

# The changing global order and the BRICS' response: Quo vadis BRICS?

A Global Perspective on Emerging Challenges  
& BRICS Strategy

Gregory T. Chin  
York University  
Canada

# The changing global order and the BRICS' response: Quo vadis BRICS?

- What is next for the grouping?
- Is an expansion of the BRICS core group necessary
- How can the BRICS build alliances to support a more equitable, rules-based multilateral order?

# Growing Uncertainty

- Trump Factor
- Rising trade protectionism and economic nationalism – undermining of open and integrated world economic and trading system
- Impact on world economy of Trump tariffs – slowdown of the global economy
- The G2
- G7 fragmentation
- NATO fragmentation
- Europe & UK

# Breakdown of G2 coordination

- Interest rates
- Money supply
- Exchange rates
- US-China S&ED mechanism has been discontinued – instead, ad hoc meetings and discussions
- Reduced coordination between central banks and finance ministries
- Treasury Secretary in tough against trade hawks (globalist allies have resigned from Trump administration)

# Financial system – return to instability?

- Roll back of Dodd Frank to cut banking regulations
- Four pronged BWs system
- G20 & FSB - ready to respond? Helleiner is not optimistic
  - “should we be feeling more secure” now?
  - Basel III has brought some improvements
  - But... there are a range of ongoing concerns, plus the recent concerns related to the de-regulation by the Trump administration

# Bretton Woods & Beyond

- Crisis liquidity
- IMF – global crisis management mechanism
- Financial safety nets
- BRICS CRA
- appointment of South African Reserve Bank Governor, Mr Lesetja Kganyago, as the first sub-Saharan African Chair of the IMF Policy Committee
  - South Africa, with the BRICS, support developing country key concerns at the IMF, via the IMFC, including financial safety nets, sovereign debt restructuring mechanism, expanding the functions of the SDR (mitigating dollar instability or liquidity freeze or rising cost of credit for developing country borrowers)

# Bretton Woods & Beyond

- WTO
- BRICS's efforts to support open trading system
- Is a higher level of cooperation needed; is it possible?
- Jim O'Neill - set an exam
  - Ask themselves: "what have any of the BRICS countries, or the collective group, done to positively influence their individual or combined growth performance since they started meeting 10 years ago?"
  - How about a free trade agreement between themselves?
- To mitigate (contain & counter) the Trump effect: Intra-BRICS trade and investment *pact*

# Politics & economic tensions

- Is a higher level of cooperation possible?
- India-China
- Russia-China
  
- Adding new members to the club? How to pick and chose?
  - Add 2: 1 from South America; 1 from Africa – who are willing and able to support the “new”



# Bretton Woods & Beyond

- MDBs
- WBG & RDBs – BRICS voice
- NDB – pursue “the new”
  - Financial innovations – lending and fund raising sides
  - Sustainable infrastructure – beyond “do no harm” approach of traditional MDBs (CALACS and Fudan U, Karin Costa Vazquez)
  - What else? (under sustainable development)
  - New Regional Offices in Johannesburg and Sao Paolo
  - Add new client countries
- G20
  - BRICS Caucus – BRICS President in G20
  - In April 2018, 20 finance ministers established an “Eminent Persons Group” on Global Financial Governance to review “the challenges and opportunities facing the international financial and monetary system” with a central focus on the multilateral development bank (MDB) system
  - Brookings, CGD and ODI Report to G20 Hamburg 2017

# Credit Rating Agency

- Structural power – the fundamentals
- Key for the financial systems of the BRICS nations
- Europe as potential ally?
- Would benefit NDB also

# Security Agenda

- UN Security Council reform
- BRICS representation & voice in the SC
- Nuclear non-proliferation
- National economic security and traditional security concerns
- Will affect economic fundamentals and financial situation
- US & Trump effect: Russia & China – Indian considerations
- Brazil and South Africa – unique role to play within the club (will others support)

# BRICS Leaders and Ministers Process

- Secretariat? Support for the Leaders and ministers processes
- Support to summit host – nodal point of continuity
- Central depository
- Archival function
- Research Unit – Track 2.5 and beyond

Thank you