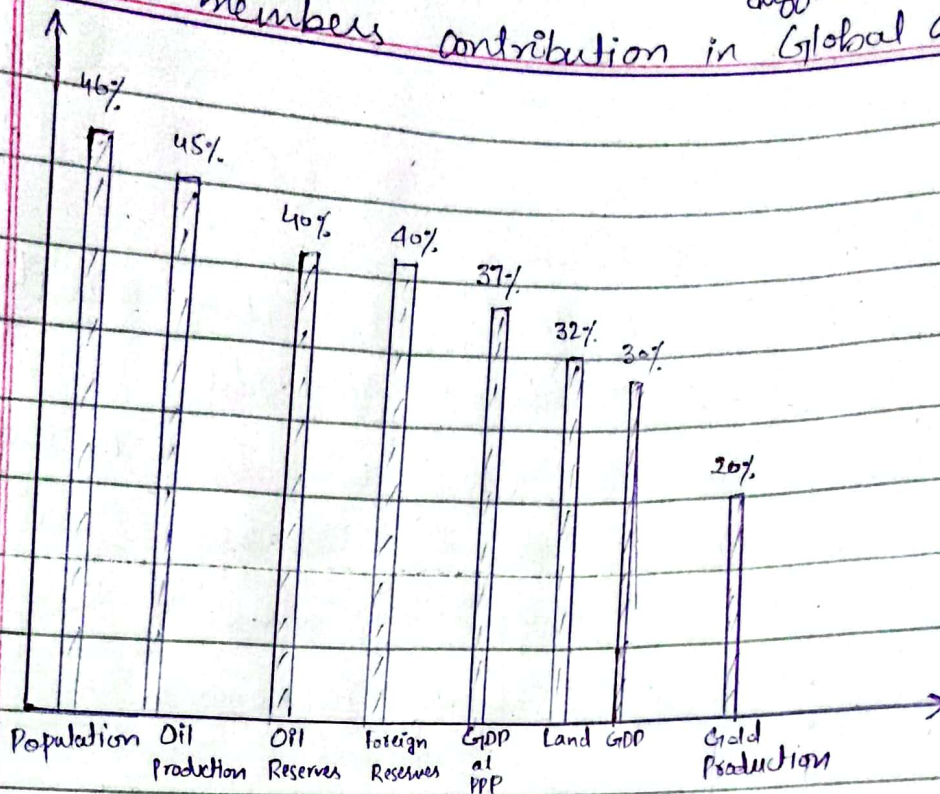
Now Total members of BRICS = 11

Features/Significance of BRICS.

1) Global influence.

- All BRICS members are geopolitically as well as geoeconomically important. And they have important say in global affairs.
- They have potential to shape new global order.

BRICS members contribution in Global areas ^{differs.}



ii) BRICS: a voice of developing countries

Developing / Emerging economies will have importance in decision making of geopolitical global affairs

iii) Multipolarity:

BRICS → supporters of multipolarity

They want to come out from the dominance of American & Western hegemony.

“Asia is future, future is Asia.”

IV) Lobbying Capabilities

BRICS → have ability to make lobbies against other powerful drivers of world.

This would force the world to follow or to take into consideration their decisions. This would strengthen the point of views of the developing and emerging economies.

v) Diversity

- BRICS countries are very diverse.
- Different form of Govts. (Democracy + Dictatorship)
- Different cultures + languages + Religion.
- Yet united for future goals.

↳ (India China conflicts, KSA-Iran conflict but still united).

vi) Enhancing Importance of Global South.

BRICS → enhancing unity and co-operation among the countries of Global South.

Global South has understood that it is not possible to live under the dominance of Global West. So in future, Global South will control the geo decisions.

vii) De-dollarization / Common Currency:

↳ Reducing reliance on Dollar.

"The process of de-dollarization is irreversible and gaining pace." (Vladimir Putin, Russian President at 15th Summit of BRICS)

- Dollar → world's principle & reserve currency since the end of WWII.
- Used in more than 80% of world's trade.

So BRICS countries want a common currency but no official statement has been made by BRICS at 15th Summit. But these countries are doing trade in their local currencies or Yuan.

UAE & India trade in Indian Rupees

Russia & China trading in Yuan.

So world's reserve currency is facing a challenge from Global South countries who want options beyond the dollars.

viii) Improving regional security

BRICS → are mostly connected by land and are regional countries.

This type of co-operation would improve regional security.

e.g. China & India + KSA & Iran working together under this platform. which is a positive message for regional security.

ix) Regional Trade.

BRICS → immense natural resources

can collaborate to enhance regional trade.

x) Problems of west are west's:

By co-operating with Russia & Iran regardless of the US & west sanctions on them BRICS is countering west's dominance in Global South.

If west has problems with Russia and Iran that is the problem of west but regional countries will collaborate with them for regional development.

Why BRICS important for:

i) Russia

2022 → Russia invaded Ukraine.

WEST + US + UN → imposed different sanctions on Russia.

- Froze nearly half of Russia's foreign currency reserves.

- Removed major Russian banks from SWIFT.

So trade + economy of Russia badly disturbed.

- Russia wants support and an alternative currency for its revival, so BRICS is very important for Russia in every context.

ii) Aran

2015 → Sanctions on Aran due to nuclear program

↳ JCPOA was signed but

2018 → Trump withdrew from JCPOA and again put many sanctions.

BRICS is very imp for Aran to save itself from international isolation.

“As US weaponises the dollar in the Russian and Aran sanctions, there is an increasing desire by other developing countries to seek alternative currencies for trade, investment, and reserves, and as well as, developing

alternative multilateral clearance systems outside of SWIFT."

(Shirley Ze Yu, Senior Visiting fellow at London School of Economics)

iii) **China**

- To counter US hegemony & western influence
- wants an alternative currency in case to survive under sanction if it invades Taiwan
- BRICS is imp for China to assert the world its importance & dominance.
- To make world multipolar against US' unipolarity.

iv) **KSA**

- Saudi Vision of 2030
- KSA is moving towards new strategic partners
- wants relations with regional countries than far away countries
- KSA is drifting towards Chinese bloc so BRICS is important.
- KSA wants to export oil according to a new and strong global order.
- KSA → largest exporter of oil
China → largest importer of oil

Other countries

- Economic Growth
- Role at international level
- fostering trade and co-operation

Concerns associated with BRICS

• QUAD

China opposes Quad (US, India, Australia, Japan) Union

It appears that the countries are focusing on the interests of others than establishing mutual trust.

• South Africa

Economy in Debt Negative Current Account.

• Russian invasion

worldwide criticism on main player of BRICS.

• Criticism from US & West.

- They consider BRICS as a threat.
- Condemned Russia & Iran participation in BRICS.

• Links with West

India, Brazil, SA → Strategic link with West
can cause tensions

India → BRICS is Non-west not Anti-west.

• Expansionism .

- Rifts over expanding the member countries.
- India did not want to expand the group
- but China insisted.
- India opposes Pak's participation.

Pakistan and BRICS

Pak not a member of BRICS and according to foreign office of Pak, it has not applied for membership.

As Pak's eastern, northern & south-western neighbours are its members so Pak should also show interest in the major geopolitical shift.

"Pakistan is an ardent supporter of multilateralism and as a member of several multilateral organizations it has always played an important role for global peace and development."
(Pak F.O)

Should Pak join BRICS?

Yes, it can bring many benefits for Pak.

1) Economic Opportunities

Pak → can access to a large growing market of 3 bn people.

- can expand trade and investment opportunities.
- Pakistani businesses can explore new markets and can attract FDI.

2) Enhanced Regional Co-operation

- Strengthening ties and promote regional integration.
- Co-operation in infrastructure, agriculture, IT, etc.

3) Development Assistance

- BRICS operates various development assistance programs for member countries.
- Pak can get financial aid, loans and technical assistance to address economic crisis.

4) Geopolitical Significance

- By aligning with emerging economies Pak can make its role influential in geopolitics.
- Pak can get a platform to raise voice its concerns & interests.

5) Knowledge and Expertise Sharing

Pak can share and learn from the expertise of these emerging economies in various sectors.

6) Energy Co-operation.

BRICS → Members have immense energy resources.

Pak can have opportunity for collaboration and partnership in energy sector to have sustainable energy supply.

7) De-dollarization

if BRICS become successful in de-dollarization then it would reduce Pak's reliance on US dollar would decrease energy exchange risks And can stop fluctuations in stock exchange Could strength Pak's local currency.

Hurdles for Pak to have BRICS membership:

- 1) India
- 2) US and West
- 3) Pak's economic crisis.
- 4) Political leadership crisis
- 5) Lack of Institutional Integration

Way forward for Pak.

- 1) Gaining support of China
- 2) Use of Best Diplomacy
- 3) Dealing Economic crisis
- 4) Strengthening consensus inside the country