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BRICS+: THE GLOBAL SOUTH RESPONDS TO NEW CHALLENGES

(in the Context of China's BRICS
Chairmanship)

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Topping the agenda of the 2017 BRICS Summit was Chinese President Xi Jinping's newly introduced concept of BRICS+ aimed at expanding partnerships within the group of emerging markets and establishing South-South cooperation.

This goal is fully in line with the Group of Five's strategic priorities. The BRICS countries share a common vision of the principles underlying the international trade and financial regulation system. They call for promoting South-South cooperation, increasing the economic clout of the developing economies and enhancing their ability to shape the agenda of global governance institutions.

This paper is an attempt to assess potential scenarios for implementing the BRICS+ format with account taken of the initiatives that have been implemented at the BRICS summits since 2017. In general, we believe that the BRICS+ "integration of integrations" development scenario will be incredibly beneficial for BRICS and their Global South partners as they press ahead with laying the foundations for a new global governance system.

The BRICS+ idea gained traction during the Johannesburg Summit in 2018. As BRICS chair that year, South Africa invited its African partners, as well as Argentina, Turkey and Jamaica, to attend. The potential for developing interaction with partners in the region and beyond as part of the outreach and BRICS+ formats was discussed ahead of Russia's BRICS chairmanship in 2020. However, the institutional aspect of the BRICS+ concept as an embodiment of the "integration of integrations" idea most clearly manifested during the current Chinese chairmanship with 18 countries participating in the BRICS+ summit, most of which simultaneously chair their own regional integration blocs and multilateral cooperation formats. In the Beijing Declaration adopted after the most recent summit, the leaders of the Group of Five noted the importance of efforts "to expand cooperation with other emerging markets and developing economies and further advance the BRICS outreach and BRICS+ programmes ... through inclusive and equal cooperation." The importance of expanding interaction between the Group of Five and regional associations of the developing economies was highlighted by President Vladimir Putin during the BRICS+ meeting.

A Good Idea Lacking Conceptual Heft

The BRICS bloc has always positioned itself as a tool for promoting the interests of the developing world at the level of global institutions. In the current geopolitical circumstances, it can potentially play the role of integrator and consolidator of the Global South, promoting the idea of global multipolarity, justice, and non-discrimination and helping to overcome the problem of the developing world's underrepresentation in global governance.

During the Chinese BRICS chairmanship, the idea of BRICS+ came to the fore again, but still lacked a clear-cut concept.

The idea of BRICS+ is constantly shifting, while the conceptual framework is in its infancy, heavily politicised and dependent on the chairmanship in a given year. Also, there is no such thing as year to year policy continuity.

So far, no single concept has been adopted regarding either the content or areas (spheres) of interaction, but the idea still reflects a steady trend towards the Global South rallying around the multilateral BRICS format. The joint statement by foreign ministers dated May 20, 2022 reaffirms the focus of BRICS on stepping up cooperation with other developing economies and emerging markets. The ministers also spoke in favour of pushing forward the BRICS+ initiative as a tool to fulfil this goal based on the principles of inclusiveness, equality and flexibility¹.

Given the current geopolitical circumstances and the unparalleled challenges and threats to the idea of multipolarity that is being promoted by the developing world, it is necessary and strategically important to study the BRICS+ idea in detail and search for the best format to implement it.

¹ BRICS Joint Statement on "Strengthen BRICS Solidarity and Cooperation, Respond to New Features and Challenges in International Situation" // Ministry of Foreign Affairs, the People's Republic of China. 20.05.2022. URL: https://www.fmprc.gov.cn/eng/zxxx_662805/202205/t20220520_10690224.html

New Challenges to Global Multipolarity and the Growth of Developing Economies

The new challenges that are altering the global architecture and are also capable of predetermining the nature of multilateral cooperation in the BRICS+ format include the following:

- 1) The West's increasing reliance on unilateral restrictive measures, a practice that it is spreading;
- 2) Heightened competition for trade routes and infrastructure, technological and human development imbalances within the group of developing economies;
- 3) Inadequate consolidation of efforts to fight external threats (highlighted by the COVID-19 pandemic).

BRICS+ Concept: Scenario-Based Approach

Several scenarios for a new idea can be reviewed in the absence of a clear idea about the BRICS+ configuration and its coexistence with the already functioning core of BRICS .

Scenario 1. Expanding the BRICS core

Uncertainty

Under this scenario, the range of candidate countries seeking to join the format, as well as the criteria, procedures and sequence for new participants coming onboard remain uncertain. The boundaries of the core's expansion are unclear as well.

When evaluating this scenario today, we can focus on: **a)** the countries that were invited by China to participate in the 2017 summit (Egypt, Kenya, Tajikistan, Mexico and Thailand), **b)** the BRICS foreign ministers' meeting in May 2022 ahead of a new BRICS summit (Argentina, Egypt, Indonesia, Kazakhstan, Nigeria, the UAE, Saudi Arabia, Senegal and Thailand), **c)** the inclusion of the G20 developing economies (based on the 20-10-5 formula, namely Argentina, Indonesia, Mexico, Saudi Arabia and Turkey).

Prospects

In theory, the expansion of the BRICS core may increase the political and economic resource of the association, including its investment resource and financial capabilities (in particular, the BRICS New Development Bank and the Contingent Reserve Arrangement), provided that its prospective members include countries that are economically symmetrical and financially stable, enjoy a relatively higher level of influence with global governance institutions and are ready to act not only as recipients of economic aid, but also as potential investors.

Risks

If implemented, this scenario may cause more complications during the decision-making process and make reaching consensus within the BRICS Group of Five impossible due to the lack of clear logic or criteria for inviting new members, or a surge in internal disagreements in the course of developing these criteria and the accession procedure. At the same time, the risk of dragging down results that have already been achieved within BRICS and increasing the financial burden on existing initiatives (the BRICS New Development Bank) will increase.

In terms of financial stability and prospects for financial participation in multilateral initiatives, only Saudi Arabia and the United Arab Emirates from among the proposed group of invitees can become equal partners (due to relatively low public debt, stable public finances and more substantial savings level). The remaining candidates are experiencing serious financial difficulties exacerbated by the pandemic.

TABLE: PUBLIC DEBT IN THE BRICS+ COUNTRIES, % OF GDP

| Country | General Government Gross Debt, percent of GDP |
|--------------|---|
| Brazil | 93.01 |
| Russia | 17.02 |
| India | 86.76 |
| China | 73.25 |
| South Africa | 69.13 |
| Egypt | 93.5 |
| Kenya | 68.1 |
| Tajikistan | 46.46 |
| Mexico | 57.63 |
| Thailand | 58.04 |
| Argentina | 80.617 |
| Indonesia | 42.83 |
| Kazakhstan | 25.93 |
| Nigeria | 37 |
| UAE | 38.26 |
| Saudi Arabia | 30.02 |
| Senegal | 75.72 |
| Turkey | 41.65 |

In turn, including relatively capable members in the BRICS core can complicate the decision-making process and make reaching consensus on key items on the agenda difficult.

Pressing ahead with the idea of expanding the BRICS core by including the developing economies from the G20 would, on the one hand, undermine the format's financial stability (mainly due to Argentina and Mexico's debt problems) and, on the other hand, possibly erode the BRICS agenda as a platform for the Global South.

Back in 2019, following the Osaka summit, the G20 countries included their existing differences in the final declaration and said they were willing to work towards free, honest, non-discriminatory, transparent, predictable and stable trade, proper conditions for investment and synchronisation of efforts aimed at reforming the WTO.

Prioritising the expansion of BRICS by taking aboard developing economies from the G20 may cause BRICS to zero in on the largest developing economies rather than look for more balanced and inclusive solutions.

For now, it is important for BRICS to send a message of openness and inclusiveness to the international community as opposed to building a private club. It is notable that neither the G20 nor the G7 have a full-fledged inclusive format for interaction with smaller economies.

Scenario 2. Preserving the Group of Five as the core while simultaneously developing the BRICS+ format by harmonising regional blocs in which BRICS countries are members (“integration of integrations”)

Under this scenario, the BRICS core will remain operational as an anchor while expanding horizontal ties between the Global South regional blocs with the engagement of smaller developing economies that are regional BRICS partners. The BRICS+ circle will be formed by

integration associations of developing economies. The BRICS participants will act as engines and central partners of these associations. A variety of combinations of regional alliances within the borders of the Global South and multilateral regional institutions are possible.

Risks

The Middle East and North Africa, including Saudi Arabia, the United Arab Emirates and Egypt are underestimated and underrepresented. Some of these risks can be mitigated by bringing on board the African Union and the Gulf Cooperation Council. At the same time, an overly expansive format of interaction between the Global South's regional integration blocs can lead to a situation where dialogue is taking precedence over the pragmatism of specific practical steps in the area of "integration of integrations". To mitigate the risks of excessive expansion of the BRICS+ regional format, it makes sense to develop two tracks of regional interaction: a dialogue track (which covers the widest possible range of countries and regional blocs of the Global South, which will mean laying the BRICS+ bricks horizontally) and a pragmatic format for the "integration of integrations", which is an in-depth format for BRICS+ region-to-region cooperation.

Prospects

The participation of all members of regional integration associations led by BRICS countries precludes any chance of a random country participating.

This approach will help avoid an internal conflict of interest between the five countries and balance out the BRICS countries' opposing positions, thus alleviating concerns of certain participants, primarily India, about the possible transformation of the BRICS+ format into a tool of Chinese political and economic influence. This configuration will highlight

the importance of strengthening South-South economic cooperation in the group of developing economies and stimulate discussion of trade-related issues from the perspective of the shared approach of the Global South countries (prioritising fair trade rules, non-discrimination, etc.). All integration associations of the developing economies are based on WTO principles as per the foundational documents. Accordingly, the creation of a new association is not aimed at creating an alternative trading reality or an international trade system that would oppose the WTO. It will not undermine the underlying principles of international trade and is designed to reinforce it as well as counter new risks stemming from the broad use of unilateral restrictive measures. In addition, once implemented, this scenario will make it possible to concentrate on financial cooperation due to the availability of institutional financial entities at the regional level, such as development banks and anti-crisis and infrastructure funds. High levels of institutionalisation, primarily in the financial sector (regional cooperation banks and state-to-state stabilisation and investment funds) can be used as a ready-to-go basis for establishing a multilateral format.

Uncertainty

Given the significant number of the BRICS+ participants, the main uncertainty in this configuration boils down to identifying industry-specific priorities and areas of focus and interaction. Clear goal-setting centred around new global challenges and consistency must be in place if we want to build an effectively functioning format. Interaction should also focus on two or three priority areas and interaction forms that are least prone to conflicts and are politically neutral so that overlapping interests can be easily identified. This will help build an equal, constructive, friendly and trust-based dialogue.

It is strategically important to stay focused in the short and medium term on financial cooperation in order to mitigate existing risks.

Possible scenario implementation modalities:

- consolidating resources at the level of regional stabilisation funds;
- maintaining cooperation at the level of regional development banks and multilateral investment funds;
- consolidating national and international payment systems in the interests of the Global South;
- encouraging settlements in national currencies and expanding the bilateral currency swap agreement network.

Scenario 3. Hybrid scenario, under which the BRICS core is expanded and the “integration of integrations” scenario is implemented (scenarios 1 and 2 combined)

Risks

The disconnect between the expansion of the BRICS core and “integration of integrations” is the main drawback of this scenario. In addition, as in the case of Scenario 1, uncertainty regarding the principles of expanding the core and the circle of new participants will persist.

Prospects

Combining the two scenarios may help overcome the problem of the Middle Eastern countries not being represented provided that Saudi Arabia and/or the United Arab Emirates (as the most financially stable countries) are included in the core, and the Pan-Arab Free Trade Area members are included in the BRICS+ circle.

Conclusion

In the context of the challenges facing the developing economies, clearly articulated priorities and cooperation forms within BRICS+ are critically important. The process of reaching consensus cannot be overcomplicated and rifts within the organisation must be avoided by all means. The content of the format and strategic priorities should determine the circle of participants and the scenario for implementing the BRICS+ idea, not the other way round. This will reduce the risk of creating an unfocused and dysfunctional entity that promotes “all that is good” and opposes “all that is bad” in the absence of clearly formulated goals.

If matters of membership become more important than matters of content when forming the BRICS+ circle, this will inevitably lead to an internal conflict of interests and abuse, and discredit the central idea behind consolidating the Global South.

The principles that should underlie BRICS+:

- **Flexibility.** Formation of a breakthrough integration framework that covers a wide geographical area and is based on a range of flexible integration structures and multilateral cooperation forms without being tied to a rigid form of integration institutionalisation.
- **Preserving the geopolitical and geo-economic independence** of bilateral and multilateral integration associations and cooperation formats that function within the borders of the Global South.
- **Fairness, non-discrimination, equality and partnership.** It is important to prevent an internal rift and to avoid even a shadow of concern among the BRICS participants that BRICS+ may be promoting the self-serving interests of some of its participants.
- **Multi-level approach.** Formation of an intertwined network of multilateral alliances and integration projects aimed at achieving a variety of goals within a single integration framework.

- **Maximal inclusiveness and openness** to bringing aboard new members/ making them part of smaller projects and initiatives within a wider community.
- Concentration of the trans-regional agenda on **common global challenges** and collective focus on overcoming them.

Under the current geopolitical circumstances, promoting the idea of BRICS as the institutional core of the Global South represents an extremely important, promising and timely approach. BRICS+ can serve as the association's superstructure based on the principles that were put forth in 2017, discussed during subsequent summits and duly formalised during the BRICS+ meeting in Beijing and enshrined in the 2022 Beijing Declaration.

It is important to move away from a nebulous, broad agenda and focus narrowly on the most promising issues that can consolidate the Global South. Finance appears to hold a lot of promise which is corroborated by the increasingly frequent meetings at the level of finance ministers and monetary authorities.

Cooperation between the BRICS countries and developed economies, including G20 countries, can be carried out as part of the BRICS++ track. Meanwhile, the BRICS+ format should be made a higher priority than BRICS++ and left exclusively for the countries of the Global South.



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