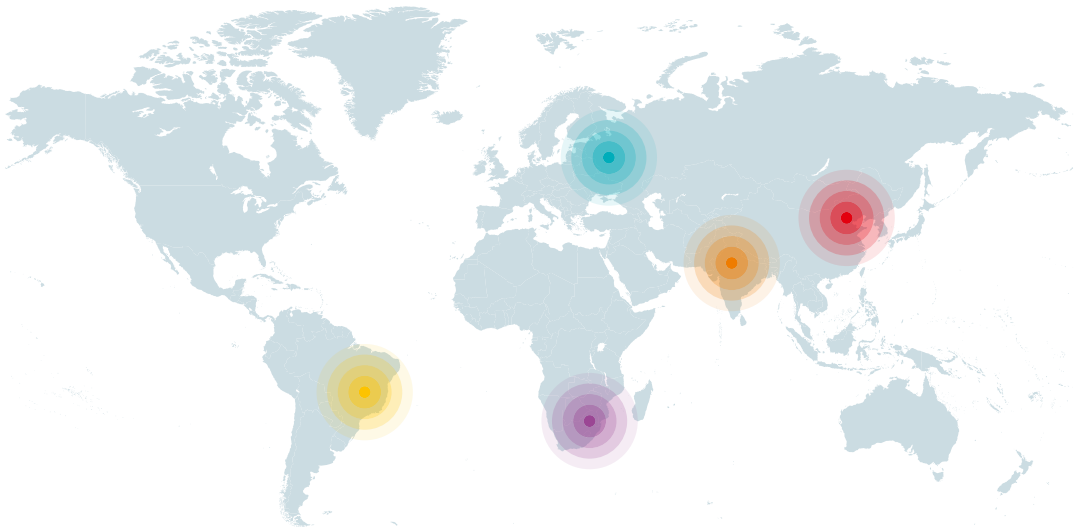


# One Plus Four

BRICS – Ambitions for Geopolitical Reform  
and Chinese Dominance

Christian E. Rieck / Lars Peter Schmidt / Mark Alexander Friedrich /  
Jan Woischnik / Alexandra Steinmeyer / Tilmann Feltes /  
Claudia Crawford / Thomas Awe / Tim Wenniges



The BRICS are in crisis. The economic malaise in the majority of member states intensifies asymmetries within the group and thereby consolidates China's dominance. All members use the BRICS for pursuing their own economic interests and for avoiding isolation whilst making controversial foreign policy decisions. But it is Beijing that strategically uses its growing influence gained by control of access to its markets and investments.

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## **1. Introduction: Global Ambitions and Lagging Domestic Reforms**

Christian E. Rieck

Under the presidency of India, the eighth BRICS summit will be held in Panaji, Goa, from 15<sup>th</sup> to 16<sup>th</sup> October 2016. Once again, the images this annual summit will produce are intended to symbolise the unity of a “post-Western world”, a productive alliance between strong, ambitious, regional powers that want to combine their efforts to shape the future – without the West. At the turn of the millennium it seemed inevitable that power would shift away from the worn-out West to this dynamic group of emerging nations and a clever investment banker invented the acronym BRIC (later BRICS) to label the new “investment opportunity”. As long as their economies were flourishing, Brazil, Russia, India, China and (since 2011) South Africa could see themselves as political, economic and military powers, indeed as the voice of their respective regions.<sup>1</sup>

Until recently, the “rise of the others” seemed unstoppable. The BRICS grouping confidently describes itself as “a key element of a new system of global governance, first of all, in the financial and economic areas” and as a “new model of global relations, overarching the old dividing lines between East and West, and North and South”.<sup>2</sup> The group's integration reached its temporary high point with the New Development Bank BRICS (NDB BRICS). On several occasions, BRICS has already converted this

confidence and the associated potential for mobilisation among emerging and developing nations into a concrete power of veto. In terms of security policy, the BRICS nations have also staked out their own spheres of influence.

However, the non-Western narrative of emergence has faltered in light of the economic downturn being experienced by the BRICS nations. The BRICS euphoria has peaked and is now declining. In the ongoing economic crisis – which in some BRICS countries has now been accompanied by a political crisis – the power within the alliance has continued to shift steadily towards China, which is by far the group's largest economy (and it is still growing). The economic asymmetries between China and the other BRICS nations have always been a structural characteristic of the association, and the weakness of the other countries reveals how China has purposefully and skilfully used this platform to promote its own interests and its ambitions to become a superpower. It will be interesting to see to what extent this Chinese dominance becomes a structural problem for the other members (and, as a result, for the association as a whole). After all Beijing has other means of projecting itself as a major power – including the ambitious *One Belt – One Road*, (OBOR) initiative, a development strategy for establishing a massive infrastructure and transport network with a view to linking continental Asia with Europe.

Despite China's dominance, the BRICS nations are still trying to draw on the global South's reserves of legitimacy. However, BRICS is not

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Not on a level playing field: The weakness of the other BRICS countries reveals how China has purposefully and skilfully used this platform to promote its own interests and its ambitions to become a superpower.

Source: © Kim Kyung Hoon, Reuters.

just another in a long line of traditional (often inefficient) institutions set up collectively by the Global South, such as the Non-Aligned Movement or the G77: The BRICS group also does not handle sensitive topics such as the advance of democracy and human rights. Instead its democratic member states have transferred these issues to the IBSA Dialogue Forum. This was set up in 2003 to promote the exchange of knowledge, skills and technology between India, Brazil and South Africa. The BRICS format is looser and less institutionalised. In this, it resembles more closely the G7, with which it shares the aim of playing a role in regional and global governance based on the economic and political strengths of its members.<sup>3</sup>

Against this backdrop, the present study will look at the current situation and outlook from the point of view of the five countries involved – as individual BRICS members and as a group. We will be asking the following questions:

- What is the state of the economy in each member state?
- What specifically are the members hoping to achieve through BRICS specifically?
- How does their relationship with China affect the member states?

Since the turn of the century, the BRICS nations have certainly been causing a stir. Does this mean that the spread of Western liberal institutions – the oft-cited “unipolar moment”<sup>4</sup> – has had its day? Or, 15 years on, does it mean that the parallel BRICS project is not destined to last either?

## **2. India: BRICS as a Building Block in a Multipolar World**

Lars Peter Schmidt /  
Mark Alexander Friedrich

Critics complain that BRICS is just a random group of nations with nothing in common and therefore a purely symbolic union,<sup>5</sup> but India

does not see it this way. India is still hoping to increase cooperation within the union, and has particularly high hopes of the NDB BRICS (founded two years ago) and of a number of its own initiatives. Everyone knows that China carries a lot of weight in the BRICS group. However, as far as India is concerned, the union provides a forum for working with China through its institutional structures, ongoing consultation, and the creation of conflict resolution mechanisms in a multipolar international system. This collaboration also has to be viewed in the context of other mechanisms for international cooperation.

### *India's Confident Claim to Leadership*

Since the Modi government took office (*Bharatiya Janata Party*, BJP) in 2014, India has woken up from the political and economic slumber that characterised the Singh government's second term. Many reforms are still dragging their feet because of the government's lack of majority in the upper house, but some new legislation is now being pushed through. A new insolvency law has been passed, along with a historic GST (Goods and Services Tax) reform. Land reform and an overhaul of employment law are also on Modi's agenda. Above all, the new government has created a new mood in the country. This, along with low world prices for raw materials, has spurred growth in the Indian economy, which according to the World Bank stands at 7.6<sup>6</sup> per cent for the 2016 financial year.<sup>7</sup> In this, India is different from the other BRICS nations, which have been beset by economic problems, political unrest and military conflicts. So this year the country was in a position to confidently take over the BRICS presidency, and it has set some ambitious goals.

There are a number of reasons why India views BRICS less critically than the West. For India, the BRICS union has four key functions: first of all, it coordinates foreign policy among countries that have common interests as a result of similarities of size and economic potential. Secondly, it is a community for development and learning. India sees it as a source of mutual learning, a platform for sharing experiences and success

stories relating to social transformation, fighting poverty, social justice, urbanisation and good governance. Thirdly, the people of India still hold certain prejudices against the West as a result of their colonial experiences. Correspondingly, the country attaches great importance to working towards a multipolar world order and establishing political, economic and institutional safeguards outside of existing Western institutions and cooperation mechanisms. From India's perspective, BRICS makes a contribution to creating this more multipolar system. Its membership of the group goes hand-in-hand with India's commitment to reforming the UN Security Council, to regional, bilateral and multilateral cooperation, and institutions such as the Asian Development Bank (ADB). Fourthly – and this is connected to India's suspicion of the former colonial powers – it believes Western institutions of global governance are too dominant which ought to have a counterweight. The NDB BRICS is certainly the most prominent, but not the only example in this respect. In June 2016 a Memorandum of Understanding was signed for India to join the Shanghai Cooperation Organisation (SCO). In the future, BRICS also aims to reduce its dependence on others, including issues of technical infrastructure, as is shown by the planned BRICS satellite system to reduce disaster risk.

#### *Heterogeneity within the Group*

The heterogeneity of the BRICS member states is immediately obvious when we look at India's relations with its partners. But it is also clear that India has shared interests and a great deal in common with the other four BRICS nations. Its relations with Brazil are shaped by common values based on the character of both nations as liberal democracies and constitutional states. They also have common interests and ideas, for example with regard to the structure of global trade, global environmental standards and the reform of international institutions, above all the United Nations and Security Council. Economic ties between the two countries have grown steadily over the last ten years. Trade between India and Brazil more than doubled<sup>8</sup> between 2008 and 2014 and should be monitored and stimu-

lated through regular consultations at the ministerial level. Both countries have some major challenges to deal with in the area of infrastructure, providing starting points for closer cooperation. Brazil and India have also joined forces with South Africa to form the IBSA Dialogue Forum. These three countries are united by their democratic form of government but also by increasing social inequality – at least as a long-term trend – despite their growing economies. They also share a desire to reduce their dependency on the West. As a union of emerging, multi-ethnic, multicultural democracies, the constellation is certainly more homogeneous than BRICS, but it does not compare in terms of significance. This is also shown by the fact that IBSA is actively seeking to increase cooperation with Russia and China.

### **For India, a strong Russia acts as an additional counterweight to China.**

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India and South Africa share a history as part of the former British Empire. This is reflected in their membership of the Commonwealth and in South Africa's large, lively Indian minority. India played a key role in the diplomatic battle against the apartheid regime, and South Africa and India reopened diplomatic relations in 1993. Since then they have conducted a lively debate on issues relating to defence, culture, health, settlement policy, public administration, science, education and technology. Its relations with South Africa are very important to India. Unlike China, South Africa supports India's entry to the Nuclear Suppliers Group (NSG). Despite the good relations, there is still a great deal of potential on the economic front. Trading volumes between the two countries have grown steadily since South African independence, but have still only reached one third of the volume of trade between China and South Africa.

India has traditionally had good relations with Russia. Despite its nominally non-aligned status during the Cold War, India had closer relations





Hard work: Today, India is on the best way of becoming a prospering national economy. This is one of the reasons why it performs self-confidently in this year's BRICS chairmanship. [Source: © Shailesh Andrade, Reuters.](#)

with the Soviet Union than the USA. This trust was built up over decades and still affects the two countries' relations to this day. Like South Africa, Russia supports Indian entry into the NSG. For its part, India did not take part in the sanctions against Russia. Traditionally the two countries have always worked closely together on military matters. Between 2004 and 2014 Russian arms made up three quarters of Indian arms imports with a total value of 30 billion U.S. dollars. Bilateral trade volumes have increased sharply over the last 15 years, but recently dropped as a result of falling raw materials prices.<sup>9</sup> The two countries have set themselves the goal of increasing

bilateral trade to 30 billion U.S. dollars by 2025. This seems optimistic, as it would mean current volumes would have to almost quadruple. For India, a strong Russia means another friendly face in a multipolar world, and hence another counterweight to China.

India's relations with China are more complex than with the other BRICS nations. For many years their relations were dominated by trade, cultural and philosophical exchange and a generally peaceful co-existence. But today they are under pressure due to unresolved border issues, geopolitical and economic competition,

the Tibet question and the Chinese navy's incursions in the Indian Ocean. In parallel, economic ties and mutual interests in the region have intensified – such as in the area of infrastructure expansion – and provide opportunities for closer collaboration. These can particularly be found in the *Make in India* campaign, the rail industry, nuclear power plant construction and renewable energy utilisation.

India is interested in strengthening economic ties with China and keen to attract more Chinese investment, particularly in IT, residential construction and infrastructure. Indian projects and firms are now being financed by Chinese banks and investors, particularly in the IT sector. Trade increased sharply at the beginning of the decade, but since then has stagnated.<sup>10</sup> India has had a significant trade deficit for many years. Other trading channels are to be opened up through institutionalised partnerships, such as within BRICS. There are also regular consultations at both the ministerial and working group level.<sup>11</sup> As far as India is concerned, the integration of China into institutional structures, ongoing coordination and the creation of conflict resolution mechanisms – which it sees as being facilitated by BRICS – are just as necessary as establishing safeguards through working with other regional powers. So the government is building relations with potential partners in the Pacific region, such as the USA, Japan, Vietnam and Australia.

#### *BRICS Is Set to Continue*

With a view to intensifying the partnership between the BRICS members, in 2015 Prime Minister Modi put forth his plan “Das Kadam – 10 Steps for the Future”.<sup>12</sup> This includes a BRICS trade fair; a BRICS railway research center; cooperation among supreme audit institutions; a BRICS digital initiative; a BRICS agricultural research center; a state/local government forum for BRICS member states; more cooperation among cities in the area of urbanisation; a BRICS sports council; an annual, as yet unspecified, sports council; a film festival; and a proposal that the first major NDB BRICS project should

be in the field of renewable energy. The Indian government is planning to push ahead with this initiative during its presidency of BRICS and during the summit. The Modi government also has some far-reaching aims for its presidency, including visa relaxations and working together to support SMEs.

### **To India, the BRICS are both an advantageous economic project and an influential political instrument.**

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From India's perspective, the argument put forward by some economists that the BRICS era is over because of the current economic situation must seem a little strange. As far as India is concerned, the project is not just economic, but also political. It brings together key players of the non-Western world to discuss social issues, so economic issues are not the sole factor for measuring the value of the union. Many Indian economists also believe India's membership of BRICS has already given the country more global influence. Regardless of the economic components, for India, BRICS is an instrument of active foreign policy in an increasingly multipolar world.

### **3. Brazil: Beset by Crisis and Increasingly Dependent on China**

*Jan Woischnik / Alexandra Steinmeyer*

The massive crisis in Brazil's economy and politics has turned the spotlight on the structural problems of this formerly booming country. The political problems at home mean little attention is being paid to foreign policy projects. Brazil has also not succeeded in establishing itself as the region's leading power. So today Brazil's strongest argument for BRICS membership is no longer the anti-hegemonic narrative but the need for privileged access to its biggest trading partner, China.

After the turn of the millennium, the Brazilian economy was booming and it doubled in size between 2002 and 2014. This was mainly as a result of the rise in commodity prices on the world market, such as ore, oil, soya and meat, which made up 64 per cent of Brazil's exports in 2014.<sup>13</sup> The Brazilian economy recovered very quickly from the global economic and financial crisis because the emerging nation was attractive to investors who wanted to move their capital away from crisis-hit USA and Europe, and the government artificially increased demand through major investment projects. This growth was felt by broad sections of the Brazilian people thanks to social programs such as the conditional cash transfer program *Bolsa Familia*, and household incomes grew 1.7 times between 2002 and 2014.

However, the boom in Latin America's largest economy proved to be unsustainable. It was built on commodities exports and at home was largely based on an extreme expansion of consumer credit rather than on long-term investment. As a result, the collapse of commodity prices on world markets after 2014 heralded Brazil's most serious economic crisis since the 1930s, with inflation and employment climbing to the low double digits in 2016. In 2015 alone, per-capita income fell more strongly than during the whole of the "lost decade" of the 1980s. Brazil is still dependent on imports despite its industrial base,<sup>14</sup> so rising prices and falling currencies led to a deterioration of its terms of trade and caused inflation to increase.<sup>15</sup> Over the past 15 years, its external debt has also increased by nearly two thirds, partly because of the government's lack of budgetary discipline. The currency effects should have boosted exports, but these have been going backwards since 2012 as years of protectionist policies have left them uncompetitive on global markets.<sup>16</sup> Brazil may be the world's leading exporter of orange juice and sugar (the country is the world's second-largest producer of genetically modified crops), but over recent years exports have only made up about one eighth of Brazilian value added. So

the domestic market remains the prime engine for growth for the Brazilian economy. However, the engine is itself crisis-ridden.

The structural causes of this crisis, however, do not lie in the economy but in unfettered bureaucracy,<sup>17</sup> a poor-quality educational system (apart from a few elite schools), and public expenditure that is almost at German levels, but without an adequate welfare program to counter the country's enormous social and economic inequalities. In the political sphere, parties are lacking strong agendas and dominated by clientelistic structures. The impeachment trial against President Dilma Rousseff (*Partido dos Trabalhadores*) and the pending proceedings for the annulment of the last presidential vote are a clear expression of the country's crisis and leave Brazil's future economic and political situation difficult to predict. The revelations of the *Lava Jato* scandal, the largest corruption network in Brazil's history, has also shaken people's faith in their politicians.

#### *Regional Leaders or Dependence on China?*

In the face of its domestic problems, foreign policy is currently taking a back seat in Brazil. Since the country returned to democracy in 1985, its foreign policy has focused on a range of issues. It initially had a strong orientation towards Europe and the USA, and during his presidency from 2002 to 2009, Luiz Inácio Lula da Silva (PT) set a tone of South-South cooperation inside and outside the South American region. As the region's most powerful player in terms of economic growth, population size and surface area, Brazil also attempted to build corresponding political influence, including within regional projects and institutions.

Mercosur<sup>18</sup> was founded in 1991 with the aim of creating a single South American market. It resulted in the relaxation of visa requirements but the hoped-for economic integration failed to fully materialise. By the time Venezuela joined in 2012, hopes of reviving the forum were dwindling, and free trade negotiations with the European Union have remained unresolved for more than 20 years. In 2008 Brazil created UNASUR,






Trouble spot: Massive economic and political problems paralyse Brazil's domestic policy. This is one of the reasons why the public awareness of its BRICS membership is still limited. Source: © Ricardo Moraes, Reuters.

a political union that has had some diplomatic success and initiated a number of infrastructure projects. In both these unions, Brazil set itself up as the leader and pushed through its own agenda. However, both of these attempts at regional integration – and hence Brazil's leading role in South America – depended on individual heads of state and government and were not consolidated at both the social and administrative level. Within the region, Brazil is not considered to be the undisputed leader, and in the past countries like Venezuela and Argentina have claimed this position.<sup>19</sup>

Lula's successor Rousseff (president from 2010 to her removal from office in August 2016) initiated no foreign policy projects of any signifi-

cance. Instead, largely driven by economic concerns, Brazil turned its gaze to China. Since 2009 China has been Brazil's largest trading partner<sup>20</sup> and an important creditor. In 2016 Brazil is likely to be the country with the most direct Chinese investment in Latin America, particularly in the raw materials and energy sector and<sup>21</sup> infrastructure.<sup>22</sup> These strong economic ties increase the need for political dialogue between Brazil and China, but relations between the two countries are very asymmetrical: China is setting precedents with its strategic investment, not only in the economic area. Brazilian experts also believe Brazil lacks the necessary expertise to deal with China, and that as a result the relationship could become even more asymmetrical in the long term. Brazil's new government is focusing on



economic policy, and here China's investment could help it find a way out of the crisis. This would, however, intensify Brazil's dependence on China as an unequal partner.

#### *Brazil in BRICS – All Talk but Little Action*

Brazil's structural economic problems and its (neither accepted nor consolidated) claim to leadership of the South American continent are in stark contrast to the global ambitions that the country is pursuing within BRICS. The country joined the other growing economies of the BRICS group under the aegis of former president Lula. He used the global window of opportunity to push Brazil's growing economic significance and increase its status on the world political stage. Lula was personally very important to Brazil gaining membership of BRICS. The BRICS euphoria in Brazil can be mainly traced back to Lula's narrative of a new, multipolar world order at a time of global economic and financial crisis. Even outside the country's borders, he was an articulate advocate for the project, and no other founding father of the BRICS group could match his charisma. An interesting aspect for the West is the fact that – within certain limits – historically and culturally Brazil sees itself as part of the West, so it plays a special role as moderator within BRICS. However, Lula caused some irritation when he negotiated a nuclear deal with Iran in 2009 that failed to meet the approval of the West.

Under Lula, Brazil's membership of the BRICS project was spurred on by a desire to gain a voice on the world stage. But it soon became clear that the other member states shared few of Brazil's interests, apart from a desire to reform international financial organisations and other bodies. Nevertheless, Brazil was able to push through its own agenda and increased intra-BRICS cooperation in the areas of security policy, public health and combating climate change.<sup>23</sup> However, particularly during Rousseff's presidency, Brazil's foreign policy has lagged behind its global responsibilities as the world's fourth-largest democracy. This was also the case within the BRICS group – under Rousseff Brazil brought a few of its own initiatives to the BRICS forum and failed to take

a firm stance on a number of issues, including the refugee question that is currently such a major global challenge. This also applies to IBSA, which should actually be the most appropriate forum for debates on human rights. Instead, the motivation for staying with the BRICS project shifted when, for economic reasons, Brazil began to focus on the importance of direct relations with China. Bilaterally, Brazil would not have gained such privileged access to China, for whom it was mainly a supplier of and market for food and raw materials (and therefore largely replaceable).

Brazil's new president Michel Temer (*Partido do Movimento Democrático Brasileiro*, PMDB) did not give the post of foreign minister to a diplomat, as had been normal in the past, but to a party politician and former minister José Serra (*Partido da Social Democracia Brasileira*, PSDB). This is a sign that foreign policy is a priority for the new government, albeit to date this has mainly been in the form of bilateral cooperations.<sup>24</sup> At the moment, BRICS is being largely ignored in the Brazilian debate. Instead, the country is overly focused on its huge political and economic crisis, and in the next few years it is likely that the political agenda will remain dominated by domestic issues. This would be welcome, as Brazil can only create the conditions for its global ambitions if it undertakes structural reforms. In so far as these domestic construction sites still leave room for a foreign policy agenda, Brazil will continue to stay with BRICS because it guarantees political access to the economic giant that is China. In this way, it could continue to act as a bridge between the West and the – predominantly Asian – emerging nations.

#### **4. South Africa: The Cape of Disappointed Hope**

*Tilmann Feltes*

As the youngest BRICS member, South Africa has found it difficult to meet general expectations since its entry. If South Africa's great potential is wasted in future, its economic and political significance within the BRICS association will dwindle.



## *The Gatekeeper as Underachiever*

South Africa has come back to earth with a bump. The achievements of former Presidents Mandela and Mbeki (economic stability, social cohesion, regional leadership) are being called into question, and many areas of the country's social, political and economic life are in deep crisis. In the wake of the overthrow of apartheid and the (still ongoing) transition to democracy, there is increasing concern and scepticism both at home and abroad about the direction the country is taking and about the stability of a country that was once considered to be a model for others to follow.<sup>25</sup> Of all the BRICS nations, South Africa has the highest rate of unemployment (over 25 per cent,<sup>26</sup> of which an estimated 50 per cent are young people), the highest levels of inequality between rich and poor,<sup>27</sup> and one of the worst state-funded school education systems.<sup>28</sup> One of the reasons for this is the country's lack of growth – the IMF has predicted near-stagnation of 0.1 per cent for 2016.<sup>29</sup> Over the last year the political upheavals that are unusual for South Africa<sup>30</sup> have also had an effect on foreign direct investment, which fell by 74 per cent compared to the previous year. It is assumed that this situation will not change until a new leader of the ANC (African National Congress) is elected in late 2017. Until then, it is likely that South Africa will simply continue to tick over.

### *BRICS in Africa*

At first, things looked promising for South Africa when the country joined the BRICS group in 2011 and attempted to expand its area of influence on a continent that has the greatest potential for growth. At the time, South Africa's president Jacob Zuma (ANC) described his country as the "gateway to Africa". Of all the BRICS states, he

claimed it would offer businesses the best access to the region's raw materials and markets. But right from the start, South Africa lagged behind the other members on the economic front. After South Africa joined BRICS, a surge of euphoria led to predictions of trade between Africa and the BRICS countries increasing to 500 billion U.S. dollars in 2015. But in the end it barely reached 300 billion U.S. dollars,<sup>31</sup> and by 2016 the idea of South Africa as the gatekeeper was looking questionable. Many analysts<sup>32</sup> believe the BRICS states would still invest in the continent, particularly East Africa, if South Africa were not a member.<sup>33</sup> Now the BRICS nations are busy in Africa with their own "Africa strategies": Brazil is pursuing its economic interests mainly in the PALOP countries (for example, in the mining sector), while India is focusing on East Africa, and China on the continent as a whole.

### *Chinese Economic Imperialism in Africa?*

China's growing involvement in Africa is particularly noteworthy. In 2011, for the first time China ousted the USA as Africa's biggest trading partner. In the next three years alone, China is planning to invest more than 60 billion U.S. dollars in Africa.<sup>34</sup> In the past, Chinese assistance with the construction of all kinds of public infrastructure was offered on the basis of "raw materials for infrastructure", but the effects on sustainability and good governance remain modest. At the same time, South Africa has been actively pursuing its own interests on the continent and, outside of BRICS, it has started a regional project in southern Africa involving regional development corridors as a means of bringing the sub-region closer together. To date, however, conflicts of interest between the two actors in Africa have been kept within limits. South Africa sees its leadership role as being more political, while China is (still) concentrating on trade and business. As long as this remains the case there are unlikely to be any major conflicts of interest.

In South Africa itself, China has been the main trading partner since 2009, but at present the People's Republic reaps more economic benefits from this than South Africa. For example,

← Breaking point: The yawning gap between rich and poor marks South Africa within the BRICS group and endangers political stability needed by the country to pursue its role in the BRICS effectively. Source: © Johnny Miller / Millefoto, [unequalscenes.com](http://unequalscenes.com), [fb.com/unequalscenes](http://fb.com/unequalscenes), [twitter.com/unequalscenes](http://twitter.com/unequalscenes).

in March 2016 South African imports of Chinese goods were twice as high as South African exports to China.<sup>35</sup> However, this could change after the signing of a number of cooperation agreements to facilitate access to the Chinese market for South Africa's partially state-owned South African railway and mining companies.

### **Not only from the economical but also from the ideological perspective, China becomes an increasingly important partner for South Africa.**

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However, alongside economic ties, it is the country's political and ideological affinities with China that have played a particular role in South African foreign policy over recent years. South Africa has skilfully and frequently made use of its BRICS membership to consolidate bilateral relations and curry favour with China as an ideological partner, sometimes combined with a strongly anti-Western rhetoric. It remains to be seen how this rhetoric will play out in South Africa's future policies and actions. There have already been some politically questionable decisions, such as the entry ban on the Dalai Lama.

Economic access to Chinese capital, know-how and investment is important for South Africa, but to a lesser extent than for other developing nations in Africa. Overall, South Africa's membership of BRICS is useful for diversifying South African export markets, but the African nations' trading structure with the BRICS countries is often similar to that with its Western partners – raw materials in return for industrial goods and services. The best opportunities for South Africa and Africa as a whole are in processing these materials locally. As Africa's most industrialised country, South Africa is in a good position in this respect. There is a great deal of potential for value creation in processing the country's most popular export products (precious minerals such as gold, diamonds and platinum).

### *An Instrument of Anti-Colonialism and Hardening Attitudes at Home*

The involvement of the BRICS countries in sub-Saharan Africa increasingly contains elements of classic South-South cooperations that are designed to reduce the dependence of countries of the global South on the industrialised West.<sup>36</sup> Unlike traditional donor-recipient relations with the West, the five regional powers have an advantage in that, at first glance, they are not weighed down by a colonial past, and indeed some of them were themselves European colonies. Although South Africa does not always satisfy this post-colonial requirement and often appears hegemonic in its actions, this anti-colonial stance is becoming increasingly prevalent in daily politics in South Africa. Western actors and South African critics are branded as “spies” or “CIA spies”.<sup>37</sup> South Africa also, at least symbolically, stands behind its BRICS partners, such as in the case of economic sanctions on Russia.

The cooperation and friendship between Russia and South Africa has historical roots. During the apartheid era, the Soviet Union provided exile for ANC activists (and to an extent still does so today), including training and supplying arms. The two countries have signed a nuclear deal and also an agreement to train South African doctors in Russia in order to combat the shortage of doctors in South Africa. With regard to India, the large Indian diaspora in the harbour city of Durban ensures there are lively cultural and economic ties with major Indian investors, particularly in South Africa's technology and media sectors. Ties with Brazil have been stagnating since the euphoric beginnings under President Lula, largely due to the Rousseff government's preoccupation with domestic affairs. Overall, South Africa's membership of BRICS has led to increased visibility in terms of foreign policy and to the country becoming the voice of a whole continent as it emphasises the Africa Rising narrative.

Currently, South Africa's democracy is under pressure both at home and abroad. In general, the country's economic policy is vacillating between

taking a rational approach (social market economy) and an ideological approach (nationalisation). Over the previous two decades, liberal economic and social structures played a more prominent role, along with IBSA relations with Brazil and India, but since Zuma took power in 2009 the ruling ANC has increasingly focused on state control and intervention.

Despite this, South Africa's entry to the BRICS group is one of the country's key foreign policy successes and supports the country's claims to be a regional power. The country also has huge potential because young people under 25 are its largest population group. This means that the country has a strong labour pool to draw on for the future, indeed it is larger than that of the other BRICS states relative to total population, and in the coming decades this could lead to increased growth and stability for South Africa.<sup>38</sup> The predicted doubling of Africa's population by 2050 and associated urbanisation also offer the potential for new export markets for industrial goods from the BRICS states. But if all this potential remains untapped the country runs the risk of turning the Africa Rising narrative into one of Africa Falling. This would also have a negative impact on the interests of the other BRICS states in Africa, particularly China.

## **5. Russia: An Ambitious Member of BRICS**

Claudia Crawford

It initially seems somewhat surprising that Russia was keen to be categorised as an emerging nation when BRICS was established. After all, as the leading state in the former Soviet Union, Russia was once a world power. Its standard of living, level of education, and economic and technological development are still ahead of other emerging nations by a wide margin. However, Russia's high rates of economic growth in the 2000s had a more fragile basis than the other BRICS members. On the one hand, like Europe, Russia is undergoing demographic change and has an aging population. This is not the case in the other BRICS nations, with the exception

of China, but here the sheer size of the population is enough to ensure steady demand. But in Russia demographic change is raising questions about adequate domestic demand and the country's potential for future innovation. On the other hand, its high growth rates were mainly based on soaring raw materials prices during this period rather than on having a particularly dynamic and competitive economy. It failed to use its enormous budgetary surpluses to diversify the economy and broaden income structures on a permanent basis. As a result, the Russian economy is dependent on world market prices to a greater degree than the other four BRICS countries. This lack of diversification means that current oil prices pose a particularly thorny problem for Russia.

### *Russia's Return to the World Stage and the Creation of a Counterweight*

A closer look reveals that Russia's political leaders have good reason to consciously identify with BRICS. For image reasons alone, it makes sense to belong to a group of countries that is considered to have great global potential. This is not only important with regard to the international community, but also at home. A positive image abroad helps politicians to convince their people that their policies are successful. President Putin also realised early on that this alliance of otherwise very heterogeneous BRICS members could be used to counter the perceived dominance of the West.

The BRICS nations seem to have good evidence proving the dominance of the West. The BRICS states make up 40 per cent of the world's population and today produce over 20 per cent of global economic output. But they are not correspondingly well represented in global financial institutions such as the World Bank and the IMF. This is where BRICS is calling for changes in voting rights. Certain steps in this direction have been taken in recent years, but they are not enough to satisfy the regional powers.<sup>39</sup>

For Russia and its foreign policy, it is particularly hard to deal with the huge decline in significance



Left behind: The number of Russians living below the poverty line has increased by nearly four million between 2013 and 2015 alone. *Quelle:* © Sergei Karpukhin, Reuters.

that it has experienced since the collapse of the Soviet Union. As the successor to the USSR, Russia retains its seat on the UN Security Council, but this has often failed to have a political effect. It was also affected by the major economic decline under President Boris Yeltsin in the 1990s, which was felt as a humiliation, even though the West was not responsible for this difficult economic situation. However, hoped-for debt relief from the West was not forthcoming, and the liberal government under Mikhail Kasjanov (May 2000 to February 2004) felt that it had been left in the lurch.

When Vladimir Putin took over as the country's president, this coincided with an unforeseen surge in oil prices. This gave him more room for manoeuvre than his predecessor, Boris Yeltsin. He was not only able to pay back the country's debts, but it was even possible to expand social services. He also pursued a clever financial policy by creating two sovereign wealth funds, which are sustaining Russia during the latest crisis. This development created the basic conditions for Russia's increasing strength and for its classification among the rising regional powers of BRICS.

## The BRICS members have remained neutral regarding issues of foreign policy as e.g. with the annexation of Crimea.

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Right from the start of his presidency, Putin was determined to bring Russia back onto the world stage. Wherever possible, he has underlined the country's desire to be its own pole in a multipolar world. Along with BRICS membership, this function is mainly fulfilled through the nascent Eurasian Economic Union. However, as a political project that is being driven forward by the Russian president, the non-Russian members are avoiding politicising the economic union. They emphasise the purely economic nature of this union and have demonstrated this in a number of ways, such as not taking part in Russia's food sanctions against the West during the Ukraine crisis.

Although membership of the Eurasian Economic Union – like BRICS – might not lead to building a coalition, the non-Russian members still tend to act with a striking degree of passivity in their foreign policy. This is highlighted by Russia's annexation of the Crimea, which the other members neither condemned nor recognised. It seems that both of these unions are a way for Russia to “neutralise” the other partners.

### *Strengthening Relations with China*

For Russia, BRICS is a project that, more so than the Eurasian Economic Union, should demonstrate that Russia has a respected position in the international community and is a player on the world stage. Its relations with China are key here, because the two countries have worked together for many years (though not without certain problems). China has taken over from Russia as Europe's most important economic partner.<sup>40</sup> The fact that both these countries hold a veto on the UN Security Council and keep their distance from the Western business model also increases their sense of political solidarity and, for the

time being at least, allows their rivalry to take a back seat. But of course the rivalry is still there: with the OBOR project in particular, China is displaying its interest in Central Asia, a region that Russia views as its natural sphere of influence because of its common Soviet era. However, China has left Russia trailing thanks to its impressive economic growth and strong development in the area of technology.

Above all, China wants Russia to satisfy its hunger for energy. It remains unclear whether Moscow will be able to capitalise on this. After six months of orientation towards China, many Russian companies have turned away in disappointment and are expressing a strong interest in rebuilding stronger economic relations with the West (particularly Germany), because of its greater reliability and better quality products.<sup>41</sup> But in public Russia still proclaims its orientation towards the east. At present, both sides are benefiting from their orientation towards each other, although observers in Moscow are in no doubt that in the long run Russia would lose any competition against China. But Russia has only limited alternatives on the world stage.

This has been highlighted over the last two years, in view of Russia's dramatically deteriorating relations with the West. In response to the annexation of the Crimea in March 2014, the USA and EU imposed sanctions on Russia that targeted the country's leadership, banks, dual-use products and high-tech areas of the oil industry. In turn, Russia imposed import bans on many foodstuffs, a move that further weakened its economic ties with the West. Since 2014 the West has also restructured most of the international fora for dialogue and talks. Russia has been forced out of the G8, the NATO-Russia Council has suspended its work, Germany has cancelled its German-Russian governmental consultations and the Parliamentary Assembly of the Council of Europe has withdrawn the vote from the Russian delegation. In light of all this, Russia has accused the USA and EU of throwing Russia out of the European security structures and of seeking to leave it internationally isolated. As a result, BRICS has gained in importance as an alternative geopolitical forum.



## *BRICS as an Alternative Platform without the West*

If Russia plays an active role in BRICS this should therefore prove that Russia cannot be banished to international isolation. This was particularly noticeable at the BRICS summit held in Ufa in July 2015. The website for the BRICS Russian presidency<sup>42</sup> noted that Russia was interested in strengthening cooperation between BRICS countries and developing new cooperation mechanisms. In parallel with the summit the NDB BRICS began work, mainly on supporting infrastructure projects in their countries. Russia was a keen advocate for setting up the bank. However, it is not possible to say whether Moscow actually has a long-term commitment to BRICS, nor to assess its specific vision for integration.

President Putin used this summit mainly for domestic ends. The presence of the foreign guests of state gained a great deal of media coverage and was intended to underline Russia's strength and independence. However, the difficulty for the Russian political elite lies in the fact that such media images are short-lived and quickly overtaken by the realities of everyday life, which have been deteriorating for the Russian people since mid-2013. This is mainly as a result of the economic sanctions, but also because of the slump in oil prices in an undiversified economy, and the associated drop in the rouble.<sup>43</sup> The number of people who have slid into poverty is soaring. During 2013 15.5 million Russians (10.8 per cent) were living below the poverty line; by the end of 2015 it had risen to 19.2 million (13.4 per cent).<sup>44</sup> In light of this, Russia was hoping for more solidarity from China within the BRICS alliance.

Russia's economic weakness is thus felt not just by the Russian people but also by other countries. Russia is in danger of failing in its ambition to be a leading player on the world stage. If its desire for power is not backed up by a strong economy, Russia's "return to the world stage" is at risk. Of course this also applies to Russia's role in BRICS: the weaker Russia is, and to a large extent this refers to its economic power, then the less power it will have to shape BRICS.



## **6. China: A Driving Force among Unequal Partners**

[Thomas Awe / Tim Wenniges](#)

For many years, China's ascent to becoming a regional and global power received only marginal media coverage. The focus of international attention was on China's incredible economic growth rates, which it exceeded every year. Initially China took a cautious approach at the international level, with a "peaceful rise" policy that emphasised the benevolent, peaceful char-



Next door: Growing disparities within the country are one of the dark sides of China's rapid growth. Nonetheless, China is still on the path to economic success. [Source: © Jianan Yu, Reuters.](#)

acter of China's development. However, the turn of the new millennium also brought increased efforts on the part of Beijing to gain a stronger voice in international organisations. China also soon identified the opportunity for strategic cooperation with emerging powers, particularly in the framework of the BRICS group.

China paid particular attention to this "club of rising regional powers" when it wanted to forge alliances that would help Beijing in its multilateral negotiations. Driven by a vision of creating a counterweight to the U.S.-dominated

hegemonic structure of international relations, China gradually set itself up as the voice of the emerging nations and increasingly began to pull the strings among the BRICS countries. It is responsible for 85 per cent of trading volumes within the group,<sup>45</sup> and with Chinese companies' increasing focus on their "going out" strategy, and accordingly their greater interest in global structural issues, China is the key player in BRICS. But it is also facing specific geopolitical issues with Russia and India, which is why the other BRICS countries view China's overly dominant role with a degree of scepticism.<sup>46</sup>

This motivation can be clearly seen at the moment in China's geostrategic initiatives relating to the OBOR strategy, the Asian Infrastructure Investment Bank (AIIB), set up to provide financing, the NDB BRICS and the strong role of China in the G20.

### *China's Economy in Flux*

After China hogged the headlines over the previous decade with its spectacular growth figures of up to 15 per cent, since then the Chinese economy has settled into a "new normality" and levelled off at an annual rate of six to eight per cent. During the boom of the early 2000s the country managed to lift millions of people out of absolute poverty and catapult itself to the head of the global community, measured by the size of its economy. In 2010 China knocked Japan out of its position as the world's second-largest economy, irrespective of per-capita income. But this rapid growth also had its dark side. Along with the growing disparities within the country (the widening urban-rural gap), the environment has borne the brunt of China's unsustainable economic plans. But this problem is now being recognised and "green development" has been declared part of its national development strategy. In order to move away from its environmentally damaging, labour-intensive, export-driven economic structure, the government is now trying to achieve moderate economic growth by increasing domestic consumption and the service sector. Whether this will be workable as part of the current Five-Year Plan (2016 to 2020) is somewhat questionable. In particular, the fragile situation of the Chinese equity market could destabilise the country's economy. The speed with which this can happen was demonstrated in 2015 when the Shanghai and Shenzhen stock exchanges collapsed by up to 30 per cent and millions of private investors were plunged into financial crisis. After the country's leadership had encouraged the population to invest in shares over the previous years, which forced up share prices, the stock market's regulatory commission imposed new regulations on buying shares on credit in June 2015, which led to countless small investors selling their shares. The stock

market crash sent global share prices tumbling and, along with the weakening of the renminbi, this created enormous pressure as a result of the withdrawal of many international investors from Asia. Emerging countries that were already struggling economically were badly hit in particular.

## **The BRICS group's ability to shape policy is at its strongest whenever an important matter of China is concerned.**

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### *BRICS as a Test Bench for China's Global Ambitions?*

Apart from improved economic cooperation and more closely interconnected trade policies between member states (to be achieved through regular BRICS summits and a series of permanent working groups), China has also used the alliance to achieve its geopolitical objectives. As Beijing cautiously feels its way towards a global leadership role at the international level, it has been testing this out within the BRICS framework. It has done this by calling for stricter regulation of the global financial architecture (2009);<sup>47</sup> through vehement efforts to persuade the International Monetary Fund to carry out corresponding quota and governance reforms;<sup>48</sup> and through coordination in the Euro Crisis of 2012, when China was prepared to tie up an IMF bailout package that would involve BRICS nations alone contributing 70 billion U.S. dollars (China's share was to be 43 billion U.S. dollars).<sup>49</sup> So there are a few examples of firm, coordinated action under the leadership of the BRICS countries. As the "lawyers of the global South" China and BRICS have set themselves the task of representing the demands of developing nations, for example by declaring their "common but differentiated responsibility" with regard to climate change, and emphasising the historic responsibility of the industrialised nations towards developing nations. However, the underlying social

and economic conditions among members of the group are clearly very different. They also have different roles within regional and trans-regional power structures and varying abilities to shape global politics. The BRICS group's ability to shape policy is at its strongest when it revolves around an issue that is of concern to China. An example of this is the internationalisation of the renminbi, which gained its first partial success when it joined the basket of currencies used by the IMF in 2015.

More than ever before, the People's Republic now defines itself as the representative of the Global South, particularly in its dealings with the USA. The role of BRICS also has to be viewed in this context. China mainly uses the global attractiveness of the BRICS platform to gain a louder voice in debates and votes held in international organisations.<sup>50</sup>

#### *BRICS – a Key Component of Chinese Foreign Policy?*

Official statements by the Chinese government and state-controlled media rarely voice any criticism of the BRICS association. This is largely due to the fact that China has itself been a key driver of recent initiatives (such as NDB BRICS, and special reserves of 100 billion U.S. dollars). However, by the time the OBOR project was announced in 2013 and the AIIB was established in 2014, China's interest in the BRICS group was clearly waning.<sup>51</sup>

The group of five regional powers has been lagging behind in recent years, particularly when compared to Beijing's role in the G20 and regional fora such as Asia-Pacific Economic Cooperation (APEC), the more security-oriented SCO and ASEAN+3. There are many reasons for this. Firstly, China's role in its own OBOR initiative and the AIIB is more central and prestigious than in the BRICS alliance. It also prefers to concentrate on regional institutions in which a number of neighbouring countries are represented, rather than on an alliance where members are geographically very far apart. Beijing's main focus is on creating a stable environment that is

positive for China.<sup>52</sup> In addition, all other BRICS states, just like China itself, are themselves members of the G20, which also concentrates on economic development. This year China holds the G20 presidency, so its importance for Beijing will increase still more with regard to addressing specific topics and ensuring the international development agenda is to the liking of Beijing. The high levels of interest in issues that are important to Germany, which will take over the G20 presidency next year, shows how important it is for Beijing to prepare and negotiate a forward-looking agenda for the summit in Hangzhou in September 2016.

In contrast to this, there are many factors that stand in the way of restoring the former significance of the union. These include the economic weakness of BRICS members Russia and Brazil, but also South Africa, which last year posted growth of less than one per cent (lack of diversified economic growth models); Russia's international isolation (Crimea crisis, collapse of the oil price); and the political chaos in Brazil and to a lesser extent in South Africa (social frustration and a dysfunctional state).

### **Despite vanishing interests and weaknesses of individual BRICS states, China is going to hold on to the group.**

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However, overall it seems possible that the success of BRICS and the strategic expansion of the union depend largely on Beijing, and the spotlight is now on a low-cost agreement within BRICS. As Beijing forges more international ties, common interests can be placed on the agenda and have the potential for a successful outcome. In future the BRICS group will still put forward individual initiatives when the unequal partnership can be expected to produce good results. In spite of NDB BRICS, which has been based in Shanghai since 2015, and a financing agreement similar to that of the AIIB, at present it seems unlikely that China will take any more interest

in the BRICS union. It also seems unlikely that the BRICS nations will forge a common identity, as was earlier the case with the G5 and now the G7. The BRICS countries are too different in their structures and regional roles for this to be the case. The association's potential for development is also undermined by the members' diverging interests and bilateral points of conflict.

**7. Conclusion:  
Structural Problems Remain,  
as Does China's Predominance**

Christian E. Rieck

BRICS is a new kind of integration format involving major, non-Western regional powers that are not territorially adjacent and that do not share a political or ideological affinity. The global attention that the BRICS format enjoys 15 years after its founding hides the fact that the group's power – and blockades – continue to be located at the domestic level. However, the non-Western narrative of emergence has faltered in light of the economic downturn being experienced by the BRICS nations.

*What Is the Situation Regarding Economic Growth in the BRICS Member States?*

Despite the current economic gloom in almost every member state, BRICS remains a union of ambitious regional powers that all possess significant resources and (mostly regional) influence.

The crises in the individual states have a number of causes, yet the BRICS nations' geopolitical ambitions for reform still have no domestic counterpart. The associated Goldman Sachs investment fund has now been closed down<sup>53</sup> underlining how these countries are losing their attraction for investors.

The loss of the BRICS' function as an economic model has been accompanied by a decline in its ability to mobilise the Global South. The symbolic power of the BRICS group in international relations depends greatly on the perceived success of its members. It is also striking to see how China, the economic powerhouse, plays a particularly ambitious and successful role in this group.

On top of this, the current economic crisis has demonstrated how a growing economy in the "post-Western world" is a crucial foreign policy resource. The shift in power towards China that this has caused within the group has created structural problems for the BRICS format that have no clear solution.

*What Specifically Are the Members Hoping to Achieve through BRICS?*

Membership of the BRICS association entails few costs and many advantages. First, the union as a platform provides its members with international visibility and hence prestige, which they can draw on in their own negotiations at the global

**Fig. 1: The Goals of Member States in the BRICS Grouping**

Interests	China	Rest of BRICS
<b>Membership of a club of rising regional powers</b>	Proof of power to shape international policy, symbolic power	Proof of power to shape international policy, symbolic power
<b>Privileged access to partners</b>	Privileged market access, activation of investment capital from partners (e.g. NDB BRICS, AIIB)	Privileged access to Chinese markets, capital and investment (e.g. infrastructure)
<b>Neutrality in terms of foreign affairs</b>	No public criticism of projections of power in the South China Sea	No public criticism of policies that are disputed in the West (e.g. Ukraine, democratic backsliding)

Source: Own compilation by the author.

and regional level. In addition, their membership increases their power to block other more established or more powerful actors in international negotiations. The association's flexibility also allows a strategy of risk minimisation, in that it still remains possible for them to participate in more Western-influenced organisations (hedging, forum shopping).

However, the group still has its structural problems: All the BRICS states have earned their place in the association in various areas of activity: Russia in institutionalising the group after 2009; Brazil on climate change and combating poverty; and China with regard to the development bank and financial sector. But it is difficult for these individual contributions to create a coherent whole because of the huge differences between the BRICS states with regard to their economic power, political systems, stage of development, foreign policy orientation and traditional power resources.

### **In the long-term, the BRICS association will not be more than the sum of its parts.**

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As long as the BRICS lack a common geopolitical vision, it will fail to meet the expectations that some of its members had when it was founded. The grouping will not mature into a robust non-Western or anti-Western alternative to the existing world order. Moscow's attempts to build an anti-Western counterweight and India's view of itself as the voice of anti-imperialism are balanced by pro-Western interests in Brasília and (at least until recently) Pretoria, which prefer to take a more neutral stance towards the West and its global structures.

So, at both the regional and global level, the BRICS members have very divergent interests and power resources in terms of foreign policy.<sup>54</sup> In other words, reaching a clear consensus on the direction of the BRICS forum is hampered by the dominance of China within the association,

because it keeps the other members at arm's length. However, China still has a basic interest in remaining a member (Fig. 1).

The more the interests of BRICS members in the areas of trade, climate, energy and security move away from those of the developing countries and closer to those of the established major powers, meaning that they themselves turn into status quo powers, the more difficult they will find it to gain the allegiance of the Global South. So there will not be a global Beijing Consensus (nor can there be). This does not mean that the BRICS association is coming to an end, but the divergence of interests among its members will continue to impede it in the future, so that in the long term it will be no more than the sum of its parts.

It is the end of the utopia. But the many attempts to drive integration forward within the union show that the BRICS countries are still interested in selective and pragmatic cooperation within the grouping. However, this policy-specific alliance-building can only serve to selectively create countervailing power on the international arena. Since the emerging nation euphoria died down after the turn of the millennium, it has become clear that the transformation from blocking to creating global governance is still a difficult one. This is not the way a "G7 of regional powers" will mature, but no doubt the BRICS association will continue to grow through its arduous efforts at the level of pragmatic, technical cooperation.

#### *How Are the Member States Affected by their Relationship with China?*

The competing expectations of the BRICS members also include the definition of the role of the association in terms of its internal relations with China as the group's major power. It may appear presumptuous of the smaller BRICS partners to hope that their privileged access to China will allow them to influence Beijing's future policy. But on the other hand it is not sufficient to think of the union simply as a Chinese "self-service store". This is to misunderstand the dynamics of intra-BRICS cooperation.



Continued rise? In view of massive crises in individual BRICS countries, today a further ascent of the group is out of the question. This is not the case with India and especially China, whose political power holds strong appeal for the other countries to adhere to the BRICS format. [Source: © RIA Novosti, Reuters.](#)

A substantive argument for being a member of the BRICS union association (particularly during the current crisis) is the proximity it provides its members to China and India, the up-and-coming g<sub>e</sub>oeconomic and g<sub>e</sub>opolitical superpowers. China is already one of the key trading partners for all the other BRICS nations. Here, joint membership leads to a better understanding of Chinese interests and visions (such as in the area of development), and also to potential benefits in direct relations with China. As BRICS members it is easier to adapt to these new realities, but without having to follow the Chinese example in all cases (such as in the area of internet governance).<sup>55</sup> At the same time, however, it is clear that China is very skilled at using BRICS as a platform for its own global ambitions. For China, even more than for the other members, it is the

economic and g<sub>e</sub>opolitical advantages of BRICS membership that are most important.

Will China continue to support BRICS, even if Beijing's foreign policy priorities turn towards a different format, such as OBOR? Yes, because the extent of technical cooperation below the head of state and government level shows that the cooperation is based on joint interests, at least on a technical level (e.g. standard-setting). However, this does not mean there is a g<sub>e</sub>opolitical agreement, or even a real "BRICS identity" that goes beyond the fine words of summit declarations.

Despite what is suggested at the BRICS summits, the collaboration of the members is not limited to sweeping declarations and strategies directed at the world's public. Instead, a series of working

groups have been set up within the association to look at a range of areas for technical cooperation in order to prepare for greater integration (particularly in the economic area) and learn from each other in policy areas such as combating poverty and protecting the environment. There are also other processes that accompany the BRICS format (track II integration), such as dedicated think tank networks and twinning schemes for cities. Today, these “intra-BRICS cooperations” give the union a certain depth and breadth that goes beyond the current crisis. The fact that the BRICS format has not been subjected to lasting domestic pressure within its member states also shows that the intra-BRICS cooperation is tied up with concrete hopes for economic and other forms of integration.

All this, along with the low cost of membership, should put the association in a position to survive any shift of foreign policy priorities in Beijing. But it seems likely that the ongoing economic and structural crisis in the individual BRICS members will continue to have a negative impact on the grouping’s relevance for global governance.

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**Christian E. Rieck** is Desk Officer for Development Policy and Human Rights in the Team Political Dialogue and Analysis at the Konrad-Adenauer-Stiftung.

**Dr. Lars Peter Schmidt** is Head of the Konrad-Adenauer-Stiftung’s office in India.

**Mark Alexander Friedrich** is Trainee at the Konrad-Adenauer-Stiftung’s office in India.

**Dr. Jan Woischnik** is Head of the Konrad-Adenauer-Stiftung’s office in Brazil.

**Alexandra Steinmeyer** is Trainee at the Konrad-Adenauer-Stiftung’s office in Brazil.

**Tilmann Feltes** is Trainee at the Konrad-Adenauer-Stiftung’s office in South Africa.

**Claudia Crawford** is Head of the Konrad-Adenauer-Stiftung’s office in Russia.

**Thomas Awe** is Head of the Konrad-Adenauer-Stiftung’s office in Beijing, China.

**Tim Wenniges** is Head of the Konrad-Adenauer-Stiftung’s office in Shanghai, China.

- 1 In the eyes of many emerging powers, the BRICS project was linked to the hope that the stigma of the “poor South” would now be ousted and given a new label, the “power South”. Cf. Acharya, Amitav: *The End of American World Order*, Polity Books 2014. Here Acharya discusses the “power South vs. poor South”-dynamic.
- 2 Cf. Itamaraty 2014: Sixth Summit Fortaleza Declaration and Action Plan, <http://brics.itamaraty.gov.br/category-english/21-documents/223-sixth-summit-declaration-and-action-plan> [23 Aug 2016].
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- 13 Cf. Lyons, John / Kiernan, Paul 2015: *How Brazil’s China-Driven Commodities Boom Went Bust*, in: *The Wall Street Journal*, 27 Aug 2015, in: <http://on.wsj.com/1JmXnMT> [23 Aug 2016].
- 14 Particularly with regard to imports of industrial goods and raw materials such as refined oil.
- 15 In June 2016 the country’s currency, the real, matched its 2002 low at approximately 0.25 U.S. dollars.
- 16 With just a few exceptions, such as Embraer, the world’s fourth-largest aeroplane manufacturer.



- 17 In its Doing Business Index 2016 the World Bank ranked Brazil in 116<sup>th</sup> place (out of 189). Cf. The World Bank 2016: Doing Business Index Brazil, in: <http://doingbusiness.org/data/exploreconomies/brazil> [23 Aug 2016].
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- 19 The Union of South American Nations includes members of Mercosur and the Andean Pact (Bolivia, Colombia, Ecuador and Peru), along with Chile, Guyana, Suriname and other associate members.
- 20 With regard to individual states, exceeded only by the European Union.
- 21 The China Three Gorges energy company alone has invested 17 billion BRL (around five billion euros), mainly in dam projects in Brazil.
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- 54 Three "arguments to stop worrying" with more empirical material from Rieck, n. 3.
- 55 Cf. Stuenkel, n. 23.