

Question no: 02

INTRODUCTION

BRICS an acronym of Brazil, Russia, India, China and South-Africa, is a multi-lateral organization which is shaping the future of International relations by fostering economic, strategic and political cooperation. It is carrying out a unique path in global politics, its recent summit is a proof of that.

The recent summit aims to expand the group by including five new members i.e. South Africa, Iran, Egypt, Ethiopia and UAE. It has far reaching implications like to have an alternative order to counter balance western order, to counter G-7 countries and to counter oil and gas supply of the world. However, it has certain challenges.

as well like the ongoing strong strategic partnership of USA with India, Saudi-Arabia and UAE and also the China-India strategic confrontation is a major challenge for its advancement.

II Objective of the BRICS

The main objectives are

- (i) To enhance cooperation in the field of economy, political and diplomatic domains.
- (ii) South-South cooperation among the developing nations. The members aim to collaborate to exchange best practices and support global ^{env} development projects.
- (iii) To improve the economic growth by encouraging investment and trade and lowering trade barriers.

II Expansion of BRICS - Implications

- i. Changing world order
 - (a) Global South alternative offer to counter balance western order

The expansion is based upon creating an order that counter balances the western order. The addition of new members will foster strong relations among the member states and its influence would see less dependence on the western allies. The South-South cooperation would see the development of the global South countries.

(b) Geo-political counterweight to the G-7 countries

With the expansion of BRICS it would counter the block of G-7 countries. With the expansion, BRICS has world

contribute to 32% of the world's total GDP as compared to 29% of G-7 countries (IMF). And according to IMF, by 2040 it will contribute to more than 40% of share in the total GDP of the world. So this will pose strong challenge to the G-7

(c) Countering US-led initiative (Mineral Security Partnership)

By inclusion of energy rich countries like Saudi Arabia, Iran and UAE, it will counter Mineral Security Partnership of USA and its 13 allies. Saudi Arabia has plans to invest \$2.6 bn to buy 10% stake in Brazil's largest mining company to access various minerals. So this will definitely pose a strong challenge to the USA led mineral security partnership.

(d) Countering the role of Western Financial Institutions

By its expansion, the BRICS would counter institutions like IMF, ADB, WB and other institutions. This is due to the reason that now BRICS share of quota after expansion, in IMF would be 15.1% of total share and total of 14.1% votes of World Bank according to the Institute of Strategic Studies Islamabad (ISSI). So, this expansion would have a strong influence on the working of the financial institutions.

(e) ~~Controlling~~ Controlling the oil and gas supply of Energy Markets

By including energy rich countries, BRICS can control oil and gas of energy markets.

1/202
World's top exporters including
Saudi Arabia, Iran and UAE
control for 42% of global
oil supply according to IMF.

This will strongly counter the
western coalition who by sanctioning
Iran and Russia influence the
global energy market. Moreover
the two biggest importers; China
and India will have no
blockade in dealing with these
energy giants.

(f) Rise of Revisionist Powers

This will be another
sign of world moving towards
a multi-polar era with the
rise of revisionist powers like
Russia, China and Iran.
Narayanappa, the Dubai based
scholar had said

"World is no longer
conditioned by super-power alone.
It is conditioned by middle and

Smaller power who prefer multiple alignments."

(g) De-Dollarization ~ cross border interbank payment system

BRICS has initiated the cross border interbank payment system led by China. It will have trade through these banks in common or local currency. This can threaten the dollarization system. Moreover, the oil rich countries have also agreed to use the local currency and it will also pose major threats to the petro-dollar system.

(h) Opportunities for Pakistan - can enhance its geo-economic ambitions if she joins. If Pakistan joins the BRICS it can have multiple benefits to Pakistan like to expand its diplomatic influence, open up

1/202

lucrative trade and investments. Pakistan can get access to natural resources like oil and gas. Moreover with top level protection (USA) & fact in BRICS, Pakistan can overcome its food shortage problem. But joining BRICS would be hindered by some challenges like opposition of India and pressure from western partners.

IV Challenges to the BRICS

(a) India - US Strategic Partnership

India-US strategic Partnership can be a challenge to the BRICS because both of these countries are exclusively involved in economic, political and social engagements. China's presence would not be liked by USA and in some matters USA might have an influence on India and India might face

difficult in engaging with other countries independently.

(b) China-India Strategic Confrontation

China and India have always remained in some strategic confrontation like in terms of border disputes, criticising CPEC, and in other economic issues.

This will be a serious challenge to the BRICS in terms of their decision making and collaboration with each other. Whether India pursues its own policy or it can be influenced by USA motives to contain China will be a big question mark.

(c) New Development Bank (NDB) has little capital for financing

The BRICS sole financial institution (NDB) has little capital for financing projects as compared to its rival institutions.

Like the World Bank - The NOD will face a severe challenge to compete

(d) Criteria for adding new potential has not been addressed

The group has not decided its expansion strategy for the new members - about 40 according to the IMF have showed interest in joining IMF. This will be a challenge for BRICS that has set on which conditions they include new members - whether the inclusion would be based on according to the criteria but first a criteria is needed to be set. Setting a criteria would be a challenge

(e) Countering Western Critics

It would be a challenge for BRICS that how they will counter western critics

that BRICS have failed to achieve its objective, its economic influence and has little unity except to counter USA.

(f) Consensus among BRICS members
→ a hard nut to crack

Consensus among BRICS members would be hard to achieve.

This will depend on how China and India, Saudi Arabia and Iran the new member; perceive their agenda within the grouping and a USA critical of Iran and ally of Saudi Arabia would be fascinating to see how these countries build a consensus in the geo-political and geo-economic domain.

Conclusion:

BRICS expansion is certainly moving the world towards a strong multilateralism. It can

certainly change the world's order
and can counter the western
influence. This initiative will
further add to the problems
of USA as ~~her~~ ^{her} hegemony
and influence is not what
it used to be. But it will not
be a walk in the park as
BRICS has certain challenges
lies ahead of it.

