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The impact of the rise of the BRICS on international relations: the case of Brazil

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I declare that I have written this Bachelor Diploma Paper myself and on my own. I have duly referenced and quoted all the material and sources that I used in it. This Paper has not yet been submitted to obtain any degree.

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Abstract

The present dissertation addresses the issue of the most significant developments of recent years – the increasing prominence in the global economic and political system of the emerging regional powers of Brazil, Russia, India, China and South Africa (BRICS). The major questions are whether this group of states is challenging the international order, what they are demanding and what they have achieved in recent years. Moreover, this dissertation aims to assess Brazil’s impact on international relations as a valued member of the BRICS coalition. It clearly illustrates the positive impact that the participation in the BRICS has made on the international standing of this leading Latin American country.

Keywords: emerging powers, multipolar world, alternative institutions, South-South cooperation, international relations
Introduction

The world of the XXI century seems to be unsettled by the recent phenomenon of the rising developing powers of the group of BRICS consisting of Brazil, Russia, China and South America. About 15 years ago no one could assume that proposed by a British economist Jim O'Neill abbreviation “BRIC” would have any significant meaning in the future international relations. Given the fact of their dynamic economic development, in the last decades these countries have become indispensable actors in today’s global key negotiations.

The main idea which lay behind their strategy to form a political and economic coalition was not just a commonly shared identity of major emerging states, but rather a common vision of the balanced world order. These countries came across similar experiences where they all were affected by being on the periphery of a world order dominated by the established Western powers. Thus, the group of BRICS can be defined as a union of countries and their objective leaders, dissatisfied with the existing order of international relations, and intending to shift this order towards more fair system, thereby strengthening their voice in solving international problems.

The issue of BRICS’ significance is still very doubtful and questionable to many scholars. The opinions on this issue are varying from those that strongly believe in great potential of the BRICS and, alternatively, those who are quite skeptical about its role and ability to shift the global balance of power. Thus the present dissertation is conceived as a contribution to the debate about the significance of the rise of the BRICS. It discusses how they evolved from the group of countries that were basically in the position of “investment class” countries to the powerful organization of states that is claiming to be a decisive actor in global relations of powers.

The dissertation is divided into two parts. Part I opens with a brief description, in Section 1, of why BRICS became the object of increasing attention among academics and financial sector analysts. It proceeds, in Section 2, to characterize the grouping as an international coalition inspired by their participants’ shared objectives of gaining a stronger voice in decision-making affecting the globe. The dissertation argues that what began as a coalition with modest aims has evolved into a more complex and effective
entity, which could even be characterized as an additional pillar of the existing global system.

The BRICS’s evolution into increasingly weighty player has partly been driven by the reluctance of the dominant Western powers, in particular the United States, to accede to what the BRICS consider their legitimate demands for reforms of global governance. Thus, this paper also analyses the sources of tensions between the BRICS and the Western powers, focusing on the nature of the challenge presented by the BRICS. It concludes that the sources of the conflict tend to be misunderstood: consideration of their vital interests suggest that the BRICS can have no incentives to undermine global economic governance, and hence risk further destabilization of the world economy (already severely hit by the financial crisis which commenced in 2008/2009). On the contrary, it can be persuasively argued that their overarching motive is the promotion of stability by building an additional BRICS’s supportive pillar.

A brief consideration of research into episodes of “power transition” suggests that the eventual accommodation of the BRICS newcomers to global governance, should it materialize, will most likely be a peaceful process. The BRICS certainly have nothing to gain and a lot to lose by engaging in confrontation, and least of all military conflict – the latter strategy would be irrational from their point of view. Furthermore, it is a misunderstanding to assume that the BRICS aim to replace the “Western hegemon” with a global hegemony of their own. Their objectives are limited to the promotion of what they define as a polycentric system, rather than the transfer to a new unipolar one dominated by themselves.

After assessing what each individual member of the BRICS grouping gains from participation in the organization (Section 4) – overall, the increase in their international profile – the dissertation highlights, in Section 5, the BRICS’s demands for reforms of the international financial governance, chiefly the reallocation voting shares in the International Monetary Fund. Finally, Section 6 notes the recent implementation of the IMF reforms. It characterizes them as a significant advance, yet still falling short of the BRICS’s demands for full equality with the Western powers. Section 6 also reports on recent advances in the BRICS financial institution building, such as the launch of the New Development Bank. It is suggested that these “parallel” financial institutions will continue to proliferate as the “additional pillar” of the global system strengthens. The
increasing complexity of the modern system of international relations in the conditions of deep political, economic and financial crisis also stresses the relevance of this topic as the solution of these problems will significantly depend on the progress of BRICS cooperation.

Apart from the discussion about the entire concept of group, the particular focus of my observation is the case of Brazil within the BRICS group. Thus, the Part II of this dissertations aims to assess Brazil’s impact on the international relations as a valued member of the BRICS coalition. The focus on Brazil is justified by several considerations. First, it clearly illustrates the positive impact that the participation in BRICS has made on the international prestige of this leading Latin American country. It is noteworthy that Brazilian scholars advocated a “partnership of giant countries” already in the 1990’s, well before the publication in 2001 of Goldman Sachs’s research which coined the BRICS acronym. Secondly, Brazil is an active participant in India, Brazil and South Africa forum of IBSA, whose rationale is the promotion of South-South cooperation (addressing these countries’ specific pressing problems, such as the fight against poverty). And finally, with Brazil being the only western-hemisphere member of the BRICS, traditionally enjoying close relations with the United States, the study of its position within the BRICS offers an opportunity to demonstrate the non-confrontational stance of the BRICS grouping. Thus, one of the findings of Part II is that Brazil’s membership in BRICS has not damaged its relations with the US. On the contrary, Brasilia is taken more seriously by Washington because of its membership.

The discussion of the case of Brazil first looks at the country’s self-perception as an actor in international relations (Section 1). The dissertation depicts it as a prime example of “semi-periphery” player, based on the “world systems theory” pioneered by Immanuel Wallerstein.

As an industrialized state with huge market (and considerable developmental potential), which largely contributes to the manufacturing and exportation of a various goods globally, this characterization has been embraced by Brazilian scholars and politicians themselves. Section 2 then considers Brasilia’s foreign policy objectives as shaped by the country’s role as a semi-periphery actor, who needs constructive relations both with the developed countries (particularly the US) and the emerging ones. The strategy under the label of “autonomy through diversification” seeks to promote regional
integration – as well as deeper link with IBSA and BRICS (in particular China) – that would limit perceived excessive US influence without, however, damaging the valuable links with Brazil’s North American partner. The discussion in this section also notes examples where Brazil has adopted a stance on geopolitical issue divergent from its BRICS partners and closer to the position of the Western powers.

Section 3 of Part II expands the narrative by considering Brazil as an actual or potential regional hegemon. The analysis suggests that Brazil’s leaders and foreign policy establishment have yet to clarify the country’s position within the Latin American continent – this task will likely significantly slow down in view of recent political instability. On the one hand, Brazil has clear interest in promoting regional stability and boost economic integration, but at the same time it is hesitant about using its clout lest it comes to be resented as a regional hegemon. Other Latin American countries too appear to have ambivalent view. On the one hand, they welcome Brazil’s constructive leadership, but on the other they are also cautious lest that leadership becomes too ambitious. There have also been concerns that Brazil may become too absorbed in its links with BRICS and IBSA to the detriment of its attention to purely regional issues.

Section 4 of Part II focuses on the drivers of Brazil’s activity within IBSA. As already noted, there are specific issues, such as the problem of poverty, which Brazil shares with the other IBSA countries. Other common features making IBSA distinct from the rest of the BRICS include their democratic political systems. Features such as these suggest that Brazil may have more shared concerns and interests with its Global South partners than it has with China and Russia. Looking at Brazil’s trade relations, IBSA can in particular enhance its trade contacts with India, which tend to be constrained by the distance between both regional powers.

Evaluating the costs and benefits of Brazil’s participation in the BRICS, Section 5 of Part II looks at the argument that by being a BRICS member, Brazil risks being perceived as an ally of Russia and China in the recently rising tensions between the West and these eastern powers. Indeed, these concerns flared up when Brasilia appeared unwilling to condemn Russia’s annexation of Crimea in 2014. However, the situation can be also viewed from a different angle. With Brazil being a BRICS member with close relations with the US, it can adopt an intermediate position between the West and Russia (and China) thus performing the role of a constructive mediator. This could enhance
Brazil’s geopolitical weight. Additionally, BRICS membership offers Brazil very valuable direct link to the booming Asian markets, in particular China. The dissertation therefore concludes that Brazil’s membership in BRICS should not be seen as a zero-sum game. On the contrary it offers a win-win benefits to all parties concerned.

Finally, a brief assessment of Brazil’s current internal turbulence in Section 6 suggests that, unfortunately, it will set back the recent years’ process of bolstering the country’s international profile, including within the BRICS and IBSA. Indeed, all BRICS members (with the exception of India) are currently facing similar internal difficulties. However, given their immense natural resources, the size of their populations and markets the role of the BRICS as the drivers of global power re-alignment will not be fundamentally altered. The dissertation concludes that Brazil’s (and other BRICS’s) current tribulations show that economic performance cannot be the only factor that allows them to claim a greater voice in international relations. To enhance their role in the global affairs, the BRICS must create more efficient, trustworthy and democratic systems of governments. This would underpin their appeal as partners of the Western powers as well as other emerging countries.

A Note on methodology:

The present dissertation is an analysis of fundamental global issues, based on observable and well documented and publicized evidence. It weighs up this evidence and draws appropriate conclusions about the current state of affairs and hypotheses about the likely future outcomes. To make the analysis more robust, it is carried out against the background of well-established relevant theories in the field of international relations such as Samuel P. Huntington (uni-multipolar system), A. F. K. Organski (power transition theory) and Immanuel Wallerstein (world systems theory).
1 - The rise of the BRICS in the last 15 years

In 2001 the research team at the leading US bank, Goldman Sachs (GS), headed by the British economist Jim O’Neill, published a report titled "Building Better Global Economic BRICs” (O’Neill, 2001). This report for the first time drew attention to the improving prospects of the regional powers – Brazil, Russia, India and China – while coining the acronym BRIC. A subsequent analysis by GS published in October 2003 (Wilson & Purushothaman, 2003) laid out detailed projections. In that major study the Goldman Sachs team concluded that:

If things go right, in less than 40 years, the BRICs economies together could be larger than the G6 [United States, Britain, Germany, France, Italy and Japan] in US dollar terms. By 2025 they could account for over half the size of the G6. Of the current G6, only the US and Japan may be among the six largest economies in US dollar terms in 2050 (Wilson, & Purushothaman, 2003).

Not only had these regional powers been implementing structural reforms designed to enhance their integration into the global economy and hence play an active part in the process of globalization; based on their success they also grew more confident about their future, aiming to continue to catch up with the advanced Western countries represented in the G7 grouping (unlike G6, G7 includes Canada). Moreover, there were reasons to believe that the rising powers had the potential to boost the global economy just at the time when the developed West faced deepening structural problems, ushering in slow economic growth. The 2003 Goldman Sachs study expressed this confident outlook in unambiguous terms:

The relative importance of the BRICs as an engine of new demand growth and spending power may shift more dramatically and quickly than many expect. Higher growth in these economies could offset the impact of the graying populations and slower growth in today’s advanced economies (Wilson, & Purushothaman, 2003).
Revisiting their research in December 2011, the Goldman Sachs team sounded even more optimistic, restating their original confidence not least against the background of the persisting global financial and economic crisis:

Since [2003] …that shift has not only occurred more dramatically than most people expected, it has occurred even more quickly than we had envisaged in our original projections. The global financial crisis, far from undermining that story, has if anything reinforced it (Wilson, Trivedi, Carlson, & Ursua, 2011).

The BRIC's dynamics over the last decades tend to support the Goldman Sachs’s predictions. Starting with a share of a little over 10% in world gross domestic product (GDP) and less than 4% in world trade in 1990, BRICS group constitutes about 25% of world GDP (in purchasing power parity (PPP) terms) and 16% of world trade. The increase in GDP implies that the economic size of BRICS in terms of its share in world GDP has expanded by 150% in the past two decades.

**World GDP Level Projections to 2050**
(Billion 2010 USS)

While BRICS are projected to become the economically weightiest group, the N-11 will make the strongest advance; the weight of the developed (Western) countries will decline sharply in relative terms

However, the BRICs had not merely displayed strong economic growth dynamics. While offering very lucrative destination for investment, they also represented potentially very powerful geopolitical entity. Viewed from this angle, the BRICs were not merely an
“investment class”. If sufficiently politically galvanized and organized, they possessed the makings of a powerful economic and ultimately geopolitical player.

Indeed, as the BRICs surged ahead in their economic development despite the unfolding global crisis, they embarked on formal political cooperation, having held their first formal summit in the Russian city of Yekaterinburg in 2009. The summit issued the BRIC’s first declaration stating the goal of promotion of what they called the “multipolar world order” explicitly demanding the recognition of the BRIC’s increasing importance in international financial institutions. Since then the BRICs have held annual meetings where the member countries discuss pressing global issues pertinent to their vital interests.

In 2010 the Republic of South Africa was invited to join the forum, thereby adding “S” to the acronym – the BRICs have become BRICS. Even though the inclusion of South Africa was problematic in the eyes of many scholars, including the Goldman Sachs analysts (chiefly in view of its relatively small size), it could be regarded as a geopolitical masterstroke. The fact of South Africa’s participation marked the recognition of this group as a weighty international organization spanning three continents.

The BRICS first Summit in Yekaterinburg owes its convening mostly to the global crisis which erupted in 2008 – 2009. With the economic structure of many industrialized countries weakened, the BRICs sought new ways of mutual cooperation to insulate their economies from the effects of the crisis. The economic crisis thus clearly signaled that the BRICS nations have become indispensable for the governance of international economy. This period marked the fact of the ongoing transition, in which the former controllers of the decision-making process are no longer able to solve global problems without collaboration with the BRICS (Cozendey, 2014).

Nevertheless, despite this generally optimistic picture, the BRIC’s story needs to be viewed with a healthy dose of skepticism. To start with it is necessary to recognize that their take-off in recent decades has come from a very low base, with the BRICS’s GDP per capita being well below the Western levels and poverty still remaining widespread. Moreover, it cannot be disputed that in recent years most of the BRICS, with the exception of India, have stumbled. This cannot but dampen the early optimism of the BRICS’s enthusiasts such as O’Neill. In Brazil and Russia economic growth entered
negative territory (with Brazil experiencing severe political turmoil), while South Africa’s performance has been sluggish amidst high unemployment and rampant poverty. China’s previously explosive growth has markedly slowed, while the economy is displaying numerous signs of fundamental financial instability stemming from years misconceived investment.

Moreover, as Goldman Sachs experts themselves have pointed out, the political and economic structures of these countries are quite diverse—an inevitable consequence of their history, geographical location and ethnic make-up. China’s and Russia’s governments are considered to be authoritarian, while Brazil and India are liberal democracies. Two of them—Russia and China—hold permanent seats in the UN Security Council, and other two—India and Brazil—are considered only as candidates. Last but not least, relations between two leading BRICS—China and India—have been strained in recent decades, while mutual suspicions (stemming from recent history) continue to linger between Russia and China. The obvious differences and sources of discord (whether potential or actual) between the members of the BRICS group are often cited as the basis for skepticism regarding the grouping’s ability to effectively cooperate.

However, such criticism largely misses the point, as the overarching driver of the BRICS’s cooperation is the determination to ensure continued economic development, along with the commonly shared aspiration to enhance their leverage in the global decision-making process (which, in turn, is perceived as necessary in promoting a development-friendly global environment). Indeed, the fact that the BRICS were able to organize themselves into a significant player in the global economic and political system in a relatively short time is a telling testament to their determination.

In summary, it cannot be denied that the emergence of the BRICS group has become one of the most significant events at the beginning of the 21st century. Looking ahead it is reasonable to assume that the BRICS are here to stay and that they will continue to exert increasing influence in the shaping of the global economic, and ultimately, geopolitical order. Specifically, it can be argued that the emergence of the BRICS reflects the objective trend of world development in the formation of a multipolar system of international relations.
The following section discusses the real and potential impact of the rise of the BRICS on the international system. It first addresses the nature of the BRICS’s organization, arguing that starting as a mere coalition (to promote the grouping’s developmental objectives) the BRICS is rapidly evolving into what we characterize as an additional layer (or pillar) of existing international system.

2 - From a coalition to second pillar of existing international system

The BRICS group of five countries emerged primarily as a coalition of states classed as developing economies that are seeking to enhance their role in the world’s key political and economic decision-making processes in order to create propitious environment for their development. These individual states can best leverage their powers and achieve common goals only through effective all-round cooperation. In its early phase the BRICS grouping certainly was not an international organization with institutionalized governing body and bureaucratic system (Armijo, 2007). For this reason, it could be seen as comparable to the G7, which is also an informal transnational coalition (consisting, in contrast to the BRICS, of the developed democracies).

However, in recent years the group has acquired greater weight by creating institutions, forums and programs, especially on the economic, business and financial front. Most significant, 2015 saw the launch of the New Development Bank (NDB) and the Contingent Reserves Arrangement of the BRICS countries. Emphasis are also being placed on intensified mutual settlement of intra-BRICS payments in national currencies (thus increasingly by-passing the US dollar), while cooperation in a wide range of sectors is promoted by the BRICS Business Council and Business Forum. It would be no exaggeration to conclude that, with the notable exception of defense, there’s no important dimension where the BRICS’s countries do not cooperate in one way or another. (These developments are discussed in more detail in Section 6)

The accelerating institution-building and cooperation means that the geopolitical weight of the grouping as a whole is significantly greater than the sum-total of its

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1 The present study considers the concept of coalition as the most suitable in the characterization of the BRICS’s early phase. Thus the Merriam-Webster dictionary defines coalition as follows: “A group of people, groups, or countries who have joined together for a common purpose”.
individual parts. To begin with, the BRICS consists of three major Eurasian powers, whose role is indispensable to the future development of the world’s largest landmass – China, Russia and India. Moreover, these countries have huge political, economic and military capability to dominate the Eurasia. As the prominent founder of geopolitics Halford Mackinder famously maintained, those who control Eurasia can potentially dominate the planet (Mackinder, 1904).

The group also contains two most of the populous countries, India and China, which together account for 36% of the world population; as of 2015 the BRICS collectively accounted for 42% of the world’s total population (UN, 2015). Additionally, the group’s members include two former Communist powers, Russia and China, that throughout their recent history have tended to challenge Washington’s global hegemony. According to the manifesto of Communist Party of China, “China-Russia strategic relations are the most substantive ones, and China won’t be able to promote multipolar system unless it forms an alliance with Russia”(Korolev, 2015).

China’s role within the BRICS – and within the entire global economy – deserves a special mention. This most populous country and the world's foremost ancient civilization, has undoubtedly been the main game-changer in the international economy in recent decades. Having accumulated the world’s largest foreign currency reserves via its manufactures’ export-driven growth (in March 2016 standing at $3.2 trillion), it is now deploying its financial muscle to acquire natural, infrastructure and technology assets around the globe. The most spectacular and ambitious are Beijing’s plans for massive long-term infrastructure development in Eurasia under the umbrella of the “One Belt, One Road” (OBOR) initiative. Another key project is the launch in January 2016 of the Asian Infrastructure Investment Bank (AIIB), which has proved very popular, having 31 founding members, including close US allies. The sources of the BRICS’s geopolitical clout are by no means confined to the Eurasian powers. The participation of Brazil and South Africa as major representatives of South-South cooperation is also quite significant to the BRICS group, not least due their close trade ties. It is pivotal to the entire group to foster South-South cooperation, 

\[2\] We assume that though governed by the Communist Party of China, the country is no longer Communist because the CPC is in reality busy restoring full-blooded capitalism, albeit of the state-driven model. Thus China is still "Communist" only in strictly nominal sense.
especially with South Africa. The participation of this country means that the BRICS is also becoming a South-South forum, since it includes the main emerging countries of the Global South. Furthermore, individual BRICS states are also motivating others to promote policy innovations to facilitate domestic development and poverty reduction in the Global South (Mohan, 2013).

What lends the BRICS even more prestige is that its members make up two parallel organizations: the Shanghai Cooperation Organization (SCO), where Russia and China hold leading positions, and the IBSA Forum, formed by India, Brazil and South Africa. Although their specific strategies differ, all these groups share similar vision of international order and the need to transcend the present day unipolar arrangement (see the next section).

Another significant feature of the BRICS states is that three of their members – Russia, Brazil and to a lesser extent South Africa – are all endowed with significant natural resources, which is one of the key factors affecting the group’s economic growth. They possess vast amounts of minerals and hydrocarbons, and therefore their economies rely on the production and export of these resources. BRICS can, therefore, be referred to as “resource powers” – countries whose international role is dependent on their natural resource wealth (Wilson, 2015). As energy security analyst Matthew Hulbert has stated, “it is energy that will make or break the BRICS” (Hulbert, 2012).

In view of these facts, the BRICS have a huge potential for mutual partnership in the energy sector. Thus Goldman Sachs research (2003) predicts that while China and India will continue to develop their potential in exports of manufactures, Russia, Brazil and SA will serve as the group’s dominant suppliers of raw materials. Arguably, the future of the world economy, including the global energy market, to a considerable degree depends on how the partnership of BRICS countries will develop.

Finally, it is also important to point to the size and capacity of the BRICS’s markets for consumer as well as capital goods. Almost all member states, excluding South Africa, feature among the ten largest markets, accounting for about 40% percent of the world’s total market. And with the BRICS’s GDP per capita well below that of the Western countries, the BRICS’s consumer markets will remain significantly unsaturated for decades to come.
A word of caution is in order. Given the current economic malaise in almost all member states, the analysts’ confidence in the BRICS group presently is at a low ebb with the current outlook remaining problematic. Unsurprisingly, under these circumstances the future of the relentless rise of the BRICS is being doubted (Tisdall, 2016). Nevertheless, despite the current turmoil, the long term outlook for the BRICS undoubtedly is strongly positive. As one analyst has concluded, the BRICS are destined to make a secular impact on the international economy through “the reallocation of global economic activities, especially global consumption to emerging and developing countries, and hence import/export destination shifts” (De Castro, 2013).

In view of these facts, it is possible to conclude that what commenced as mere coalition is evolving into a much more tangible and weighty entity. Perhaps the most accurate characterization may be a parallel, non-West, international system. Alternatively – and this is a vision preferred by the author of this study – the BRICS should be depicted as an additional layer (or a second pillar) to the established, West-dominated global system. The next section explains why this characterization is preferred.

3 – Do BRICS challenge the existing international system?

The preceding section lists the main reasons why the BRICS countries can be defined as an increasingly powerful coalition that drives the transformation of the present day system of international relations (by adding another pillar to the existing system). It may, therefore, be considered as a revisionist coalition – as a multilateral organization negotiating the terms of transition towards a new international system of multipolar global economic governance (Kornegay & Muller, 2013).

All five countries are sharing common vision of an alternative framework for global governance characterized by the emphasis on “coexistence” (Coning, Mandrup, Odgaard, 2014). According to Coning, Mandrup and Odgaard, this coexistence envisages

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3 When evaluating the conditions in the BRICS it is important to bear in mind the sorry state of the developed West, which is struggling with intractable systemic crisis of its own. Moreover, given the high degree of interdependence in an increasingly globalized economy, the BRICS clearly suffer from the repercussions of the crisis of the West. It could even be possible to plausibly argue that the crisis of the BRICS is the derivative of the crisis of the West.
the system of global order that is entirely pluralist, where all states with different world views, political systems and approaches to development can peacefully coexist without any dominant actors (Coning, Mandrup, Odgaard, 2014; emphasis added). This concept implicitly, if not explicitly, challenges the existing unipolar order in theory safeguarded by forums such as the G7.

After the end of the Second World War the world came to be dominated by two superpowers, the United States and the Soviet Union, with the voice of smaller, regional powers in the global decision making process being insignificant. However, this bipolar system was unsustainable as lesser powers have recovered from the consequences of global conflicts and aimed to continue their development as fully independent and sovereign states. Thus, at the end of 1980’s and the beginning of 1990’s the existing global system was subjected to a revolutionary wave that was followed by the collapse of the Soviet Union and the end of the Cold War. Global politics was reconceptualised along cultural and national lines.

In the wake of these events, the world was entering the new epoch of a multipolar system where international affairs were regulated by a number of countries that had to cooperate in the global decision making process in order to promote vital shared interests.

Nevertheless, at the turn of the twenty and twenty first century some scholars had a different view of the existing global system. One of them is the prominent American political scientist Samuel Huntington. He argued that there is only one superpower, the US. But this doesn’t mean that the world is uni-polar, where traditionally there is only one superpower and no significant major powers (Huntington, 1999). According to Huntington, contemporary international politics is a hybrid a uni-multipolar system, where there is one superpower and several major powers. This scheme requires the functioning of single superpower but always with some involvement of other major states, where the superpower has a veto on almost any significant global issue. At the second level there are major regional powers that include the BRICS countries. These major powers are feeling uncomfortable with being dominated by the US superpower, and hence they share a common interest in limiting its clout in order to obtain a more balanced system (Huntington, 1999).
The rise of regional developing powers, and the BRICS in particular, caused a wave of debates among Western scholars. The main concern was whether these emerging powers are challenging the existing world order, whether they are capable of this at all and what factors shape their behavior?

In view of the BRICS’s strong economic and political capacity some scholars predicted a possible clash (even military confrontation) between the BRICS and the developed Western world. This reasoning drew on the theory of “power transition” formulated by A.F.K Organski. It claims that as the state(s) rises in the system of international hierarchy, being dissatisfied with existing conditions, it initiates the conflict in order to transform the current order. Likewise, the hegemon has incentives to initiate military confrontation to scupper the rise of the challenger (Organski, 1958).

However, it is possible to argue that these alarming predictions of a major military confrontation are fundamentally unrealistic. To start with, Organski’s theory has been widely criticized for its unduly “war-like” approach. Thus, one systematic study of power transition episodes has concluded that “power transitions are remarkably rare, they seldom occur as the result of differential rates of economic growth, and have most often occurred peacefully” (Lebow & Valentino, 2009). In this work, Lebow and Valentino concede that the emerging BRICS countries, especially China, are becoming powerful to the extent that they can challenge the US as a dominant state. But they conclude that the process of power transition is likely to happen in a peaceful way, avoiding any hard power conflict (Lebow & Valentino, 2009).

Thus, instead of positing a direct (military) confrontation, Matthew Stephen argues that the BRICS rising powers “pose a within-system challenge to global governance: they challenge its most liberal content, while becoming dependent on, and engaging with its existing institutional structures” (Stephen, 2014; emphasis added). Although he characterizes the emerging powers as “relatively more statist and less market driven”, such differences are a matter of emphasis in the fine-tuning of the market-driven system – they are not fundamental. Thus the BRICS’s challenge to the West’s global governance and norms emerges not from any systemically-driven ideological perspective, but rather from their aspiration to demonstrate the possibility of alternatives within the broad church of market-based economics.
Indeed, confrontation and resulting destabilization of existing world order is the last thing the BRICS and other emerging countries need. There are several reasons supporting this point. First, due to the increasingly globalized world economy their economic development strongly depends on the deepening integration with global financial structures that are dominated by the established powers. The BRICS’ economic system is highly transnationally integrated. This is explained by the fact that, for instance, each member has been increasingly involved in inward and outward foreign investments. Despite strong expansion in recent years the intra-BRICS trade accounted for only 8% of their total trade, which means that the dominant role of their trade with the rest of the world, but especially with the developed West (where technology transfer is an important factor), remains relatively low. Additionally, integration into international production system has played a key role in economic growth and trade expansion, especially in China, India and Brazil (Stephen, 2014). All in all, integration into the global structures of production and exchange of neoliberal globalization is a fundamental determinant of the orientations of rising powers in the global governance (Stephen, 2014).

China in particular has hugely benefited from its exports of manufactures to the US (and EU), with analysts describing this interdependent relationship as G2. While being dependent on Western export markets, China is also heavily invested in US (and EU) government securities. It is difficult to imagine that Beijing would risk undermining this vital relationship.

Another reason that justifies BRICS’s avoidance of destabilization of existing world order is the pursuit of their own internal stability that is quite vital to their continued development and mutual economic integration. In the last decades they went through severe structural upheavals that created a number of obstacles on their path of economic development. Brazil for instance has suffered greatly from the weakness of the public finances and the foreign borrowing resulting from it. The BRICS countries also still struggle with political instability, which is one of the main impediments to sustainable economic growth. Besides, political uncertainty and instability discourages investment and damages growth (Wilson & Purushothaman, 2003). For country such as Russia the task of institution-building has been a major issue in recent growth performance. These facts suggest that the desire for stability among the BRICS states is actually arguably greater than that of the West.
The inescapable conclusion based on all these factors is that, far from risking a destabilizing confrontation and “revolution”, the BRICS’s interests are objectively speaking much better served by facilitating an evolution towards a more balanced and hence less dysfunctional international order.  

The “menace” that the BRICS countries pose to the western world is the fact of their very existence. Given their demonstrable weight and dynamics, it is simply impossible to ignore the BRICS. Ultimately, it is up to the Western powers to decide whether or not they want to meaningfully cooperate with them or whether they want to seek a confrontation. The BRICS have already accomplished sufficient strides in establishing a robust international system of their own.

Looking ahead, this “second pillar” of contemporary global economy stands ready to prosper independently of the fate of the West. Should the “first pillar” continue to stumble (as indeed it appears to be doing), the second pillar will be ready to step in. It follows that it is in the West’s own best interests to become more accommodating in the face of the BRICS’s legitimate demands for incremental reforms of the global financial governance.

Before addressing these issues in Section 5, Section 4 below discusses what each BRICS member gains from participating in the grouping, while highlighting their specific structural and cultural features.

4 - What each country gains from participating in the coalition

Brazil

The first “B” of the acronym belongs to Brazil, although this country does not by any measure occupy a leading position in the grouping. According to some analysts, Brazil’s international status as a one of BRICS powers is actually gradually declining, owing to its recent instability. But despite all the difficulties that Brazil faces in current

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Referring to the “war-like” theory of “power transition”, a recent study has pointed out that the challenger (the emerging powers) are likely to attempt to overturn the system only if the expected benefits exceed the expected costs. A major destabilization of the global order would certainly impose very heavy costs on the BRICS, with the putative benefits being virtually non-existent; [http://www.leslieelliottarmijo.org/wp-content/uploads/2011/02/ArmRobts-13-July-20-BRICS.pdf](http://www.leslieelliottarmijo.org/wp-content/uploads/2011/02/ArmRobts-13-July-20-BRICS.pdf) - p. 7.
recession and political crisis, in the long term it has gained significant advance in socio-economic sphere. It has also progressed in buttressing its democratic and legal establishments.

However, the problems of social inequality are still present as the process of overcoming the racial divisions isn’t yet completed. According to the World Bank data, Brazil features among countries with the highest degree of income inequality (World Bank, 2014). Moreover, the country still experiences some difficulties with the prevention of rural and urban poverty. Although the government is working hard on raising the quality of education, the share of unskilled workforce in the rural area remains high. Another serious challenge for Brazil’s development is corruption, especially in the state-owned corporations such as Petrobras. Recent corruption scandals, which caused a huge political turbulence in the country, are seriously eroding the country’s image in the eyes of potential investors.

Nevertheless, regarding Brazil’s international projection in the past decade, the crisis of 2008 opened an opportunity for Brazil to promote itself as one of the strongest emerging powers. Brazil possesses a vast amount of natural resources, well-developed agriculture, mining, manufacturing and the services sector. In addition, it is becoming an environmental leader, managing to preserve its natural resources in the safest condition.

Brazil has become an important player within key multilateral organizations, such as the IMF, WTO, G20, or the UN. Brazil attempted to consolidate its position and to enhance close cooperation with other rising powers not only through its membership in the BRICS, but also in IBSA and Mercosur. It is also actively involved in so-called South-South cooperation with major powers of Africa. This has been one of the main foreign policy objectives since the early 1990s. Through this cooperation Brazil aims to support African countries in their social, technological and economic development.

While strengthening its ties with major emerging countries, Brazil tries to keep close strategic ties with the United States and the EU. At the same time, their negotiations and trading relations are the key challenges of Brazil’s policy. Taking into account the leading positions of the US and EU, it is crucial for Brazil to successfully adapt to new realities constructed by these countries (Stuenkel, 2014).Benefiting from its membership in the group of BRICS, Brazil doesn’t complicate its relationships with the Western
powers. As noted above the bulk of the BRICS’s – and Brazil’s – trade is conducted with non-BRICS’s countries, with trade with the West playing an important role as a channel for advanced technology inflows.\(^5\)

Nevertheless, there can be little doubt that the recognition of the new regional power status of Brazil came with creation of the BRICS. From the Brazilian perspective, close collaboration with India, China, Russia, and South Africa is the most relevant factor for the projection of its external influence (Barbosa, 2012). Participation in the BRICS forum offers a unique opportunity for Brazil to strengthen ties with international actors expected to take a leading role in the 21\(^{st}\) century. It is therefore something of great economic and political importance to Brazil's long-term national interest.

Brazil’s BRICS membership is closely connected to its goal to expand South-South trade with developing economies, such as India and South Africa, and a chance to strengthen its ties to the Asian giant China. From Brazilian perspective the membership in BRICS is also a way to have a source of alternative financing. Thus, due to recently established New Development Bank, the state can largely benefit from various funds and loans provided by this bank for the newly presented infrastructure projects, the support of which was recently rejected by the IMF.

In summary, for Brazil the participation in the BRICS gives an opportunity to enhance its international influence in a world which is in transition towards a more polycentric system. This process is ongoing, as the presence of BRICS begins to be recognized in the discussions of the G20 forum and within the IMF. We can conclude that Brazil’s active engagement with the BRICS helps it upgrade its profile in the realm of cooperation with the Western powers – which, as noted above, is also indispensable for Brazil’s international projection.

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\(^5\) Brazil receives more exports from the US than from any other nation, nearly 15% of all goods exported to Brazil. These exports are made up mainly of high-tech items. [https://www.whitehouse.gov/the-press-office/2011/03/15/fact-sheet-us-brazil-economic-relationship](https://www.whitehouse.gov/the-press-office/2011/03/15/fact-sheet-us-brazil-economic-relationship). In 2014 Brazil’s exports to the EU accounted for 23% of Brazil’s total exports, with the EU accounting for 17% of total imports. [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_111482.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_111482.pdf)
India

In comparison to other member countries, notably Russia, Brazil or South Africa, India demonstrates a steady economic growth, with the absence of significant shocks. In the up-coming decades India is expected to become one of the fastest-growing emerging economies. In the medium term its GDP is expected to increase by 8% a year, which is slightly above the expectations for China. Nevertheless, India has a long way to go to catch up with other major powers. It still experiences the problems of huge population size, widespread disparities and income inequality. India’s development is seriously challenged by remaining structural poverty, which largely affects increasing number of illiterate citizens (mainly among women). The country is struggling with existing regional imbalances that are caused by acute religious and ethnic issues. Furthermore, there is still the prevailing caste system that poses a considerable challenge to domestic social development and promotion of human rights within the country. Yet India is benefitting from the recently implemented economic reforms that are demonstrating some positive outcomes. These changes are already opening India to private investment, setting the country on the path toward the most successful emerging-market in the next several years.

As any other developing nation India is a very ambitious about enhancing its international role and becoming a global superpower. Moreover, thanks to its rising influence as a BRICS member, it becomes a legitimate candidate for a permanent membership in the UN Security Council.

With regards to its membership in BRICS, India has developed strong strategic ties with all members of the group, especially with neighboring China. Despite the fact that India and China still need to resolve outstanding issues regarding their borders in Tibet and South China Sea, they still support each other in strategic economic relations. Within the BRICS these countries increase mutual trade payments in their local currencies, by-passing the US Dollar.

The main factor justifying India’s membership in the BRICS is an opportunity to promote its agenda at the international level without any significant political and economic costs. The political component of this agenda is India’s desire to strengthen its role in the global affairs.
While these benefits are common to all BRICS, India’s special position as a democracy with strong Western links gives it an opportunity to continue its course of maneuvering between the alliances and unions (Topychkanov, 2015). It still can continue building relationships with countries that are in conflict with each other. In particular, it has established strategic partnership with the US while continuing to develop relations with Russia and China. It is easier for India to defend its initiatives regarding the cooperation with these countries against Western critics if they are implemented in the BRICS format (Topychkanov, 2015).

Additionally, due to persisting anti-Western and anti-colonial sentiment within the country, there is a lot of criticism with regards to closer relations with the US. Thus, Indian membership in the group of BRICS creates a useful balance between its Eastern and Western course of foreign relations.

China

It is indisputable that China is playing a pivotal role in the group of BRICS countries. It brings major contribution to the decision-making process, due its huge financial and economic clout. Since late 1970s, China has actively pursued a strategy of economic acceleration and social modernization by integrating into the West-dominated world order. Chinese openness to new reforms and policies significantly changed its identity. Currently China is the second largest economy after the US. A number of prominent economists and scholars assume that it has a great potential of exceeding the US economy in the following years. Since the beginning of its economic boom China continues to benefit from the process of globalization by internationalizing its trading ties with other major powers.

Nevertheless, politically and economically China is still a socialist state ruled by the Communist Party. It has successfully adapted to the capitalist realities, while to a large extent preserving the state-driven pillar of economy. Its economic system can therefore be best characterized as state capitalism. Furthermore, China still considers itself as an emerging power that promotes the interests of the developing world. But while closely working with emerging states, it also positions itself as global power due its huge economic capacity. China has significantly re-conceptualized its role in the world
economy and is now more focused on the expansion of partnerships with countries that are not its close neighbors. A vivid example is the cooperation between China, Brazil, Russia, India and South Africa in the framework of the BRICS.

It is important to point out the impact of Chinese economy on the global development, where the dynamic growth of China in the post-crisis period stimulated the recovery of the international economy as a whole. Its impact is felt on every continent, in most of international organizations, and on many global issues (Shambaugh, 2013). In general, China is considered as one of the engines of global economic growth.

Additionally, China’s rapid development in the past two decades largely contributed to the emergence of multi-polarity in the global market, where traditionally the monopoly on the formulation of rules belonged to the Western countries. The pursuit of polycentric world has been one of the central objectives of Chinese foreign policy since 1992. In recent years, in close partnership with Russia, China has not only strengthened both countries’ mutual strategic ties, it has also advanced its objective of the promotion of multi-polarity. But while playing a central role in leveraging progress toward more substantive cooperation among the BRICS countries, China is increasingly speaking in the name of the BRICS without risking direct clash with the West (Gabuev, 2015).

Moreover, as China shares similar experience with other members of BRICS group, they all can exchange some creative ideas with regards to tackling their common problems. With active involvement in the New Development Bank and currency resolve pool, China gains valuable experience in the implementation of development projects where it acts as a leader. Additionally, NDB, being an alternative international financial institution, offers China an opportunity for promotion of the yuan as a reserve currency.

China is the strongest actor within BRICS, and it is endowed with the greatest influence in the formation of economic and financial policies of the organization. It is making great efforts to ensure that the partnership of the five countries in the BRICS acquires real shape, and, hence, gives visible results. The increase in China's GDP has a positive impact on economic growth, not only in its region but also in the regions of its BRICS partners. The BRICS bring together the interest of member countries in cooperation with China, which serves as sort of channel between them, as trade among
the four countries excluding China is still at very low level. China receives mainly natural resources from its partners in exchange for exports of finished products.

**Russia**

After the collapse of Communist rule, which was followed by the deep transformation crisis, Russia was lagging behind the Western world. Like all East European states, it went through a process of fast transition from post-Soviet economy to the free-market model. However, deep reforms of economic governance, management, finance and banking and tax system haven’t yet to be fully implemented.

Like other members of the BRICS group Russia is the country of the “catch-up modernization”. Thus, it is vital for her to concentrate on solving its domestic socio-economic problems and upgrade its technological level. At the same time it is not possible for Russia to achieve high level of development without extensive international integration.

Numerous scholars assume that Russia’s economic growth rate isn’t high enough for it to be included in the group of emerging states. The economy is excessively focused on exports of energy (hydrocarbons), with diversification being seen as key objective in the decades ahead. Moreover, there are problems associated with low investment activity, high level of corruption and unfavorable demographic trends. During the 2000’s Russian economy displayed high rates of growth, but the global crisis of 2008 and the imposition of the sanctions regime in 2014 plunged the economy into a recession. However, other members of the BRICS experience similar problems, which means that the doubts about Russia’s membership in the group are not justified.

Despite its active participation and enthusiasm in establishing of financial institutions of the group, it is hard to imagine Russia as being the important sponsor of such infrastructure, because it is lagging behind its partners in terms of economic dynamics. However, unlike other members of the group it is not an emerging power but a former superpower to which it is essential to maintain some of the political status it lost after the collapse of the Soviet Union (Käkönen, 2015). Thus, Russia’s main contribution to the group of BRICS consists of its geo-economic and geopolitical prestige. Likewise, Moscow perceives its membership of BRICS primarily as means to achieve a strong
position in the global affairs and a channel for more flexible participation in international structures (Russian FP, 2013).

Apart from enhancing its role in the international community, BRICS membership creates the strong platform for Russia’s strengthening relations with its regional partners China and India. It also seeks to build strategic partnership with other leading regional states such as Iran, Saudi Arabia, Pakistan, etc. With regards to Latin America, it especially aims to establish strategic partnership with Brazil, which in turn broadens the potential for its political and economic interaction with Argentina, Mexico, Cuba and Venezuela (Russian FP, 2013). All Russian objectives stated above support the argument that the BRICS is more a strategic tool for Russia in maintaining and improving its position in global politics (which corresponds to the motives of the other BRICS members), rather than a tool to challenge existing world order.

Indeed, at current juncture, Russia very much needs this opportunity to seek international support, as it is experiencing a deep economic crisis caused by the sanctions imposed by the EU and the US. The Russian ruble has depreciated considerably as oil prices dropped. Russia doesn’t receive financial support from the IMF or the World Bank and even before the crisis their support was mainly advisory. Thus, as other members of the group, it benefits from the recently established NDB and reserve currency pool that help Russia to tackle its economic problems and provide a financial assistance for implementation of new projects.

As noted above, other BRICS states are also facing serious economic problems. Thus, close interaction through sharing experiences and joint efforts of all five countries can help them to overcome most of their difficulties. Russia believes that BRICS countries not only have a great potential to overcome existing problems, but also ensure their sustainable and prosperous socio-economic development.

**South Africa**

Two years ago the South African Republic celebrated the 20th anniversary of the fall of apartheid and the establishment of a new democratic state. One of its unique features was the new concept of foreign policy, which is sharply different from concept that prevailed in the previous regime. Its main priorities were set by the former president
Nelson Mandela as “South Africa's foreign policy objectives should reflect the interests of the entire African continent, and economic development of the country depends on strengthening regional and international cooperation in today's interdependent world” (Mandela, 1993).

Indeed, since the birth of a democratic government South Africa has aimed to establish closer bilateral ties with other African countries and the Global South countries, including those that later became members of the BRICS. Joining the club of strong non-Western powers outside Africa arguably represents a logical extension of the basic principles of South Africa's foreign policy as defined by Mandela. In 2003 it also took important step towards creation of the IBSA Forum, which was subsequently subsumed within the BRICS organization.

If we will consider how small (politically and economically) the South African Republic is in comparison with other BRICS members, we might think that apparently it is very unlikely that it alone can bring much of benefit to the other member states. Nevertheless, the state of South Africa itself isn’t as important as the entire African continent. Being often called the "gateway" of the continent, South Africa is the leading economy in advancing regional and continental integration (Games, 2012). Despite the fact that South Africa’s GDP is below that of the other African’s leading power Nigeria, South Africa has excellent infrastructure, which makes it truly a gateway to the entire African continent, the importance of which is widely recognized for the world economy.

Furthermore, it is important to note South African high moral and political authority in the African continent. It constantly confirms its active role in the New Partnership for Africa's Development (NEPAD), carrying out peacekeeping operations and acting as a mediator in conflicts. A striking example of this was the successful promotion of a political settlement of the crisis in Zimbabwe and the efforts for termination of war in the Darfur region of Sudan and in South Sudan (South Africa and the UN, 2014).

Accession to the BRICS has been regarded by many African politicians as a triumph for the country's foreign policy, but not everyone shares this opinion, including among the community of respected scholars. Nonetheless, African inclusion into the group is significant to the entire continent as it holds the potential for re-conceptualizing
the role of Africa in the global affairs. The participation of South Africa therefore reflects the idea that the African continent should be repositioned in the global system to assume its rightful place (South Africa in BRICS, 2013). Moreover, BRICS membership is also a perfect platform to strengthen the South-South cooperation where Africa plays a central role.

Finally, South Africa’s participation means that the BRICS countries no longer rely on Jim O’Neil’s judgment about which country deserved to be a BRICS. The decision to include South Africa regardless of the criticism of this move by O’Neil showed that the concept of BRICS organization has evolved into something entirely different from what was initially articulated by Goldman Sachs (Stuenkel, 2015). Moreover, the inclusion of South Africa presupposed the fact that BRICS is transforming from financial marketing organization into a political instrument. It considerably strengthened global importance of the BRICS as an organization and its legitimacy to speak in the name of the emerging world.

Having laid out each member country’s incentives for participating in the grouping, the analysis proceeds by discussing the BRICS’s call for incremental reforms of the global governance, focusing on reforms of the key international financial institutions. As noted in the preceding sections, such reforms represent the area where the BRICS’s push for a multi-polar global system is manifested with the greatest clarity.

5 - The BRICS’s demand for reforms of the global financial system

The foundations of present-day West-dominated system lie in the G6 club of nations formed in 1975 in response to the rising oil prices. It included the US, UK, Germany, Japan, France and Italy; Canada joined in 1976, turning the grouping into G7 (Russia was added for purely symbolic reasons in 1998, but its participation has recently been suspended). Another, much wider, plank of the system – G20 – was formed in 1999.
It comprises the members of G7, the BRICS and numerous other developed as well as emerging countries.\(^6\)

In view of the rise of the BRICS and other related shifts in the global economy, some analysts (including O’Neill in his book *The BRIC Road to Growth*) have argued that if G7 were formed today, it would need to include China, while Brazil, India or Russia would have to be preferred to Canada; the Eurozone would be best represented by one country (more reasonably Germany).

From the BRICS’s point of view another major issue is their under-representation in the key institutions, above all the IMF. Thus, the BRICS first summit in Yekaterinburg in 2009 issued a declaration calling for the establishment of more equitable, democratic and multi-polar world order (1\(^{st}\) Summit Joint Statement, 2009). In the run-up to that gathering, the then Russian President Dmitry Medvedev stated in late 2008: "We need to radically reform the political and economic system, and we will insist on it and interact with the US, EU countries and all other interested parties” (Medvedev, 2008).

In 2010 the G20 finally agreed on a raft of reforms which, if implemented, would move the IMF into a new era in line with the BRICS’s interests. The move was to a large extent driven by the then IMF’s Managing Director Dominique Strauss-Kahn, who understood and accepted the need for the rebalancing of influence within the global financial institutions. The main planks of the announced reforms included:

- A doubling of IMF members’ quotas, that would shift voting shares towards the emerging countries.

- The quota rebalancing would move up the BRICS countries among the top 10 shareholders of the IMF.

- Reshuffle of the IMF’s 24-member Executive Board that would raise the representation of emerging market and developing countries on the institution’s day-to-day decision-making body. The membership on the

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\(^6\) G20 membership includes the following countries: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, United Kingdom, United States and the European Union.
Board of European countries would be reduced by two, and all Executive Directors would be elected rather than appointed (IMF, 2010).

At the announcement of the reforms Strauss-Kahn called the move “historic” and the most important decision on the governance of the IMF since its creation in 1944. He added that: “The 10 biggest shareholders in the IMF are those who deserve to be in the top 10 as they are the 10 most systemically important countries in the global economy”. And he promised more changes to come: “There will be other reforms, but what we did today puts an end to a discussion on legitimacy that had lasted for years, almost decades.”… He also said the IMF’s Executive Board would be a "more democratic Board as will be an all-elected Board (IMF, 2010).

Unfortunately, the Western powers, in particular the US, failed to act in a timely manner on the reforms commitments announced in 2010 (this situation was partly due to Strauss-Kahn’s resignation as IMF Director in May 2011). The evident reluctance to act without unnecessary delays understandably generated dissatisfaction among the BRICS. Thus the BRICS third summit in Sanya, China, expressed its disappointment with prolonged failure by the United States to ratify the IMF 2010 reform package, calling for a speedy “achievement of the target for reforms” (Sanya Declaration, 2011).

After further foot-dragging by the West, the leaders of BRICS countries at their summit in Fortaleza in July 2014 evidently grew more impatient, having declared: “We remain disappointed and seriously concerned with the current non-implementation of the 2010 International Monetary Fund reforms, which negatively impacts on the IMF’s legitimacy, credibility and effectiveness”( Fortaleza Declaration, 2014). Further expressions of their frustration with slow progress of reform implementation followed at the meeting of BRICS’s leaders at the G20 gathering in Brisbane in November 2014. The latter statement in particular sounded a deepening concern. The BRICS leaders agreed that the slow action on IMF reforms undermined the "legitimacy and credibility" of IMF, noting that "Undue delays in ratifying the 2010 agreement are in contradiction with the joint commitment by the G20 Leaders since 2009." The statement also says, “The leaders have confirmed their disappointment and serious concern about violation of the 2010 IMF reforms and the impact it has on the fund’s legitimacy and trust towards it.” (Fortaleza Declaration, 2014). Most recently, the BRICS summit in Ufa (the Russian
Federation) in July 2015 provided yet another opportunity to publicize the urgency of reforms.

Moreover, the BRICS also demand the reform of the UN to achieve, as they see it, more equitable, transparent and efficient multilateral approaches in addressing global challenges. In particular, they reaffirm the need for comprehensive reforms in the United Nations Security Council, where the aspirations of Brazil, India and South Africa for participation should, in their view, be supported (Joint Statement by 7th Summit 2015).

The issues of struggle against terrorism and especially of climate change are no less important objective of the group, taking into account that Brazil is a leading actor in international climate change negotiations. The BRICS group also plays an increasingly important role in coping with negative impact of climate change on food security and the adaptation of agriculture to climate change, reducing volatility in agricultural markets, sharing up-to-date market information (Joint Statement by 7th Summit 2015).

The BRICS also consider that they need to take a common stance toward Western plans to implement Trans-Pacific Partnership (TPP) and its US-EU counterpart, the Transatlantic Trade and Investment Partnership (TTIP). The TPP reduces thousands of tariffs among 12 countries of the Pacific region. However, some analysts have expressed fears that Washington intends to expand the platform of TPP chiefly as its response to the rise of China. These concerns are mainly caused by its dominant status in the world politics and ideological incompatibility of China with the Western values.

As similar project towards the European Union, the TTIP, is seen as controversial by significant sections of EU populations was even criticized by some EU officials (Felbermayr & Larch, 2013). Apart from being perceived as granting excessive power to transnational corporations, the TTIP can also be interpreted as an effort to distance the EU from Russia. These strategic objectives have arguably gained more prominence in the wake of increased tensions between Russia and NATO following the Ukraine crisis. It is possible to observe increased concerns among the EU and US politicians regarding Russia’s a fundamental challenge to Western values (Desai, 2014).

Overall, as noted in previous sections, all BRICS summits indicate that cooperation on the BRICS platform is closely related to an understanding that
international relations are in the process of transition, towards more polycentric system. However, this process is not an easy one. Apart from what the BRICS perceive as soft-pedalling of agreed reforms, it is accompanied by increased economic and political turbulence at the global and regional levels, which means that the global affairs become increasingly complex and unpredictable (Russian Foreign Policy report, 2013).

Despite complaints by the BRICS that the progress of reforms has been insufficient, significant steps in the direction they advocate have been accomplished. In addition, the BRICS have in many respects taken matters into their own hands by speeding up the building of their own institutions. These developments are discussed in the next section.

6 - Reform achievements of the BRICS

Recent developments suggest that the BRICS's efforts at implementing the reforms are finally bearing some fruit. In late January 2016 it was announced that the agreed reforms of the IMF finally entered force. This followed the ratification of the reforms by US Congress in December 2015. Along with bolstering the Fund’s quota resources to Special Drawing Rights (SDR; the IMF unit of account) 477 billion (from SDR239 billion), more than 6% of the quota is to shift to emerging countries; the four largest BRICS – Brazil, China, India and Russia – are included among the top 10 IMF members. Rising from 3.8% to 6.14%, China now has the third largest IMF quota and voting share after the United States with 16.61 percent and Japan with 6.23 percent.

Despite the shake-up, the US’s share remains comfortably above 15%, meaning that the US is the only IMF member with the right of veto. At the same time, the BRICS’s combined share, at 14.98% is just below the level at which they would have the right of veto (IMF, 2016). This arrangement, obviously engineered to continue to limit their influence, is certain to remain an issue of persisting frustration among the BRICS, ensuring that their calls for further reforms continue.

On the positive side, however, the Chinese currency, the yuan, was accorded the status of the IMF currency reserve currency along the US dollar, the UK sterling, euro
and the Japanese yen. This will increase the yuan’s role as internationally traded currency, enabling the world’s central bank to accumulate more of it.

As noted, attention should also be paid to the BRICS’s continued development of its own (chiefly) financial institutions. As a result of their increasing contribution to global economic growth on the one hand and the slow progress of reforms on the other, the BRICS have concentrated their joint efforts on the launching of BRICS Development Bank, subsequently renamed the New Development Bank. The NDB is based on the principle one country one vote. The proposal was first made at the 4th summit in Delhi and the NDB treaty entered operation in July 2015. The NDB is headquartered in Shanghai, with a regional branch in Johannesburg.

The first objective of this bank is to provide financial assistance for various infrastructure projects. With set capital of $100 billion, it can lend up to $34 billion per year (Khanna, 2014). Given the persisting relative backwardness of all BRICS states, a lack advanced infrastructure is one of the biggest obstacles to their development. Since all BRICS states are countries with huge share of rural areas, it is crucial for their infrastructures to receive investments for improving living conditions of the poor population (Griffith-Jones, 2014). Moreover, increased availability of investments could enable the BRICS governments to develop more sources of renewable energy, thereby moving towards greener economy (Griffith-Jones, 2014). The strong focus on infrastructure is quite essential: two-thirds of the world's nations are facing physically crumbling post-colonial constructions (Khanna, 2014). India and South Africa especially are in desperate need of a long-term boost in infrastructure investment. National budgets cover at most $1 trillion of the estimated annual $3 trillion required in infrastructure spending just to keep up present levels of GDP growth (Khanna, 2014).

Furthermore, the New Development Bank is accessible to non-BRICS emerging states, including those which do not borrow from the IMF (Griffith-Jones, 2014). This is supposed to strengthen the solidarity among BRICS and other emerging nations. Besides, it will enhance the bargaining power of the BRICS in the global affairs.

In addition to the BRICS New Development Bank, the group established its own currency reserve pool Contingent Reserves Arrangement (CRA), designed to financially support the BRICS economies in the events of global financial shocks. The initial size of the pool is $100 billion. This arrangement is intended to help BRICS countries to forestall
short-term liquidity pressures, strengthen the global financial safety net and complement existing international arrangements (6th Summit Declaration, 2014).

The emergence of these financial institutions demonstrates the viability and dynamics of the BRICS, regardless all skepticism and criticism in the recent years. Although some of the criticism is legitimate, as BRICS nations are experiencing economic slowdown, their joint efforts in strengthening their cooperation and the establishment of the new bank are clearly bearing fruit. Despite the fact that BRICS states still remain closely attached to the IMF and the World Bank, their involvement with the NDB will decrease their dependence on these institutions, thereby contributing to the promotion of more multipolar world, at least in economic terms. Moreover, the establishment of alternative financial institutions may push traditional western powers to rethink their attitude towards the BRICS group.

The BRICS governments, however, are at pains not to portray the NDB and the CRA as competitors to the IMF and the World Bank. Indeed, the NDB is simply not capable of that as its financial power is much smaller than that of the long established institutions. (In terms of membership, the project is less significant than the launch in January 2016 of China-led Asian Infrastructure Investment Bank, which as noted in Section 2 already has 31 founding members). On the contrary, their hope is that all these financial institutions will work in complementary manner, which can contribute to the increasing transparency and openness within them. Thus, the West-dominated institutions should not necessarily view the BRICS bank as a threat to their domination of the global economic order (Chen, 2014).

Having outlined the international weight of the BRICS, their objectives and reform achievements we can now turn in the Part II of this dissertation to the case of Brazil.. This analysis treats Brazil as an integral and valued part of the BRICS-driven international sub-system.
Part II

Case study: The impact of Brazil on international relations as a BRICS country

Introduction

Brazil is a country with clearly defined foreign policy interests. Brazilian diplomacy is rightly considered as one of the most experienced and respected in South American political arena. After two decades of sustained economic growth and social improvements, Brazil has significantly enhanced its position in the international affairs. It has expanded bilateral agreements and increased its participation in several multilateral organizations. Apart from its attempts to expand regional influence, Brazil has sought to broaden its economic influence internationally. Joining the forum of the BRICS, Brazil has gained a lot of opportunities, as well as challenges, advancing its economic foreign policy by collaboration with other fast-growing emerging states.

Brazil’s interest in the BRICS had emerged long before the experts of Goldman Sachs coined the acronym. A number of Brazilian experts in the late 1990’s proposed to establish a sort of “partnership of giant countries” among which Brazil, Russia, India and China were mentioned. For Brazil the BRICS initiative therefore wasn’t something artificial, but rather a robust platform for strengthening its role globally, and ensuring favorable external conditions for prosperous development.

After the 2008 collapse of global financial markets, Brazil had a big moment to enhance its role politically as a new global player. Major emerging powers were suddenly cast as central actors in a new forum for global economic policy deliberations (Kornegay & Bohler-Muller 2013). The creation of BRICS was first embraced by Brazil’s president Lula da Silva, as a perfect platform to promote national interests on the global arena.

This part of the dissertation is going to assess not only the membership of Brazil in the BRICS group, but also its priorities in the international affairs in their entirety. Besides its BRICS commitment, Brazil is one of the most active players in the
establishment of South-South cooperation in the framework of the India, Brazil and South Africa group (IBSA). Furthermore, given Brazil’s large impact on development of the South American continent, its role as an important player in the region also should be highlighted.

Nevertheless, current domestic and regional circumstances are posing a relative menace to Brazil’s regional and international role. What implications does it have on Brazil’s claims for its global involvement? The last section provides a brief evaluation of this issue.

1 - Brazil’s perception of itself

Brazil is a country that has experienced comparatively fast transformation from one of the poorest countries into the strong regional power that plays indispensable role in the continent’s development. Brazil is neither a great power that is able to maintain influence over other global powers nor is it considered among the “Third World” group of countries. Brazil clearly realizes its place in the world: it doesn’t seek a dominant position in the international affairs, but this doesn’t mean that its ambitions are constrained by the regional dimension. Since the time when Brazil reached considerable level of infrastructural development, it started to aim to a greater international role.

The way in which Brazil identifies itself globally corresponds to the Wallerstein’s World-Systems theory, according to which the world is understood in a stratified and hierarchical way divided into three groups of states: core, semi-periphery and periphery. Such division “is not merely functional – that is to say, occupational – but also geographical” (Wallerstein 2011). According to Wallerstein, Brazil is considered as a semi-periphery country, which takes an intermediate position between the core and periphery. Semi-periphery possesses organizational features of both core and periphery countries. The semi-peripheral economies are characterized by introduction of new goods, new energy sources, new methods of production and organization, although sometimes it is not presented in an innovative way (Ruvalcaba, 2013). Wallerstein’s world system theory assumes that semi-periphery is a key structural element of the world economy (Wallerstein, 2011).
With respect to Brazil “it finds itself experiencing profound core and peripheral
dynamics at the same time because it has been historically linked to the great European
centers of political and economic power thanks to its huge endowment of natural
resources and area; but, simultaneously, it lies geographically in the periphery of the
world-economy” (Ruvalcaba, 2013).

Therefore, according to Ruvalcaba, Brazil is one of the most representative
instances of the semi-peripheral system. It is a highly industrialized state with huge
market, which largely contributes to the manufacturing and exportation of a various
goods globally. It functions as a transitional channel between the core, namely
established west, and periphery, all the rest countries in South American continent
(except Argentina). Especially in the last decade Brazil has been playing more
autonomous mediation role thanks to its sub-regional strategy of integration and
consolidation through creation of alliance with Argentina, or promoting closer
cooperation of Mercosur (Ruvalcaba, 2013). These policies were oriented towards the
improvement of its bargaining power as a regional and global actor.

2 - Brazil’s foreign policy objectives

Brazil’s rapid economic growth over past the decades demonstrates some
impressive development achievements. While fostering its economic development, it can
surely claim to be a legitimate player in the global affairs. Presidents Lula da Silva and
Dilma Rousseff have actively strived to improve Brazil’s domestic social and economic
structures in order to transform their country into an influential power in the global arena.
Thus, entering the 21st century world, Brazil was already promoted as indispensable
power within the Global South.

A turning point of country’s foreign policy has taken place in 2003 with the
change of government. The agenda of Brazil’s foreign policy set up a new direction
toward so called South-South strategy, which Vigevani and Cepaluni have called
“autonomy through diversification” (Vigevani & Cepaluni, 2007). Since Brazil
considered itself in the semi-peripheral terms, it pursued alliances with similar
developing countries. Cooperating with other emerging states Brazil could avoid
subordination to the agendas of dominant countries, pursue active domestic development
policies, and thereby reduce inequalities (Souza, 2002). This foreign policy orientation reflected the agenda of the Workers’ Party (PT) and the Brazilian Ministry of Foreign Affairs. The policy of diversification was mostly supported by large Brazilian industrial organizations that encouraged the government’s aim to expand trade for the benefit of stable economy, and create better conditions for accelerated economic growth (Christensen, 2007). Aside from the South-South pillar of foreign policy, Brazilian government seeks to promote national interests around the South American continent, and consequently rely on it for establishment of Brazil’s economic and political agenda on the global stage. However, from time to time this strategy of Brazil’s government faces some challenges, such as competition with the US for influence on the continent.

The emphasis on South America was widely supported among Brazilian elites which belonged to different groups of interests. The promotion of Brazil as a regional leader, together with promotion of democracy and infrastructural integration, was one of the main priorities of foreign policy since 2003. The expansion of regionalism within Mercosur (a sub-regional bloc of Argentina Brazil, Paraguay, Uruguay and Venezuela) was Brazil’s ambition as a part of foreign policy of resistance to the US-sponsored Free Trade Area of the Americas (FTAA) (Almeida, 2007). The former president Lula characterized the FTAA as the US’s attempt at “annexation of South America”, rather than integration (Christensen, 2013). Consequently, these negotiations were perceived critically in Brazil while Mercosur refused to go forward with FTAA negotiations.

It can be argued that South American regional integration has demonstrated relative progress even in the absence of deeper interaction with the US offered by the FTAA. For Brazil, South American integration was a strong engine for enhancing the country’s competitiveness outside the continent, increasing exports and the internationalization of Brazilian business (Bernal-Meza, 2010). Since then Brazil has become a central pole of economic attraction in the South American region.

Apart from its regional emphasis on multilateralism, collaboration with Asian giants such as China and India is pivotal to Brazil as in last decade they, particularly China, has become one of the largest trade partners for South America. Brazil’s participation in the BRICS is therefore driven its enhanced ability to directly access the huge Asian markets. (This in turn helps to further strengthen Brazil’s role as a regional player).
Generally, global multilateralism and its trade rules, as championed by the BRICS, are the main focus of Brazil’s foreign policy agenda. This is especially manifested in Brazil’s initiative to create the innovative trilateral forum of IBSA in 2003. The creation of IBSA came in the wake of the launch of the organization of developing and developed countries, the G20, which works closely with WTO in the process of improving the global markets. The IBSA forum places a higher importance on fighting against the poverty and social inequalities within the Global South. However, coordination of common policies within multilateral institutions, such as WTO and the UN is the central pillar of IBSA’s policy.

With regards to Brazil’s interests within the BRICS, it shares common strategies aiming to shift the system of today’s global governance, discussed in Part I of this dissertation. As already noted, reforming the IMF is the central goal pursued by BRICS. Brazil and other members have insisted on greater share of votes for them, and as discussed in Part I, substantial changes in the BRICS favor finally materialized: the IMF implemented partial reorganization of votes share within the institution strengthening the voice to Brazil, Russia, India and China.

Brazil’s finance minister, Guide Mantega, in particular argued in favor of reforming the IMF to ensure fair treatment to all members of the institution. On several occasions he ridiculed the Western-based economic doctrines that dominate the fund. Furthermore, at a meeting of the International Monetary and Financial Committee, Guido Mantega sharply criticized the US and European countries with regard to the issue of restrictions on capital mobility (Christensen, 2013).

Nevertheless, although the BRICS would likely welcome new participants, it is unlikely that Brazil would be enthusiastic about inclusion of any Latin American country, such as Mexico or Argentina, lest such a move would dilute Brazil’s regional leadership (Martinov, 2013). Thus, presumably in the long term Brazil will try to keep its position of the continent’s leading power, informally representing South America within the BRICS. This is particularly the case after the inclusion of South Africa, with the BRICS now considered as a club that includes exclusive representatives of several regions and continents (Martinov, 2013).
Apart from the economic dimension, Brazil is also active in security issues, both at regional and global level. Brazil defends a multilateral approach to security, and desires to reform the UN and become a permanent member of the UNSC. The country has played a role of moderator in several regional conflicts, such as the Venezuelan coup in 2002 and socio-political instability in Bolivia in 2003 (Christensen, 2013). Brazil has been actively involved in the peacekeeping missions in Haiti in 2004. It is also a traditional defender of non-intervention and self-determination in the political conflicts. After regional conflict between Ecuador and Columbia in 2008, Brazil proposed the establishment of a South American Defence Council, which focuses on dialogue between the defence ministers of the member countries as a mechanism to promote regional security without intervention of external actors such the US (Christensen, 2013).

The foreign policy of Brazil towards, for instance, Iran’s nuclear program clearly demonstrates its approach to transnational security issues. The situation in Iran is quite understandable to Brazil as it is also involved in the process of nuclear energy development. Since there has been a widespread suspicion regarding Iran’s energy plans, the Security Council resolution adopted a resolution against this country. Brazil aimed to protect the sovereign rights of Iran, which is also a semi-periphery state, while its strategic BRICS partners China and Russia didn’t share the same view with it on this issue.

However, regarding the Syrian war Brazil’s position is aligned with that of its BRICS partners. The BRICS countries abstained from voting regarding a resolution proposed by the EU that would condemn the Syrian government’s alleged violent repression of anti-government protests (Christensen, 2013). The BRICS states expressed their deep concern regarding the consequences that might follow the repeat of what they saw as the Libyan disaster.

All in all, Brazil has conceptualized its foreign policy strategies in a way that directly reflects its national and regional interests. The South American region is therefore quite important factor in the formulation of Brazil’s global role. Brazil has largely contributed to increased multilateralism regionally and globally, by expanding its economic and infrastructural integration. It prioritizes global South-South cooperation in order to strengthen its economic and political significance. While sustaining regional integration, it stresses the importance of collaboration with the BRICS group, which is
mainly based on common interest to influence the international economic, political and security order. BRICS cooperation has been relatively successful in the promotion of a more multilateral economic and political governance. However, the global security system still remains subordinated to the US and its Western allies and it is unlikely that Brazil will obtain a permanent seat in the UN Security Council quite soon.

All in all, Brazil’s growing global recognition as an emerging regional power is the basis on which its ambition to establish an international non-Western coalition such as BRICS should be understood.

3 - Is Brazil a regional hegemon?

Brazil’s level of economic development and its global ambitions to assume more responsibility and engagement in international institutions caused Brazilian government to reconceptualize its regional role. There is a huge gap between the country’s global strategy and its role in the South American continent, with the latter aspect yet to be properly defined. For this reason, Brazilian policy in the region remains unclear and hesitant (Kornegay & Bohler-Muller, 2013). It combines a restrained participation in Mercosur, the creation of the Union of South American States (UNASUR) and the South American Defense Council (CSD) with a growing understanding that a clearer vision is necessary to reduce neighbor’s fears of a rising Brazil (Kornegay & Bohler-Muller, 2013). Moreover, Brazil’s emergence as a BRICS member has raised concerns that Brazil would eventually pay less attention to regional issues, generating criticism of its global role. This could result in Brazil losing support from potential allies in the region.

However, the Brazilian government has different perceptions of regional strategy. On the one hand, it sees the region as an opportunity because it can protect Brazilian economy from external shocks, that is, for example, from potentially dangerous competition unleashed by globalization (Kornegay & Bohler-Muller, 2013). There are growing opportunities stemming from strengthening links within the region and the flows of investments to the region have increased significantly. On the other hand, South American region may be a source of problems and concerns for Brazil. The weakness of other states can be a threat as weak nations sometimes are not capable of preserving regional peace. For instance, the conflicts in the neighboring countries such Bolivia or
Paraguay may affect Brazil’s territory, and, consequently, may scare away investors who consider approaching Brazil.

Despite today’s economic and political malaise, Brazil is gradually getting stronger. As the strongest country in the continent Brazil is responsible for the promotion of regional security and stability. It successfully managed to prevent military coup in Paraguay, in 2002 it preserved democracy in Venezuela after the coup against President Hugo Chavez. Additionally, Brazil intervened in political crises in Bolivia, Ecuador and Honduras. These and many other cases of Brazil’s regional security promotion must be understood as a way “to reduce the probability of US intervention on the continent – thus implying a timid claim towards controlling the region and assuring stability” (Kornegay & Bohler-Muller, 2013). Brazilian economy is becoming more integrated into the global structures, and, thus, it is forced to prevent all regional instabilities in order to preserve its international status.

Yet, due to the emergence of regional challenges and, consequently, rising regional leadership, Brazil didn’t use its dominant role in South America as a basis for its claim to global leadership, especially in case of getting a permanent seat in the UN Security Council. Misunderstanding of Brazil’s strategy among the leaders of other powerful states such as Colombia and Argentina, creates an obstacle for Brazil in gaining its neighbors’ support in multilateral negotiations (Kornegay & Bohler-Muller, 2013). However, Brazilian policy makers clearly realize the fact that their country’s ambition to assume a greater role in international relations is mostly based on its size, democracy and diversity, rather than on its capacity to represent the region.

At this point it is important to note that with regard to Brazil’s position in the region, other South American states assume there is a potential threat that one day they will feel dominated by the rising power of Brazil. Brazilian “expansionist policy” has been criticized both domestically and abroad. For instance, according to some analysts, Brazilian policy in Latin America and Africa might demonstrate an attempt to maintain control over natural sources such as raw materials in Bolivia and Ecuador, and the former Portuguese colonies of Africa (Bond, 2015). Such criticism might be caused by the existing gap between Brazil and its regional partners. In 2001 the total Brazil’s GDP was less than the whole Latin America, and after the crisis of 2008, which the country’s economy successfully weathered, Brazil’s GDP surpassed the regional mean rate?
However, there is a looming gap between the criticism and existing facts. Those years saw an overall strengthening, rather than deterioration, of relations with Brazil’s neighbors. Various inter-regional conflicts that appeared from time to time have been solved in accordance with the historical tradition of Brazilian diplomacy: peacefully and with mutual benefits (Martinov, 2013).

The rising enthusiasm of Brazil to promote continental stability and security through creation of regional institutions indicates the fact that Brazil is conscious of its need to cooperate with neighbors and promote deeper regional integration. Although, due to continuous regional conflicts it is challenging for Brazil to promote itself in the international stage, Brazil considers region as an opportunity to promote the country as in global affairs. At this point it is important to note that the rise of Brazil is not only beneficial to the country itself, but also to its neighbors.

4 – Brazil within IBSA: why is IBSA as important as the BRICS

While intensifying and increasing its commitment to global governance, Brazil has largely contributed to the creation of interstate relations with other emerging powers. As already pointed out, the promotion of so-called South-South cooperation is mostly implemented in the form of IBSA relations with India and South Africa.

For more than a decade, the IBSA group has emerged into a serious political body which is based on soft power relations. The coalition is organized as a consultation forum where the three states can discuss and exchange their own ideas and experiences of development challenges. The group has created its own IBSA Fund, aimed to support new projects “based on the capabilities available in the IBSA countries and in their internal best practices, contribute to the national priorities of other developing countries” (IBSA, 2013). Besides, the forum aims at strengthened trilateral trade relations, which are mostly implemented in the field of energy, agriculture, food processing and financial services. However, while establishing their trilateral ties, the IBSA members realize that their development and integration into the world system is constrained by domestic problems posed by inequality, poverty, public health and lack of universal education.
The BRICS and IBSA have much in common, but it doesn’t mean that they should merge. While the BRICS group places emphasis on international economic relations, the main concept of IBSA policy is based on the promotion of democracy, human rights in the developing South World and other shared concerns of these three countries. Some issues such as human rights and civil society cannot be openly debated within the BRICS framework. During the 2011 IBSA Summit, the Brazilian President Rousseff successfully acknowledged the concept of the “responsibility to protect,” according to which it is legitimate to intervene in another country that is unable or unwilling to preserve the lives of its citizens (Stuenkel, 2012). While this concept was included into the final declaration of the IBSA Summit, it failed to be accepted at the BRICS forum due to opposition of Russia and China. Being aware of IBSA’ global aspirations, China most probably will push for IBSA to be by the BRICS. Despite the fact that there is a considerable overlap between the agendas of BRICS and IBSA, India, Brazil and South Africa should coordinate their efforts to preserve their informal political platform. The absence of other emerging giants, Russia and China, is a key feature of IBSA that makes it an interesting platform for debating global challenges in a different context. For example, it serves as a welcome platform for discussing the rise of China by China’s fellow BRICS members.

Looking at the IBSA forum from the long-term perspective, what can it offer to Brazil? Why it is of such importance for Brazil?

Since the South-South cooperation has become one of the central pillars of Brazil’s foreign policy since the beginning of Lula da Silva presidency in the 2000s, Brazil has greatly expanded its trade with Africa. Brazil now ranks in the fourth place in the number of diplomatic missions in the African continent (Tazehkand, 2014). Its most important trade and diplomatic partner in the continent is the South African Republic. Strengthened regional cooperation through trade and inter-industry networks has largely contributed to the relevance of Brazil and South African relations.

With regards to India, since 2010 Brazil’s relations with this country have assumed a more strategic character. Despite the long distance between Brazil and India, they share common experiences in various fields where they significantly complement each other.
Having much in common, India, Brazil and South Africa have a strong potential to contribute to the prosperity of the emerging South. At this point, the coalition is of particular importance for Brazil as it is a useful mechanism to overcome the gap that exists between the three countries. Additionally, the three governments exchange their experiences in various fields, the same way as they do at the BRICS summits. However, what makes IBSA particularly different from the BRICS forum is that Brazil has much more shared concerns and interests with its Global South partners than it has with China and Russia.

The IBSA states have consistently adopted a more active stance on the defense of human rights and democracy in international issues such as the Palestinian conflict, humanitarian intervention in Libya and the civil war in Syria (Vieira, 2013). Such active international involvement is a key argument in favor of Brazil’s ambition to become a permanent member of the UN Security Council.

Furthermore, through the IBSA Fund, Brazil has mobilized its technical resources and policy tools to improve the socio-economic situation in the countries of Global South (Vieira, 2013). However, the economic clout of Brazil and South Africa is currently in decline, which means that their attraction to India as partners has weakened. Due to this fact, the prestige of IBSA has also weakened, although the group still can still hold its own on the platform of the BRICS summits.

A decade after its creation, the forum faces a number of pressing challenges. Taking into account the ongoing crises, Brasilia, together with New Delhi and Pretoria “need to skillfully translate their claims to the leadership of the South into a meaningful proposal to transform global governance in line with the aspirations of developing countries” (Vieira, 2013). As for Brazil alone, it should preserve its leading position to efficiently promote and implement the mechanism for the development of the Global South. However, given today’s economic and political malaise this will likely to take at least a decade to materialize.

There is no doubt that both BRICS and IBSA forums are very useful, and there is constant interaction between them. Ideas and concepts developed at IBSA meeting should more often be brought into deliberations at BRICS summits. Important topics regarding
the environment, global governance, economic prosperity and security should be addressed at both Summits.

5 - Brazil within BRICS: costs and benefits

Since the first BRICS summit held in the Russian city of Yekaterinburg, there has been a lively debate about Brazilian membership in the group. Some analysts assume that while establishing close ties with other BRICS members, Brazil is losing the support of the Unites States, with relations between both countries weakening. Others, on the contrary, argue that Brazil’s participation in the BRICS forum incurs no costs, and that the pivot to emerging world is in the best interests of Brazil, assuring it a prosperous future.

It is important to stress that despite Brazil’s aspirations to get closer to leading emerging powers, given its geographical and geopolitical position, it is closer to the United States than to its BRICS partners. To many Brazilians it is still barely acceptable to acknowledge their increasingly closer relation to China. For this reason, the popularity of Chinese language is relatively low. The same applies to the internationally recognized academic writing on China (Stuenkel, 2014). This is especially true if we compare Brazil with other two BRICS countries, Russia and India. China has already deeply “penetrated” there and the consequences of this fact are quite visible.

However, given the rapid expansion of China’s economic might, it is already the most important trading partner of Brazil and, thus, the economic relations with China are one of Brazil’s key foreign policy challenges. There is no other way for Brazil but to accept the new reality where China is rising, promoting its currency in the global affairs and takes responsibility in dealing with challenges, such as the climate change and maritime security in the 21st century. Being a part of quite serious institutional structure, namely the BRICS’s New Development Bank, allows Brazilian economists to work directly with Chinese academics, gaining practical knowledge about Beijing’s development strategies. Generally, there is little tangible cost for Brazil being a member of the BRICS forum.
Despite all benefits of Brazil’s participation in the BRICS, some Brazilian politicians tend to assume that Brazil’s close collaboration with emerging powers is an anti-American alliance promoted by leftist ideologies (Stuenkel, 2014). As a case in point, in the light of recent events, Brazilian government was condemned for its neutral reaction to the Crimean crisis, which was interpreted as a consequence of its participation in the BRICS forum. Nevertheless, since Brazil, as any other emerging power, has always stressed the sovereignty and the inviolability of international law, its unwillingness to criticize Russia have less to do with its opinion on the Crimean annexation (Stuenkel, 2014). Such interpretation of Brazil’s view is quite misleading and even dangerous. Moreover, the fact that the BRICS forum doesn’t include any Western country doesn’t mean that it has anti-West motives. As is mentioned in the Part I of this dissertation, the BRICS group, on the contrary, is a coalition that aims to promote more polycentric system without direct clash with the west. Nevertheless, in light of these allegations, Brazil, together with its BRICS partners, must work towards softening the language of its declarations to ensure that the BRICS will not be perceived as an anti-Western grouping (Stuenkel, 2014).

There have been several instances indicating that Brazil is not always willing to support the opinion of its BRICS members. For instance, in respect to internet governance, Brazil doesn’t share the same opinion with its BRICS partners. Besides, Brazil is supporting Iran in developing of its nuclear program, while China and Russia have adopted a more ambiguous stance (Gray & Murphy, 2015). Thus, Brazil’s collaboration with other major emerging powers, doesn’t presuppose taking sides of its group partners. On the contrary, being one of the closest US partners among the BRICS, Brasilia takes an intermediate position between the West and the emerging world.

Apart from the challenge posed by misleading opinions on Brazil’s participation in the BRICS, there is the challenge of placing the cooperation within the BRICS group more into line with Brazil’s national interests. All members should coordinate joint efforts in advancing intra-BRICS trade, deliberating the adoption of common technical standards, and eliminating bureaucratic obstacles to intra-BRICS travel and investment. These steps would be quite important, as the Brazilian government is currently re-calculating its role in the global economy and moving towards abandoning its protectionist systems of the past decade. The trade between the five countries has grown strongly over the last years. But after excluding China’s participation from this account,
the overall trade between the four other countries is still relatively low. Deeper cooperation is predicated on successful reforms of international financial institutions, an area where some significant changes already have taken place. But regardless these advances, BRICS countries still have to proceed with their mutual consultations. Thus, Brazilian policy-makers should concentrate on those small steps that strengthen intra-BRICS ties in better ways for the benefit of Brazil. That may result in rethinking of opinions about the BRICS’ policy diversifications. Also taking into account today’s divisive international economy environment, emphasis on pragmatic steps to enhance cooperation is likely to be the most constructive way forward (Stuenkel, 2014).

Finally, as a result of BRICS cooperation Brazil is now more seriously taken in the West, particularly by the United States. This demonstrates that Brazil’s membership in BRICS has no negative effect on its ties with the established Western powers (Stuenkel, 2014). In today’s increasingly globalized environment, there is nothing to be gained in taking sides (that is pro-West or anti-West), but rather a lot to gain having strong ties to both, to the established and emerging powers in equal extent. Moreover, reducing the commitment to the BRICS group, Brazil risks to decrease all possible chances to promote its national interests globally. Therefore, the participation in the BRICS forum is only bringing benefits for Brazil. And it is unlikely that in the future this course will change in the country’s foreign policy.

6 - The current state of affairs in Brazil: implications for its global role

When discussing the BRICS’ challenges it is important to note that apart from those difficulties explained above, there are considerable challenges that Brazil is facing right now. The deep financial crisis and the opening of impeachment proceedings against current president Dilma Rousseff suggest that the country is facing a prolonged period of serious political instability. The crisis has been triggered by long-standing investigation into systematic corruption at the state-owned company Petrobras. But it has escalated into a bitter confrontation between Rousseff and the opposition, with the electorate growing increasingly polarized. A number of problems such as unemployment, poverty and high inflation levels are expected to further destabilize Brazilian economy.
This domestic turmoil has dramatically reduced Brazil’s international activity to an extent greater than it could be imagined few years ago. Despite its role as a leading regional power, Brazil is so immersed in its domestic problems that it even failed to pressure Venezuela’s government to respect the most democratic rules of last year’s elections (Stuenkel, 2015). Moreover, other leading powers of South America, such as Argentina and Venezuela (now former power) are also suffering from internal instability. Therefore, as a consequence of such regional crisis, Brazil’s leading role in South America will continue to suffer.

Thus, given the current environment in South American continent, Brazil’s ambition to play a more decisive role in international relations may be temporarily suspended. Moreover, Brazil’s current malaise is related to the failure of current government apparatus. Unlike former president Lula da Silva, Dilma Rousseff doesn’t place high importance on foreign policy as an essential tool of overall policy strategies. Therefore, Brazil’s international passivity over the past four years is not the result of a planned strategy, but rather a result of Dilma’s failure to be actively engaged in the debates about regional and global challenges (Stuenkel, 2014).

Another complicating factor of Brazilian’s current situation is the lack of political clout by the Foreign Ministry Affairs. In contrast, during Lula’s mandate there was a formidable politician who succeeded to strengthen his role in the government, thereby turning the Foreign Ministry into a primary element of Lula’s presidency. To some extent today’s malaise is caused by the lack of the Foreign Ministry’s commitment to build a rapport with the public (Stuenkel, 2014). The majority of citizens are still unaware of how foreign policy affects their lives. Thus, it becomes evident that there is no strong factor that could pressure the president to increase her dedication to the country’s foreign policy.

Nevertheless, regardless all domestic difficulties, Brazil shouldn’t stop working toward enhancing its role internationally. Brazil’s internal crisis is not a valid justification for its absence in some important global events, such as the annual Munich Security Conference in February 2016. This is particularly so when it comes to important issues, like the rise of the Islamic State, global refugee crisis or the climate change. Brazil could be rather more active in the global deliberations about how to effectively address existing
challenges, and bring an indispensable contribution to their solution. Otherwise, Brazil’s absence might be seen by other global actors as the waning of its ambition to enhance its international profile. This also means that Brazil’s chances to win a permanent position in the UN Security Council are being reduced. This fact has negative consequences not only for Brazil, but also for the entire international community. In today’s world it is unlikely that Western powers alone will produce sufficiently effective and peaceful solutions to the world’s most complicated issues. Over the past decade, Brazil’s strong voice during negotiations in Iran, Haiti and in the neighborhood has largely contributed to the more peaceful resolution. Nevertheless, considering the big picture, at this point Brazil’s crisis is unlikely to significantly affect the overall trend toward a multipolar world promoted by the emerging BRICS powers.

Given its decline in international activity, the upcoming Olympic Games in the summer of 2016 present the great opportunity for Brazil to strengthen its image around the world. Such activities are usually coordinated by the Ministries of Tourism or Sports. But without a clear strategy developed by the Foreign Ministry, they are unlikely to succeed (Stuenkel, 2016). Only with carefully elaborated strategy Brazil can succeed in reinvigorating its status around the world, something that it desperately needs to attract visitor and investors.

Moreover, current economic recession dramatically affects Brazil’s commitment to the BRICS cooperation. Since all BRICS countries are also facing formidable domestic difficulties, all predictions about the greater role of the coalition are being doubted. The critical disadvantage of Brazil and other BRICS countries is the low efficiency of governmental management. In the ranking of perceptions of corruption compiled by Transparency International, South Africa takes 61 place, Brazil and India - 76, China - 83 and Russia - 119 (out of 175 countries represented in the ranking) (Transparency International, 2014). Poor structural management limits the country's ability to achieve prosperity and improve the productive capacity, even if their deficiencies become apparent. Therefore, in order to counter corruption effectively, the electorates of these countries need to oust tainted leaders.

Brazil’s current difficulties are remarkably similar to those of its BRICS partners. Thus, instead of decreasing its commitment to the BRICS cooperation, Brazil should facilitate a greater collaboration among all five countries in order to exchange their ideas concerning their common domestic challenges. Given their large size, vast natural
resources and their youthful populations, it would be misleading to maintain that BRICS group is indeed declining (Tisdall, 2016). Therefore, ongoing crisis in Brazil and other BRICS countries marks an important fact, namely that their economic performance cannot be the only factor allowing them to claim a greater role in the international relations. In order to enhance their role in the global affairs, these countries must create more efficient and trustworthy systems of governments, which consequently will immediately leverage their global status.

Thus, Brazil can recover only if it implements effective reforms of the government apparatus along with structural economic reforms that can stimulate its growth potential. But all this will take time. It is reasonable to assume that both the BRICS and the entire global economy face at least two decades of slow economic growth (Versa, 2016).

**Conclusion**

The emergence of BRICS organization is a very recent phenomenon, which is gradually becoming an essential constructive element of the international system. From the simple acronym of the “investment class” the group of five countries evolved into a serious coalition that during its existence managed to achieve some of its important objectives.

All participant countries have registered considerable economic growth in the past decades, which consequently became one of the crucial aspects for their ambition to claim a greater role internationally. However, the economic dynamics isn’t the only determinant of their strong capacity. A number of factors, such their geopolitical weight in the region, large population and vast amounts of natural resources, underpin the fact of their global significance. What makes this group particularly special is that it consists of five countries that share different cultural, political and economic structures in comparison to other international institutions. There are the most important Asian giants China and India, which largely contribute to the development of the group. Furthermore, participation of leading states of the Global South, Brazil and SA, is also pointing out the fact that the group is, indeed, a serious political body that is legitimately able to represent most parts of the emerging world. Therefore, given the facts laid out above, the BRICS is an organization that is impossible to ignore in the international deliberations.
The rising capacity of the BRICS is demonstrated in their annual summits, policy statements, and more institutionalized character of intra-BRICS relations. However, various assumptions by academics about the challenge posed by the groups are fundamentally misleading. The very idea of their cooperation is facilitation of the development of the polycentric world where the voice of the developing world is considered on the equal basis with the established world. The group doesn’t seek a direct clash with the West, but rather a closer collaboration that has a complementary character. At this point, the only factor that can be considered as a challenge is the fact of their very existence.

With regards to the fact what each country gains from its participation, we can conclude that the most common objective among all BRICS countries is to increase their international projection. All five countries come across various obstacles that complicate the leveraging of their global status. Thus, participation in the BRICS forum is perfect chance for them to be finally recognized in international discussions where the most crucial global challenges are addressed. This is particularly evident in the case of China, where we can confidently conclude that China doesn’t need the BRICS to the extent that the BRICS needs China. For the past decades China has already achieved a lot in comparison to its BRICS partners. This means that for China the BRICS is a vehicle to establish its agenda internationally in instances where it cannot easily act as single actor. China is engaged in a competition with the United States, which means that today Beijing is being presented as a potential superpower (Buzan, 2004). At this point, the BRICS countries are attracted by the opportunity to have a direct channel to China’s system, this is the case especially for Brazil and South Africa, which in geographical terms are far away from Asia. Moreover, given domestic structural issues in almost all five members, the BRICS forum is therefore a perfect platform where all countries can exchange ideas about how to address their most common internal difficulties.

The primary focus of their collaboration is the reform of transnational institutions. The group has made significant achievements on this issue. Recent developments in the global financial structures mark the fact that a major step toward a recognition of the increasing role of major emerging countries has been made. This therefore means that from the group of “dissatisfied” states the BRICS is transforming into a tangible coalition that can bring a wider view on addressing global economic and political challenges. The
international system is arguably undergoing an irreversible process of transition from so-called uni-multipolar world towards a truly multipolar system. On this point, the assumptions of Organski’s theory of power transition are being questioned, as in the example of BRICS we can see that process of transition is indeed happening, but in a peaceful way.

It also important to conclude that the group shouldn’t be underestimated due to the fact that all five countries are different in terms of their internal structures, political agendas and economic performances. Regardless all these aspects, the group has a capacity to bring some significant changes to the global system. The group has seriously consolidated itself on the basis of regular summits with participation of country’s leaders. The creation of a range of integrative structures allows us to be quite positive about the perspectives of the BRICS as an indispensable element of the international politics.

The establishment of the parallel institutions, such as the New Development Bank, pushed the West to rethink its attitude towards these leading representatives of the developing world. Moreover, these institutions shouldn’t be interpreted in competitive terms, but rather as a complementary element to the international financial structures. Despite its weak capacity in relation to the IMF, the BRICS Bank is endowed to bring a significant impact on the development of entire developing world.

With regards to the case of Brazil as a BRICS country, cooperation with leading emerging countries is one of the crucial aspects of its foreign policy, which has a significant emphasis on multilateralism. Its participation in the forum reflects the main objectives of the foreign policy: to increase multilateral trade relations and direct foreign investment, to call for the reform of international financial organizations and strengthen its position in key global economic deliberations. Its active involvement with promotion of South-South cooperation is therefore reflected in its enthusiasm to be a member of the BRICS group, where facilitation of trade and development in the Global South is also brought to the agenda.

Brazil’s participation in the forum is also quite crucial to the group as it is a leading power in the South American continent. It is serves a sort of channel to the entire continent, as other South American countries are also attracted by the BRICS. The fact of Brazil’s increasing role as a BRICS country and its greater regional responsibility are
therefore interconnected. The entire South American continent is an opportunity for Brazil to gain more clout in international negotiations. Despite the fact that several states may create some obstacles, in overall perspective due increased regional integration South American region maybe a good leverage for Brazil’s international status. Moreover, in the context of the rise of the BRICS, Brazil’s greater international role shouldn’t be perceived as a threat to the rest of the continent. Since BRICS institutions are also aimed at facilitation of development in the rest of the development world, South American continent may have a great chance to take an advantage of these structures, which therefore means that Brazil’s participation in the BRICS is of great benefit for South American countries.

However, it is important to conclude that its participation must address its national interests to an even a greater extent. This means that there should be a greater emphasis on multilateral relations with each member, which is one of the key priorities of Brazil’s foreign policy. As Brazil is considered to be the most “Western” country among BRICS in terms of its strategic interests and political regime, it is a fundamental mistake to perceive Brazil’s cooperation with major emerging powers as threat to its relations with the US or the EU. On this point we can note that there is no cost in Brazil’s participation in the forum. Those scholars and politicians that presume negative outcomes of Brazil’s membership in the BRICS, should take into account the fact that, as a consequence of its closer cooperation with major emerging powers, now Brazil is even more seriously perceived in the key international negotiations.

Finally, today’s internal shocks shouldn’t lead to any fundamental doubts regarding Brazil’s institutionalized cooperation with major emerging powers. On the contrary, more active negotiation with other BRICS states, which are also experiencing domestic challenges, can help Brazil to find a way out of its internal difficulties. It is quite important for Brazil to maintain its commitment to the global economic and political integration, as there is a significant risk that the country loses everything it has achieved in the last years as a BRICS member. In the last years some slight manifestations of the truly polycentric world order, where the solutions to the key global challenges cannot be produced without the emerging powers’ voice, are beginning to appear. Therefore it would be very unfortunate for the entire world if this process becomes interrupted by the internal difficulties of its forerunners.
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