

## The BRICS in an Age of Multipolarity: Sustaining Strategic Partnerships under Difficult Economic Conditions

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It seems a long time ago that Goldman Sachs economist Jim O'Neil coined the term the 'BRICs' for the grouping of countries that would be the next drivers of the global economy. Much has happened since then; South Africa has joined the grouping to form the 'S' in the BRICS. It is thus no longer merely an acronym to capture emerging global economic trends, but has become a fully-fledged political mechanism for cooperation among the BRICS countries, culminating in the formation of the New Development Bank (NDB), which was inaugurated at the Ufa Summit in 2015. The influence of the BRICS countries has now clearly gone beyond the economic arena, with the grouping evolving into a vital multilateral cooperation mechanism including Europe, Asia, Africa and Latin America, with the potential to bring new vitality and momentum for global growth.

While much has been achieved by these countries against the backdrop of much criticism and scepticism regarding their cooperation, questions still remain in a global economy that has struggled to recover following the financial crisis of 2008. Chinese growth has slowed as it continues to restructure its economy; Russia is under sanctions from the West; the Brazilian and South African economies continue to struggle with economic growth and social discontent at home. By contrast, in spite of India's domestic challenges, its economy continues to grow, in a way defying the emerging markets slump. These factors pose serious challenges for the BRICS countries in a multipolar world and threaten their cohesion and appetite for further cooperation.

An interesting development has been the increasingly regional engagements made by BRICS countries during the annual summits. Thus, when South Africa played host to the 5th BRICS summit in 2013, it extended an invitation to African foreign ministers

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and heads of state in order to integrate its own African agenda in the operations of the BRICS. This was followed by Brazil extending an invitation to its neighbours in Latin America and the Caribbean, and then by Russia co-hosting the BRICS summit in Ufa with the Shanghai Cooperation Organisation (SCO) and the Eurasian Economic Union (EEU). The 8th summit in 2016 was hosted by India in the city of Goa, where it also sought to leave its mark in affirming its position in the region

This special edition of *Global Dialogue* contains contributions from scholars in the BRICS countries and beyond. Authors were encouraged to explore areas in their respective fields of expertise that would contribute to our understanding of the evolving nature of cooperation within and amongst the BRICS countries. Following the editorial, Wang Fei looks at the complexities of intra-BRICS financial cooperation, highlighting the opportunities and challenges entailed in the BRICS countries' endeavour. Pooja Jain then looks at the sustainability of the BRICS bank for the Global South, and analyses the way BRICS cooperation is often framed within the narrative of the South for greater legitimacy in the global political order.

These contributions are followed by Daniel Cardoso's analysis of the power dynamics in Brazil–China relations. Indeed, the concept of power is a contentious one in the global political landscape and needs to be better defined and operationalised. His analysis adds some nuance to the ways in which the relationship is often framed in the literature, showing that the relationship often oscillates between dependence and autonomy. Francis Kornegay then poses some thought-provoking questions on the challenges confronting the BRICS, especially in the midst of the domestic challenges experienced by Brazil and South Africa in the socio-political realm. He questions whether this will de facto turn the BRICS into the RICs instead, and challenges whether India can act in more strategically in global politics instead of perpetually reacting to China. These are followed by the contribution by Vadim Balytnikov, who introduces the concepts of the new economy and the participation society, while highlighting the importance of new generation rights in the information space within the BRICS countries. Aleksey Kartsov then looks at current political and legal issues of international commercial arbitration, interrogating the sometimes tension-filled relationship between the globalisation of the world economy and globalisation of law.

The youth perspective also forms an important component of the special edition, captured in the form of a speech by Sarisha Daya, who has been an active participant in bringing the youth closer to the official BRICS processes. She emphasises the importance of ensuring that processes among the BRICS countries are not restricted to the official delegates, and that the resolutions of the youth find their way into the official commitments.

This is followed by a book review by Siphamandla Zondi, who reviews Amitav Acharya's *End of American Order*, and poses relevant questions that go beyond the concept of multipolarity. He argues that 'the time is ripe for the correction of this deep-seated cognitive injustice committed by dominant discourses suppressing, denigrating, silencing or merely neglecting perspectives and worldviews from outside the Western world'.

The final part of the special edition is an interview with Godfrey Netswera, who heads the South African BRICS Think Tank (SABTT) situated in the National Institute for the Humanities and Social Sciences (NIHSS). This special edition of *Global Dialogue* thus forms one of several efforts to understand and critically examine ongoing changes in the global political landscape. The diversity of backgrounds exemplified by the contributors demonstrates an effort to ensure a range of perspectives on some of the most important developments in the global political landscape.

Following the BRICS Summit in Goa, India, which took place in October 2016, the Institute for Global Dialogue and the SABTT have partnered in a four-part multi-stakeholder dialogue series which interrogates the contemporary challenges and opportunities faced by the BRICS countries as they seek to expand their relations under difficult economic conditions. Many policy decisions emanating from individual BRICS member states, as well as declarations from the annual BRICS summits, have a bearing on South Africa's domestic and foreign policies and must therefore constitute an important part of an informed public dialogue.

Through this dialogue series, the Institute for Global Dialogue and the SABTT have sought to contribute to an informed public dialogue on some of the most important developments within and amongst the BRICS countries. The dialogue series, which continues throughout 2017, serves as an interface between dialogue, debate and informed policy-making, which in turn serve the bigger purpose of understanding South Africa's position in an ever-changing world and its relations with external partners.

## Intra-BRICS Financial Cooperation: Opportunities and Challenges

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### **Basis and opportunities for intra-BRICS financial cooperation**

Finance has always been one of the vital cooperation issues among BRICS countries. Although some ideas were proposed at each of the first five summits, financial cooperation was only realised some years later. In 2014, the sixth BRICS summit announced the signing of an agreement establishing the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA), which marked substantial progress in financial cooperation among BRICS and which could transform the world economy.

#### **New Development Bank**

From a long-term development perspective, the establishment of the NDB is designed to pool the financial resources of the BRICS and promote common development within the group and beyond. Moreover, the NDB will simplify future cooperation among emerging market economies and developing countries (EMDCs) and other regional development banks. Thus, the setting up of a development bank aimed at providing financial resources for EMDCs and managing them independently not only signifies further cooperation among EMDCs, but also reflects an endeavour by the emerging economies to construct a new order in the international economy.

The establishment of the NDB could help BRICS countries make better use of their foreign exchange reserves. At present, China, Russia, Brazil and India rank in the top ten countries with the largest foreign reserves around the world, which amounted to US\$5.02 trillion in 2014 and accounted for 75% of the world reserves. For many years, low-yield US Treasuries were the first choice for developing countries when using their foreign exchange reserves. The setup of the NDB could not only shift their investments in the direction of higher return-rate choices, but also contribute to

rebalancing the global economy. Moreover, the NDB will benefit trade and capital flows among the BRICS, expand the field of financial cooperation and accelerating the internationalisation of their currencies. So far, the Chinese and the Russian currencies are already tradable. RMB settlement of cross-border trade between China and Brazil, as well as between China and Russia has also started, which is favourable for the bilateral trade between China and its two partners. This could act as a model for the internationalisation of BRICS currencies.

The NDB will also expand the financing channels for EMDCs. At present, the World Bank (WB) is the main lending resource for EMDCs; however, in recent years, the total loans they obtain from the WB is decreasing, shrinking from US\$50.23 billion in the 2010 fiscal year to US\$44.4 billion in the 2014 fiscal year.<sup>2</sup> Besides, the New Basel Capital Accord obliges commercial banks to raise their solvency ratio progressively from an average of 4 per cent of total liabilities to 7 per cent, which may reduce the amount of their long-term loans and even further narrow the financial channels for EMDCs. In the circumstances, loans from the NDB that do not have harsh conditions attached will help to finance infrastructure, as well as more environmentally sustainable projects in EMDCs.

Early in 2016, the NDB announced its first batch of loans, providing US\$300 million to Brazil, US\$81 million to China, US\$250 million to India and US\$180 million to South Africa. All of the money is financing sustainable energy projects, such as solar power and hydropower. Moreover, the NDB is set to issue its first yuan-denominated bonds and is eyeing future funding for infrastructure projects. As a complement to, and not a substitute for, existing financial institutions, the NDB will integrate the resources of BRICS countries and improve the quality of their investment-driven economic growth modes.

### **Contingent Reserve Arrangement**

By contrast, from a short-term stability perspective, the establishment of the CRA would impose a positive precautionary effect, help member countries forestall liquidity pressures, provide mutual support and further strengthen their financial stability. It would contribute to reinforcing the global financial safety net and complementing existing international arrangements as an additional line of defence. The CRA could also provide support for BRICS countries while participating in the price gaming of international commodities. At the same time, the CRA could help BRICS improve their ability to deal with actual or potential balance of payments problems.

Since the second half of 2011, developed countries have started implementing quantitative easing (QE) policies, which have resulted in a high frequency of international capital flows, as well as high external risk for BRICS countries. Owing to the unstable exchange rates, both Brazil's and India's currency depreciated against the US dollar by almost 30% within one year. At the end of 2012, capital flows around the world as a result of the QE policy increased, most of which flowed to emerging market economies (EMEs) for higher yields.<sup>3</sup> So the currencies of developing countries appreciated again.

As the US economy recovered in 2013 and the Fed eventually withdrew QE in late 2015, capital flowed back to the developed countries, leaving EMEs encountering the risk of capital outflows and depreciation. In 2013, capital outflows from Brazil were huge, taking its balance of payment deficit to US\$12.26 billion, the biggest recorded since 2002. In addition, the net capital outflow per month from Brazil amounted to US\$5.85 billion in August 2013, which is the largest recorded since 1998.<sup>4</sup> From the second half of 2015, emerging countries like Brazil and Russia faced the largest capital outflows and currency depreciation since the global financial crisis.<sup>5</sup> Brazil was able to use the currency swap with China, similar to what Argentina has used for some time, to safeguard its currency. However, this was not initiated by Brazil, which signifies the vital effect of the CRA in safeguarding the BRICS countries' currencies. Therefore, the emergency fund could not only resolve short-term liquidity shortage in member countries, but also mitigate the adverse effects of external shocks. Besides, the CRA will help to lower BRICS countries' dependency on the IMF and the WB, increase their voice in the international system and build a new global financial order.

### **Challenges for intra-BRICS financial cooperation**

During the first decade of the 21st century, the EMEs drove the

BRICS countries' all-round strength in economic, social welfare, global economy forward in a stable external environment. The living standards and international standing rose significantly due to their outstanding economic growth over the same period. Following the global financial crisis, the international financial institutions' rescue plans were usually accompanied by tough conditions on their loans, which created opportunities for further cooperation among the BRICS. In addition, some emerging markets, which had previously experienced debt crises, displayed a strong desire for financial cooperation. However, the dramatic economic slowdown of the emerging economies, the inconsistent benefits among them and the lack of rules and regulations BRICS brought new challenges to their economic cooperation.

### **Economic slowdown and growth divergence**

Although the BRICS countries achieved rapid economic growth in the early 21st century, their intrinsically problematic economic structure and growth pattern seemed unsustainable as the global financial crisis deepened. The IMF statistics<sup>6</sup> show that in 2015 the annual economic growth rate of South Africa, Russia and Brazil stood at 1.3%, -3.7%, and -3.8% respectively, which was far below the levels of the preceding year and lagged behind the other BRICS countries over the same period. In spite of their outstanding growth rates (7% or so), the economies of China and India also have deep-seated structural problems which have not been fully addressed. The deteriorating external demand has caused serious downward pressure on the economies of the BRICS, especially those of Russia and Brazil, as the QE ended up in those developed economies. In 2016, Russia became entangled in a grave recession and its economy shrunk by 1.4% in the first quarter, while Brazil, as a result of political and economic chaos, has been going through the most serious economic crisis of the past 25 years, with the economy predicted to have shrunk by 3.8% by the end of 2016.

The per capita income of the BRICS countries is much lower than that of the developed economies, even though they have been among the fastest growing nations in the past few years. In 2014, the IMF ranked Russia 58th among 189 nations in terms of per capita income, which was the highest rank in the BRICS group, while Brazil, China, South Africa and India ranked 61st, 80th, 87th and 145th respectively. Despite the rapid economic growth, the main obstacles to future progress for the BRICS countries are remarkably the same, such as their lower position in the global value chain, weak financial markets, an unbalanced export structure and a high reliance on external demand, amongst others.

Those are the main barriers to progress in the BRICS countries.

Moreover, the financial system of the BRICS nations still remains undeveloped (with the exception of South Africa), indirect financing dominates as the direct financing channel is highly restricted in those nations, which is unfavourable for deepening financial cooperation among the BRICS and improving efficiency. In addition to the disadvantageous status of the BRICS in the international monetary system, it remains unclear whether the NDB and CRA will perform as expected.

### **Inconsistent benefits**

Close economic relationships form the basis of financial cooperation. Although the differences in resource endowment and industrial structure could facilitate trade among BRICS countries, there are many complex conflicting interests among them.

Firstly, as latecomers to the international economy, BRICS countries are locked in a lower position in the global value chains. In addition, because of their similar economic structures, that is, export dependency, competition among them remains unavoidable. Taking trade competition between China and Brazil as an example, in 2013, China's central bank agreed a three-year currency swap worth US\$30 billion with Brazil, which provided safeguards for the increasing amount of bilateral trade between them. However, in reality the degree of their trade friction is far beyond our imagination. For one thing, China imports primary products (soybean and iron ore) from Brazil and exports manufactured goods to it; as the most industrialised country in Latin America, Brazil's need for Chinese manufactured goods is nonetheless particularly large. For another, owing to cheap labour and high production efficiency, cheap Chinese goods are repeatedly met with antidumping accusations by Brazil.

According to 2014 statistical data from the Chinese ministry of commerce, since the launch of the first anti-dumping investigations against China in December 1989, Brazil had, by the end of 2013, conducted a total of 79 cases of anti-dumping investigations concerning products such as electrical machinery, hardware, chemicals, light industrial products, textiles and foodstuffs.<sup>7</sup> Brazil is now the country that lodges the most antidumping actions against China. In addition, Brazil has set up high clearance requirements and technical barriers, and has instituted a direct ban on Chinese exports.

Secondly, there is a lack of conformity of interests regarding commodities. China is one of the biggest iron ore and oil importers in the world but Brazil and Russia are the main exporters; there will thus be conflict regarding the price of these two raw materials.

Indeed, negotiations over iron ore pricing between China and Brazil, as well as those for oil and gas between China and Russia, are going to be tough. In addition, most of Chinese foreign direct investment (FDI) flows into the resource sectors in Brazil and South Africa, and many Chinese workers are taken there, which raises concerns about the economic safety. Recently, the depreciation trend in the RMB in August of 2015 adversely affected the price of global commodities. Therefore, countries like Russia, Brazil and South Africa, which greatly depend on commodity exports, suffered a great deal. In short, these factors will put huge pressure on the economic cooperation among BRICS countries.

### **Inadequacy of rules and regulations**

At present, the BRICS summits are held by member countries in turn, and they lack a permanent secretariat and a fixed mechanism. Accordingly, cooperation between the BRICS countries is informal in nature. Although the transaction costs of informal international organisations are relatively low in the short term and member countries could deal with all kinds of uncertainties and carry out crisis management by establishing new mechanisms rapidly at the smallest expense of administrative input, the outcome of these types of cooperation may not meet our high expectations.<sup>8</sup> In fact, there are many other informal international organisations among the BRICS countries, such as BASIC (Brazil, South Africa, India and China) and IBSA (India, Brazil and South Africa). Despite the purposes of these organisations not being the same as BRICS, competition is to be seen in taking the lead in these different organisations. Consequently, there exists the possibility of 'rapid found, rapid failure'.

Early in 2011, BRICS countries agreed to establish the NDB. This was officially proposed in 2012, but had to wait until 21 July 2015, when it came to fruition. In addition, the first loan was only issued a year later in April of 2016.<sup>9</sup> According to the Fortaleza Declaration, the NDB will have US\$100 billion in initial authorised capital at its disposal. The BRICS countries will initially underwrite half of that amount – US\$50 billion – with each putting forward equal contributions of US\$10 billion. The remaining capital will be supplemented according to their economic strength and the amount of their international trade and reserves. The NDB also welcomes other countries, multilateral institutions and investment banks as bank shareholders. The power of the NDB is carefully allocated: its headquarters are located in Shanghai, with a regional centre in South Africa. The rotating presidency of the bank will go first to India, with Brazil chairing the bank's first board of directors. Russia, for its part, will chair the first board of governors.<sup>10</sup> Regarding the

capital contribution and power distribution, the NDB tries to be egalitarian and avoids any superpower, which guarantees that the quotas and financing needs are equally allocated.

The case for the CRA is similar. Although agreement was reached in 2013, the management and its architecture are constantly in dispute. The Fortaleza Declaration specifies its initial subscribed capital as US\$100 billion, with China contributing the largest share of the funding at US\$41 billion. Brazil, Russia and India will each provide US\$18 billion, with South Africa supplying the balance of US\$5 billion. Hence, the voting rights reflect the contributions:<sup>11</sup> China holds a commanding 39.95% vote compared to 18.10% each for Brazil, Russia and India, and a 5.75% vote for South Africa. The CRA does not mean that foreign exchange reserves will be exchanged directly; merely that when certain conditions are met, and countries put in an application, other member countries will provide funds through a currency swap. So the criterion for applying for the contingent reserve is the urgent issue to be specified. The disparity in contributions and voting rights will make it tremendously difficult for BRICS to agree on even basic principles, such as who they will lend money to and on what terms, as well as the amount.

In addition, as BRICS countries have consolidated their position as the main engines for sustaining the pace of the international economy and have played a bigger role in global governance, intra-BRICS financial cooperation will encounter interventions from Western countries, which may be a significant obstacle to the cooperation process. For example, the 2010 IMF quota reforms agreed to shift more power to developing and emerging market economies; however, these reforms have not been reflected in the US Omnibus Appropriations Act of the 2015 fiscal year.

Finally, apart from the difference in economic interests, BRICS countries have a diverse history and cultural tradition, as well as regional strategy choices, which impede the set-up of a centripetal force among BRICS in global governance. For example, the views of BRICS countries did not reach consensus in the IMF 2011 election; China and India have disagreements in terms of boundaries; other countries worry about China as a superpower and they ask for RMB appreciation by Brazil and India and so on, all of which will become an impediment for further cooperation among BRICS countries.

### **Outlook and policy suggestions**

The adverse impact of the global financial crisis on BRICS countries gradually manifested varied effects. Moreover, US quantitative easing frequently causes the US dollar exchange rate to fluctuate, leaving BRICS countries the victims. The NDB and the

CRA will promote intra-BRICS cooperation in the fields of currency swaps, trade and investment. In addition, their economic reliance on the developed countries will be decreased. However, as the first binding mechanism among BRICS countries, the effects of the NDB and the CRA will be tested in practice. Once disagreements emerge, future cooperation among the five countries could be overshadowed. Therefore, the BRICS countries should uphold the pragmatic principle of mutual benefit, and through various financial cooperation methods, construct an omnidirectional and multilevel financial architecture. Further, they should advance the internationalisation of their currencies, carry local currency settlement a step further and reduce their dependency on the US dollar and the euro. There are a number of ways BRICS countries will be able to enhance their roles and status in global financial governance:

**Firstly, by making full use of the diversity of the NDB loan programme, supporting infrastructure construction and sustainable development projects in both BRICS countries and EMDCs.** There are various developmental financial institutions around the world and every BRICS member belongs to its own regional development bank. Therefore, the unique strategic orientation of the NDB stands out. The vital difference between the NDB and other such institutions lies in its inclusiveness. In this sense, the loan projects are not only confined to infrastructure construction fields including energy, water, electricity, and roads, but also cover other sustainable development projects, such as human resources, finance, science and information technology, which have been estimated to reach at least US\$1 trillion annually.<sup>12</sup>

**Secondly, by using the NDB and the CRA as a stabiliser to maintain the stability of BRICS currencies.** Since the start of this century, BRICS countries have accumulated a huge amount of foreign exchange reserves, but their investment methods have remained limited and the returns are relatively low. Worse still, their reserves move together and in the same direction along with the economic cycles. If a crisis were to happen, the contagion effects would be huge and devastating. Hence, BRICS should focus on stability, take measures to prevent troubled countries from slipping into recession and block the mechanism of crisis contagion. BRICS should specify the standards and goals of economic rescue, as well as stipulate the rescue conditions and improve transparency and supervision.

**Last but not least, by deepening the integration among BRICS countries, promote the adjustment of their economic development models and maintain steady economic growth.** BRICS countries have their own developmental characteristics but

each also has its distinct problems. The best way of upgrading their growth models is to harness the comparative advantage, adjust the economic structure, and enhance their omnidirectional cooperation through various financial instruments. The creation of the NDB and the CRA is not for profit but for the circulation of economic resources and the integration of BRICS countries, which in turn could intensify financial cooperation. In this way, overall integration will not only be the driver of financial cooperation, but will also create interconnections between every aspect of economic and social issues, and will form an effective long-term mechanism for economic development.

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## The BRICS agenda: Functional co-operation between competing logics

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### Introduction

Following the logic behind the coinage of the term ‘BRICS’ (Brazil, Russia, India, China, South Africa), or BRIC to be more precise, we are driven to think of an alliance based on the collective impact of countries with resurgent and emerging economies and high growth rates. The BRICS alliance is not delimited by geography and surpasses the traditional North–South and South–South alliances. Democracy is not the common political system that binds the BRICS. So, what are the collective aims, ideals and claims of such multipolarity? What consequences could they have for other developing countries and how could this affect global governance and development? Most importantly, in the case of a downturn in their economies, is the BRICS sustainable?

We shall attempt a brief response to these questions in our text. This article attempts to analyse the BRICS and what drives the group in spite of the glaring differences and, at times, confrontational and opposing ideological positioning of some of its member countries. Based on a close reading of the BRICS Declarations, we argue that what keeps the clock ticking for the BRICS is their effort to attune their aspirations to the collective tone of the Global South. The claims of the BRICS derive their legitimacy from the strength and size of their political economies, banking on the morally just claims of the Global South. The preponderance and sustainability of the BRICS as a group will depend largely on their ability to generate goodwill and identify with other countries of the Global South.

### Functional cooperation between competitors

To begin with, Russia is not a member of the G77 unlike the other member countries of the BRICS. Interestingly though, in the post-Cold War global context, Russia as a member of the BRICS does not betray the ideals of certain emblematic movements of the Global South, namely, the Non-Aligned Movement. Additionally, during

the 1990s, the transition economies of Eastern Europe and Russia were seen as sharing characteristics with the Global South (Braveboy-Wagner 2003, 4).

As a group, BRICS is postcolonial in the sense that the countries do not claim a shared history. The discursive temporality of the grouping is linear, based on demands for international reforms befitting the size of their economies. This is unlike the circular discourse of South–South cooperation, which oscillates between the past and the present through a continued reminder of shared history and reparations for an exploitative past. Nonetheless, linking their aspirations to the claims of the Global South provides an ‘umbrella identity’ for the BRICS, while giving them room to pursue competitive sub-agendas. The efficiency of their multipolarity lies in walking a tight rope between a panoply of interests and identities through a continued common reference to the Global South.

On the lines of traditional and established alliances, the BRICS has made an attempt to institutionalise its grouping through the creation of the BRICS New Development Bank (NDB) with representation from member countries. The Bank will address the development needs of member countries as well as those of other developing countries. The institution frames the centrality of economic development to the existence of BRICS. Indeed, economic interests and development needs are where the BRICS find more common ground. That said, the newly created institutional structure does not extend its mandate to the zealously guarded principle of sovereign decision-making.

We argue that the BRICS embodies a flexible and compartmentalised institution that prevents conflicts of interest through a mandate that evolves in line with the issues tabled. The group is not solely inward looking but shares a vision that is defined by its collective challenge to the existing international system. The



name of its bank, the NDB, is neutral with respect to a particular geography but points to a clear function, namely, development funding for member countries and for other developing nations. Going by the argument of Ünay (2013, 79), the BRICS could be conceptualised as an international regime operating in a designated field. We argue that in spite of competition, the functional cooperation of the BRICS evolves in the realm of the Global South. The call for the reform of international financial organisations, namely Bretton Woods, echoes demands for a New International Economic Order in the 1970s (Coles and Miles 1984, :6, Sell 1998, 29).

### **Embracing the Global South**

Indeed, it is the common will to advance the historic demand for international financial and economic reforms that provide the basis for diversifying and strengthening cooperation among BRICS member countries. There is a clear delineation of economic and financial cooperation and contentious strategic issues. As it happens, the ability and clout of the BRICS countries in claiming international reforms is closely linked to the strength of their economies; hence, the continued emphasis on greater economic and financial cooperation and capacity building through the Contingency Reserve Arrangement and export credit agencies. The BRICS is rooting for a more democratised International Monetary Fund (IMF) and World Bank. We put forward the point that the purpose of the NDB is not to replace existing institutions or create parallel poles of hierarchy. The new institutions are formal mechanisms that represent their increasing clout and, hence, fortify their claims for greater representation in existing international institutions. The increasing clout is not a function of their economies alone but also depends on relations with the developing world. Indeed, the NDB could prove to be an effective tool in creating greater multilateral and institutional connectivity between the BRICS and other developing countries.

Moving beyond economic growth rates, the BRICS also backs its claims for greater representation in international organisations based on the strength of member countries' demographic profiles (see the Sanya Declaration 2011 and the Delhi Declaration 2012). The subsequent declarations of the BRICS summits suggest an expansive agenda. The BRICS has worded its views on issues of international importance from Syria to sustainable development. The tone of the pronouncements is advisory. Nonetheless, they could be read as signs of member countries' positioning if the same issues were put to a vote in the United Nations. This expansive agenda challenges the view that the BRICS could fizzle out with the downsizing of the individual economies. There is a willingness

among the member countries to establish themselves as forces of incremental change, riding on issues that concern the developing world as a whole (Fortaleza Declaration 2014).

The BRICS Declarations (the Fortaleza Declaration 2014 and the Ufa Declaration 2015) borrow vocabulary of cooperation from South–South cooperation such as 'mutual benefit', 'respect' and 'win–win'. Their position on climate change also reinstates the reference to common but differentiated responsibility. There is an emphasis on the need to focus on development in the African continent. The fifth Summit of the BRICS in Durban was followed by a retreat with African countries on the theme of cooperation between BRICS and Africa on infrastructure. There is an overriding focus on the need to build infrastructure in the member countries and in the African continent to promote growth and development. The following summit in 2015 at Fortaleza, Brazil, made an effort to reach out to Latin America. So far, the outreach has been regional in nature, rather than courting individual countries.

The regional outreach suggests that the BRICS countries want to subsume their discourse and positioning in the larger historical discourse of the developing countries of the Global South, projecting a benign perception of their individual aspirations. The BRICS declarations seem to be crafted to align and carry forward the claims of the Global South, rather than push and propel the BRICS as a separate power entity within the hierarchy of nation-states. The discourse for a push for reforms and the rightful place of the BRICS in international institutions seems to benefit from a mandate from the Global South. The BRICS propel themselves as the harbingers of equity in the global order, long demanded by developing countries. Equity for the BRICS is projected as a first step to achieving equity for the Global South as a whole. Moreover, the BRICS borrows its identity from the overarching identity of the Global South, which is an effective tool for ironing out the differences in the profiles of individual member countries. This identity also lends historicity to the group in spite of the short life of the acronym that denotes it.

For the Global South, greater democratisation of the international space would mean a diffusion of international hierarchies (see Cramody 2013, 135). This diffusion appears to be in synch with a more just and egalitarian international concert of nations. So, even though the BRICS is not explicitly synonymous with South–South cooperation like the IBSA group of countries (India, Brazil, South Africa), together they align themselves with the collective claims of the Global South. Nonetheless, the preference for courting regions instead of individual countries could also be read as the BRICS establishing itself as a 'select' group of countries, the membership

of which is now sealed. Their regional outreaches point to their aspiration to regional leadership. Furthermore, as Cooper (2016, 5) says, the BRICS countries' cooperation with the non-West is driven by their desire to use "changes in institutional architecture to their specific operational advantage".

## Conclusion

Going by the above arguments, the Global South has its stakes and claims in the BRICS agenda. What needs to be watched is whether the universality of global justice and rights tempers an uncompromising sovereignty. Indeed, though the agenda of the BRICS has expanded to non-economic and non-strategic areas, extending to culture and civil society, the cooperation between these countries is largely state led even when it comes to the inclusion of epistemic communities. That the state is at the centre of the cooperation is also manifest in the emphasis on state-owned enterprises (eThekweni Declaration 2013). Also, although the BRICS reiterates the mandate of the United Nations at each of its summits, unlike IBSA that coordinates its development funding through the United Nations Development Programme, the BRICS has created a separate institution. So as a group their development funding is likely to get more visible and perhaps attract scrutiny. That the same countries are members of both the BRICS and IBSA and resort to two different mechanisms of cooperation points to concomitant ideologies. It needs to be seen whether the NDB can have a mitigating impact on the IBSA Fund. In all likelihood, the Fund will be maintained in order to demarcate the democratic identities of its founding members.

The impact of the BRICS on the Sustainable Development Goals also needs to be watched. The development of each of the domestic constituencies will themselves have a significant impact on global development levels. So, development in BRICS domestic constituencies could subsume development in the sub-regions.

At the same time, they could act as important sources of development resources. On a strategic note, two of the BRICS countries are permanent members of the United Nations Security Council. An alignment between these countries could have a significant effect on voting patterns related to issues addressed by the Security Council. This could also provide more bargaining power for developing countries on issues of common interest. That said, the veto also raises concerns about individual capacities to mitigate issues of common interest to the majority of the Global South. Indeed, the fact that BRICS members have asked for an expansion of the Security Council instead of devising a new international system runs contrary to the principle of equity. This non-equity is subsumed by their positioning and discourses on

regional and sub-regional leadership. The BRICS countries come across as demographic, economic and geopolitical poles within the Global South, posing both a challenge and an opportunity for it. Nonetheless, the success of the BRICS agenda cannot be isolated from the positioning of other developing countries. The forthcoming BRICS summit in New Delhi will shed more light on the BRICS and its relationship with the Global South.

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## Between Dependence and Autonomy: Understanding the Power Dynamics in Brazil–China Relations

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### Introduction

Driven by China's increasing global influence and strongly encouraged by Lula da Silva's and Dilma Rousseff's administrations, China–Brazil relations deepened significantly in the 21st century. Besides massively strengthening their economic ties, the two countries explored new areas of cooperation, including energy, science and technology. In political terms, their partnership has become one of the main axes of the current evolving world order, especially due to their joint work within the BRICS and within international organisations such as the World Trade Organization (WTO), the International Monetary Fund (IMF) and the World Bank.

An assessment of the main characteristics and drivers of the relationship tends to follow two disparate directions. On the one hand, the official discourse presents Brazil and China as equal partners whose relations are necessarily harmonious owing to the complementarity of their national economies and the shared interests in international relations. This narrative is used by both sides. Chinese authorities recurrently describe the relationship with developing countries, in general, and with Brazil, in particular, as 'win–win' cooperation.<sup>1</sup> For Brazilian authorities, as clearly indicated by former Foreign Minister, Celso Amorim, Brazil–China relations "are founded on the common perception that the two countries are natural partners, enjoying complementarity in economic terms and sharing a common vision about the world" (MRE-Brasil 2004). Several researchers concur with this view, namely, Shang (2003), Pomar (2004), Jiang (2009), Niu (2010), Jaguaribe (2011) and Tang (2013).

On the other hand, there are several approaches that characterise the bilateral relationship as highly unequal and asymmetrical. According to this view, Brazil is greatly dependent on China and, while Beijing has clear goals within this relationship, Brasilia lacks a strategy in this regard (Acioly et al. 2011, 16; Cunha 2011, 26; Spektor 2011; 2015). Hence, the perception is that Brazil is necessarily subordinated to China's will and control, being unable to affect the outcomes of the bilateral relationship. For some, this asymmetry indicates that the relationship between Brazil and China has become neocolonial (Fonseca in Pomfret 2010).

However, each of these disparate approaches can only partially capture the nature of this relationship which, due to the considerable amplification of exchanges, has become not only more intense, but also more complex. This means that what is missing is a more nuanced, systematic and rigorous understanding of the power dynamics in China–Brazil relations in the 21st century. In this sense, this article seeks to fill this gap by examining in a sustained way the various expressions of power in the relationship on three different levels: bilateral, regional and global. By doing this, the article aims to contribute to a better understanding of how outcomes in the bilateral relationship were produced and how actors were differentially enabled and constrained in this context.

### Analytical framework: the concept of power

Power is one of the most debated and contested concepts in the social sciences. The literature is, therefore, rich in definitions. The most recurrent one treats power as the ability of one state to use its resources to get another state to do what it otherwise would not do.

<sup>1</sup> The government of China presented the main guidelines for its policy towards developing countries in different policy papers. In 2006, the

government issued the 'China's African Policy Paper' and in 2008 it published 'China's Policy Paper on Latin America and the Caribbean'.

However, this definition focuses solely on material resources and is essentially relational (one's power over another). Therefore, in the article I rely on the conceptualisation of power developed by Michael Barnett and Raymond Duvall, which considers in addition the way structures and processes constrain and enable actors' actions. According to these American scholars, "power is the production, in and through social relations, of effects that shape the capacities of actors to determine their own circumstances and fate" (Barnett and Duvall 2005, 3).

In order to better understand the mechanisms of power, it is necessary to break down the definition into its main components. A power relationship implies, first of all, the existence of a purposeful agent that seeks to determine (choose/decide about) its fate. Here fate implies an outcome, which may be individual or collective. When it comes to groups, the collective bidding decision (purposeful action) is about the allocation of values to society (welfare, security, among others), that is, who gets what, when, how. The crucial element of a power relationship is the ability (room/autonomy) of the actor to decide or influence the decision regarding the outcome. This ability is determined by the actor's own resources (ideas, institutions, initiative, information, capital) or by the structures that the actor is part of, which may be material or ideational. These structures regulate who makes and should make the decisions. In the next section, I apply this conceptual framework in order to understand in what respects Brazil and China were able to determine their fate and circumstances within the bilateral relationship, and how that ability was limited or enhanced through social relations with one another or with others. This assessment will shed light on the role of power in Brazil–China relations.

### **Power dynamics in Brazil–China relations**

Brazil and China stand in very different positions when it comes to their economic, military and political capacities. Being a permanent member of the United Nations Security Council (UN/SC), a nuclear power and the second largest economy in the world, China's influence is undoubtedly greater than Brazil's. This power discrepancy is naturally reflected in the economic relations between the two countries. While China is currently Brazil's top trading partner, the Brazilian market is only the eighth most important for China (International Trade Center n.d). Furthermore, the terms of trade are detrimental to Brazil since it mainly exports commodities

while importing manufactured goods (Frischtak and Soares 2013, 30). Given the differences in size and structure between the two economies, the risk that this type of trade deepens and forces a regressive specialisation on Brazil's economy is high. On the bright side, Brazil has consecutively benefited from large trade surpluses with China and, in specific sectors such as poultry, soybeans and iron ore, the country is one of China's most important suppliers, accounting respectively for 75%, 49% and 20% of the Asian country's imports in 2015 (International Trade Center n.d.).

Thus, while the two countries are economically interdependent, they are visibly asymmetric in their capacities. How does this translate to the exercise of power and the ability to decide about outcomes in the bilateral relationship? Firstly, an analysis of Brazil–China relations shows that, when strong disagreements between the two countries arose, Brazil's ability to influence the final result was limited (Cardoso 2015). The exception to this was the dispute over China's market economy status. Here, despite Beijing's constant pressure, Brasilia has avoided granting this status to China's economy. For China, this is an essential issue since Brazil's acceptance could be an incentive for other countries in South America to behave similarly.<sup>2</sup> However, given Brasilia's reluctance in this matter, this has become a point of friction in the bilateral relationship (Cardoso 2013, 46).

Secondly, despite the power asymmetry, there were several instances in which Brazil was able to include topics in the bilateral agenda and sometimes even lead it. This means that China's overwhelming capacities did not automatically translate to a veto power. In fact, some of the major breakthroughs in terms of political cooperation were initiated by Brazil, namely, the formation of the commercial G20 within the WTO in 2003 (Narlikar and Tussie 2004),<sup>3</sup> the creation of the China–Brazil High-Level Coordination and Cooperation Committee (COSBAN) in 2004 (Biato Junior 2010), and the organisation of the talks in 2006 which would lead, three years later, to the formal launch of the BRICs initiative (Amorim 2016). There are two factors driving Brazil's proactive role within the bilateral relationship. First, as the junior partner, Brazil has had to make more effort in deepening the relationship. Second, owing to its traditional risk aversion in international relations, China has been careful not to initiate processes that could strongly upset its relations with the USA.

Beyond the bilateral level, power dynamics in Brazil–China

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<sup>2</sup> For a more detailed description of the dispute between China and Brazil regarding the market economy status, see Cardoso, Daniel. "China-Brazil: A Strategic Partnership in an Evolving World Order." *East Asia* 30, no. 1 (March 1, 2013): 35–51.

<sup>3</sup> This coalition of developing countries led by Brazil and India was formed during the second ministerial conference of the Doha Trade-Negotiation Round, which took place in 2003.

relations also played out at the regional and global levels. Here it is important to take into consideration the role of an important external actor, the USA. This triangle China–Brazil–USA is essential to understand the changes in power configurations both in Latin America and in the international system. Despite Chinese leaders’ continuing reassurances that their interests in “America’s backyard” (Wu 2009, 3) were purely economic, the fact that China became an important partner for Brazil had clear political effects. First, by offering an alternative, China made it possible for Brazil to reduce its exposure to and dependence on the USA in terms of funding and technology. For example, Chinese investment was the key to allowing Brazilian authorities to move forward with development strategies in the oil sector that had, from the outset, been opposed by US administrations and companies (US Consulate in Rio de Janeiro 2009).

Second, growing ties with China offered Brazil the possibility to actively counter US influence, not only in the region, but also in international organisations (Armony and Strauss 2012, 7). Regionally, empowered by growing ties with China, Brazil and other Latin American countries were able to strongly develop their mutual institutional ties, paving the way for the establishment of institutions that excluded the USA, such as the Community of Latin American and Caribbean States (CELAC) and the Union of South American Nations (UNASUL). In global terms, cooperation between China and Brazil has been an essential element of the growing contestation by emerging powers of American hegemony and the Western-led global order consisting of the international institutions created after World War II such as the United Nations (UN), GATT/WTO, and IMF/World Bank. Emerging powers criticise the way these organisations favour developed countries at the expense of other countries, especially when it comes to voting rules and leadership choice (Stuenkel 2013). Besides criticising the mechanisms of these organisations, these countries have created their own organisations to join efforts at the international stage, the most important ones being the BRICS (Brazil, Russia, India, China and South Africa), BASIC (Brazil, South Africa, India and China) and the AIIB (Asian Infrastructure Investment Bank).

## Conclusion

This brief analysis of the power dynamics in China–Brazil relations contributed to consolidating an understanding of the relationship’s nature on three different levels. On the bilateral level, the analysis showed that despite China’s overwhelming material capacities, Brazilian authorities were able to resist some of Beijing’s impositions and, on several occasions, take the initiative in

introducing issues in the bilateral agenda and even leading it. This means that Brazilian authorities also had the room to influence outcomes within the bilateral relationship, dismissing the idea that the country was entirely subordinated to China’s will.

On the regional and global levels, the analysis revealed that the intensification of the relationship with China offered Brazil the opportunity to counter US influence, therefore contributing to the country’s empowerment both at the regional and global levels. However, this also meant that Brazil became more dependent on China’s backing, especially in terms of funding. To strike the right balance between autonomy and dependence is therefore the major challenge facing Brazilian and Chinese authorities in the years to come.

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## BRICS 2016 and IBSA's 'Three Blind Mice'

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As Brazil and South Africa experience major political and economic woes, could it be that BRICS is increasingly becoming a forum of the RICs: Russia–India–China? This is not an idle question. It should be seriously contemplated in the context of the October 15–16 BRICS summit in Goa. For, as this 8th summit of BRICS rolled around, a major 'backstory' to this event might be the extent to which IBSA (India, Brazil, South Africa), thirteen years after its launch as the Brasilia Declaration, had virtually faded into oblivion in what could have transitioned into a trilateral 'caucus' of strategic autonomy within the BRICS.

### **Brazil and South Africa on the back foot**

Although there were signs, according to some observers, of the stirrings of economic recovery, the parliamentary instigated right-wing impeachment 'coup' within the Dilma Rousseff presidential coalition has expanded into corruption charges against Rousseff's mentor and former president, Ignacio Lula da Silva. Brazil thus enters uncharted domestic political and regional geopolitical terrains. Lula, after all, was a prime mover in IBSA and a leading founder of the original BRIC quartet, as well as the new regionalism in Latin America and the Caribbean. Thus, the dubious symbolism of his and the Worker's Party's demise cannot go unnoticed and must be pondered in terms of how it affects these developments going forward.

South Africa's economic fortunes are not only bleak at zero growth or below; its government appears at sea as there remains a real prospect of the country's economy being downgraded to 'junk' status by international rating agencies amid the instability gripping the ruling party. This amounts to a 1994–2016 descent from the liberating ideological heights of 'national democratic revolution' to Africa's all too familiarly debilitating form of misgovernance,

called 'neopatrimonialism'. On that score, for South Africa and Brazil, all one can venture at the moment is 'stay tuned' and 'aluta continua'!

This predicament virtually puts paid to the promise of an India–Brazil–South Africa (IBSA) trilateral dialogue forum in addition to casting uncertainty over the stability of BRICS. IBSA always had the potential to function as an autonomous strategic grouping both within and outside Sino–Russian dominance within BRICS. Brazil's Zone of Peace and Cooperation in the South Atlantic could have inspired a similar multilateral initiative in the Indian and Pacific oceans, with South Africa as the IBSAMAR point of maritime convergence.

### **Either BRICS or IBSA?**

But, along with other Global South initiatives such as the IBSA Development Fund, which has not graduated from its limited pilot phase, very little strategic visioning has been apparent, with the 10th anniversary summit planned for Delhi in 2013 never taking place. Hence, all three countries, India as well as Brazil and South Africa, as they bandwaggoned into BRICS, may forever deserve the moniker, 'the three blind mice'! This is for their individual and collective lack of strategic visioning in maintaining the vitality of IBSA. The choice between IBSA and BRICS never needed to come down to an 'either–or'.

IBSA could have served as a complementary Global South platform to the manifestly 'high politics' of BRICS within the global economic club governance sanctum of a G20 under what amounts to de facto 'G2' US–China chairmanship. Here, it seems to go unnoticed that BRICS is not the beginning and end of China's geopolitical and economic agenda, as an aspirant superpower within its interdependent though competitive relationship with the USA. BRICS aside, Beijing and Washington are quite possibly evolving into some semblance of a global power-sharing regime which

Russia, with difficulty, would like to make into a threesome. India itself aspires to a niche in this hierarchy as well. Thus, at this point there appears to be no cohesion among the IBSA countries within BRICS on how they could separately and jointly coordinate a convergence in strategies that might balance the new global power hierarchy in the making.

So, with the 8th BRICS summit having recently concluded in Delhi where does that leave India? Will the Modi government and the Indian private, public and think-tanking sectors display an audacious 'yes we can' level of strategic visioning in how they conceive of India shaping the BRICS that failed them (including Manmohan Singh before Modi) when it came to taking IBSA into its second decade in 2013?

This is where another trilateral creature India belongs to, the ministerial RIC (Russia, India, China) Forum, takes on timely relevance – not unlike the manner in which Russia's Vladimir Putin found relevance in factoring in the agendas of his Eurasian Economic Union and the Sino-Russian-led Shanghai Cooperation Organization (SCO) into his hosting of the 7th BRICS summit in Ufa in 2015. Putin was following in the footsteps of South African President Jacob Zuma's 2013 introduction into BRICS diplomacy of the 'regional outreach'. At the time, some among India's influential think tanks took umbrage at such encumbrance in spite of the compelling regional integrationist implications of BRICS becoming the fulcrum of an alternative suborder to the West within the club governance G20 system. India ultimately followed suit as it prepared for Goa on the shores of the Indian Ocean.

### **The geopolitics of that other BRICS 'triangle'**

The stakes for India could not be higher in terms of whether it can/will match China and Russia in elaborating its own geostrategic vision, complementing China's continental-maritime One Belt, One Road (OBOR) 'Silk Route' geo-economic initiative and Russia's Eurasian integration project with an SCO framework in which India is now a full member instead of an observer. To be sure, these initiatives on the part of China and Russia are the stuff of geopolitical power projection. This is to be expected of great powers staking out their terrain in today's multipolar strategic landscape. Still, whatever questions arise from their agendas and how they are being rolled out, one cannot deny their positive, proactive conveying of a sense of visionary multilateral regionalism on the part of Moscow and Beijing; this is as both endeavour to entrench regional 'facts on the ground' in amending the incumbent global order.

These dynamics should trend into the establishment of strategic East-West equilibrium, with the American-led suborder comprising the EU and NATO in what could eventually culminate in some

semblance of a power-sharing convergence of sub-orders in reconfiguring the global strategic landscape (although Putin is fixated on destabilising both the USA and Europe through the combined financing of left- and right-wing fringe parties and pliable politicians coupled with a 'weaponised' information warfare alliance with Wikileaks). This new landscape would be centred on the borderland nexus joining Eastern Europe, Russia and its Central Asian 'near abroad', as well as the Levant, reaching into the southwest Asian Hindu-Kush on New Delhi's doorstep. What, then can/should/might India bring to the table in rounding out the RIC trilateral within BRICS in its multiregional trans-Eurasian iteration? Perhaps a manifestly multilateral Indian Ocean dimension? That is, one situated within an Indo-Pacific zone of peace and cooperation architecture as an interregional complement to the continental-maritime scope of China's 'Silk Route'?

As it is, India seems, from any number of observations, stuck perpetually in reactionary mode. This is, in its ambivalence toward Beijing's OBOR, likely feeding into a perennial threat perception regarding China's intentions toward India, including what it sees as its neighbour's competitive 'string of pearls' gambit in the Indian Ocean. Perhaps, because India is forever reacting to China, as a result of the humiliating trauma suffered in 1962 at the devious hands of Mao Zedong and Zhou 'Hindi-Chini-Bi-Bi' Enlai which it has never quite recovered from, being proactive in a visionary geopolitical sense seems quite a stretch for India's strategic planners; India is forever on the defensive. It thereby seems unable to mount a bold 'breakout' initiative enabling it to overcome the psychological trap set for it decades ago as revolutionary China sought pre-emptively to stall India's momentum before it could develop as a great Third World power on a par with China. (One way of interpreting the Sino-Indian 'war' in the Himalayas might be to liken it to a one-sided skirmish, essentially an opportunistically calculated psy-op as opposed to a real war which China would have wanted to avoid at all costs.)

Sino-Indian tensions are emblematic of ever-present dynamics within the RIC dimension of BRICS. Contradictions exist between Russia and China as well, despite their strategic security partnership. This accounts for why BRICS can never emerge as anything more than a global economic governance semi-alliance, evolving into an alternative sub-order to the Western subsystem. It reflects the epitome of a minilateral platform of 'cooptition', particularly in its RIC dimension of the triangular relationship managed at the foreign ministerial level. The three countries find it in their national security interests to forge close ties at the economic cooperation level while, in different degrees, retaining competitive agendas at



the strategic level. Moscow's strategic compulsives dictate that it forge its own regional economic community instead of relying on its second-among-equals status as head of the SCO; the SCO has increasingly become a China-dominated platform.

Moscow and Beijing could never see eye to eye on an SCO development bank. Russia wanted its already existing Eurasian development bank to serve this purpose whereas China wanted a new bank altogether. For a while it looked as though establishing the BRICS New Development Bank might serve the purposes of both Moscow and Beijing until along came China's Asian Infrastructure Investment Bank, as a development financing accompaniment to its OBOR trans-Eurasian agenda, reaching into the European Union and including Africa as well as Central Asia.

### **India-US strategic alliance and regional cooperation contradictions**

Meanwhile, India and Russia have maintained the closest of relations in the military procurement and development field. Yet, the polarised security posture between India and China sees India, under Modi, forging an ever-closer strategic security alliance with the USA. This reflects a convergence of Indo-American security interests as Washington under the Obama administration has elaborated its rebalancing 'pivot' to the Asia-Pacific as a counter-balancing 'soft containment' gambit against Beijing's South China Sea neo-tributarianism.

Among other things, the US-Indian strategic convergence involves a disaggregating of Japanese Prime Minister Shinzo Abe's 'Quadrilateral' in a series of bilateral naval exercises and collaborations between the USA, Japan and Australia as well as India. Meanwhile, India has just reinforced its strategic security alignment with Washington through the bilateral Logistics Exchange Memorandum of Agreement (LEMOA). This has prompted *Asia Times Online* commentator, M. K. Bhadrakumar, to proclaim India and the USA as "logistical allies" with dialectical implications for a further elaboration of the Sino-Pakistan security nexus.

Its aim is to encircle India in a manner accentuating New Delhi's regional strategic compulsives on the Indian Ocean, as its only escape hatch from a cleft stick of containment within its South Asian neighbourhood. The fact that both India and Pakistan are now full SCO members, while neither Russia nor China found it in their interests to force a negotiated reconciliatory detente between New Delhi and Islamabad, speaks volumes about the lack of any real cohesion within an emerging trans-Eurasian bloc intended to contain, if not roll back, America's strategic footprint in Central Asia.

Indeed, failure to leverage on this front may well reflect limits to a perceived Beijing-Moscow axis of conviviality. But it also reflects China's continued fixation on keeping India and Pakistan at one another's throats, risky though this seems given Beijing's security concerns over threats to its interests in Afghanistan and the stability of Xinjiang, its Silk Route gateway province to Central Asia. Nevertheless, on the interregional economic integration front, an eventually interactive trans-Eurasian convergence between Russia's economic union and its co-leadership with China of an expanding SCO seems set to move ahead. This is irrespective of the ever-constricting triangle of tension between China, Pakistan and India in the absence of any offsetting geo-strategically leveraging gambit forthcoming from Delhi, within the RIC Forum of triangular ambivalence between India, Russia and China.

New Delhi's idea of 'regional outreach' for the BRICS summit in Goa is emblematic of the constraints it places on itself, to its own strategic disadvantage, in the interlinked geopolitics of the Eurasian-Indian Ocean continental-maritime domain. With the aim of isolating Pakistan, India is inviting regional countries under the rubric of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) – Bangladesh, India, Myanmar, Sri Lanka, Thailand, Bhutan and Nepal – instead of the more substantial regional economic community which it prefers marginalising, namely, the South Asian Association for Regional Cooperation (SAARC). Currently, SAARC's chairmanship has rotated to Islamabad. At Ufa, both the EEU and the SCO were part of Moscow's BRICS regional outreach.

Under Modi, we have a de facto SAARC-BIMSTEC split. The Modi government has displayed a lack of generosity toward its region (compared to Modi's BJP predecessor, Atal Bihari Vajpayee) in the name of combating the very real terrorist threat when, in fact, it obscures India's tragically never-ending civil war of partition with Pakistan. The militarisation of Kashmir must be considered a serious setback for the Eurasian dimension of the BRICS global governance agenda within the G20 – although Beijing has to share the blame here as well. This time around, however, Delhi is supposed to be 'the host with the most', not Beijing.

Consequently, Delhi's nationalistic lack of vision may not be ignored in terms of India building credibility on the issue of UN Security Council reform. All of these issues are interconnected.

### **Revisiting an Indian Ocean 'zone of peace and cooperation'?**

Within an RIC-BRICS calculus, given how centrally strategic the Indian Ocean is to India, New Delhi could ultimately break this debilitating cycle of tension between itself, China and Pakistan in a

display of co-optive multilateralism. Why might it not translate repetitive resolutions and declarations espousing a ‘zone of peace’ in the Indian Ocean into a real mechanism? It could do what Brazil did in 1986 under an UN General Assembly resolution. Brazil, as the major regional power in the South Atlantic, took the initiative in establishing the Zone of Peace and Cooperation in the South Atlantic (ZPCSA) as an interregional community of South American and African member states with a cooperation agenda that includes

- economic and commercial cooperation
- promotion of trade and investment
- scientific and technical cooperation
- initiatives of a political and diplomatic nature
- environmental protection
- conflict resolution, and
- a mechanism for member states to coordinate on a number of fronts.

This agenda dovetails neatly into current ‘Blue Economy’ preoccupations. There is no reason why India could not mount a similar initiative for the Indo-Pacific, by forging a quadrilateral among itself, Indonesia (which is developing its own ‘maritime axis’ regional strategy), Australia and South Africa to consider how the Brazilian ZPCSA initiative might be adapted to the considerably more complex Indian and Pacific Ocean environments. Unlike ZPCSA, China and all other extra-regional powers like the USA and Japan would have to become members as well as Pakistan. With India at the helm, New Delhi would take a proactive initiative in shaping a multilateral peace and cooperation agenda more to its liking and national interests. This might contribute to de-polarising the interregional security environment and, in the process, give substance to India’s aspirational regional great power status, complementing the Eurasian projects of Russia and China to the benefit of the BRICS–RIC nexus.

## **New Economy and Participation Society: A General Outline of the Issue, Formation of Approaches in the BRICS Countries and Their Promotion in the Information Space**

**Vadim V. Balytnikov**

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The 21st century is shaping a fundamentally new economic structure for our rapidly globalising world. This concerns not just new technological or financial elements of economic life; the essence of the new global economy primarily consists in creating and implementing fundamentally new forms, means, modes and methods of involving the working masses in production activity.

These principles must, first of all, be essentially compatible with the principle of respect for human dignity, rights and freedoms guaranteed by international legal declarations of the United Nations (UN) and other universal international organisations. At the same time, it is not just the rights and freedoms of the first generation (personal, civic and political rights and freedoms) or even the rights of the second generation (social and economic rights and freedoms), but also the new third generation of human rights and freedoms (collective rights, including the rights and freedoms of ethnic, professional and other groups) that must be unconditionally observed and respected.

As is generally known, all three generations of human rights and freedoms are now duly secured by constitutional acts in most countries of the world. These evidently include the constitutions of all the BRICS countries. One of these countries, Russia, as early as the beginning of the 20th century, pioneered the real constitutional securing of social and economic rights and freedoms of workers on a worldwide scale. China, India, South Africa and Brazil also presented models for solving these kinds of problems for East and South Asia, Southern Africa and the South American continent respectively. We should not, however, forget that in the present-day information society, the fourth generation of human rights and

freedoms is being formed – a generation of fundamentally new rights and freedoms for the global information epoch. This epoch presents new challenges to both the West and the East, the Global North and the Global South – that is, to the entire human civilisation.

The main economic challenge to be addressed in the modern epoch was, as noted by Marx and Engels (and later also by Lenin, Mao Zedong, Mahatma Gandhi, and Nelson Mandela), global contradictions between the public character of the mass production (including mass industrial production) of the industrial epoch and the private character of the distribution (appropriation) of its results (including profits). In non-European countries of the Old World this contradiction was generally aggravated by colonial or semi-colonial domination, greatly intensifying the process of deliberate transformation of the vast majority of the population of these countries into pauperised industrial and agricultural proletariats without any rights.

The formation of a totalitarian model of socialist society in some Eurasian countries in the first half of the 20th century was a response to both the challenge demanding an accelerated transition from agrarian to industrial society and the threat of the enslavement, dismemberment and destruction of the above-mentioned countries and their people by external forces (including the totalitarian regimes of the aggressor countries that unleashed the global massacre of the 1930s and 1940s). But that response, if we use Arnold Toynbee's terminology, brought no fewer problems than solutions. At least the 'classical' Soviet model of the so-called 'real socialism', which, according to Lenin, was nothing more than state capitalism, not only failed to solve absolutely any issues related to

the inalienable human rights of respect for dignity, but also completely ignored the problem of transition to the new post-industrial, information and technology phase of development of the human civilisation. As a result, that type of socialism practically disappeared from the arena of history (either together with the state form that had been protecting it, as in the case of the USSR, or being replaced by a new model of socialist relations operating within the same form, as happened in China).

The Western world, taught by the bitter (and bloody) experience of the first decades of the past century, tried to overcome the well-known Marxist 'contradiction between labour and capital' by other, milder means. The New Deal of F. D. Roosevelt, the social state idea of Western European origin, and the global in character though originally Anglo-Saxon concept of the welfare state were the principal options for the Western 'response to the time challenge' of that period. All these were essentially based on the Keynesian theory of economic development, which presupposed an active regulating role for the state but, unlike the 'real socialism', excluded the possibility of suppressing private initiative.

Yet the definitive formation of the global world (built in the second half of the 20th century after the Western model of the notorious 'consumer society') brought a new fundamental aggravation of the above-mentioned contradiction between the public (now panhuman) character of production and exchange processes in the global economy, on the one hand, and the private (now secured as the 'global consumer imperative') character of its exchange and consumption processes on the other hand. As the regulating role of states in the global world diminishes, aggressive capital becomes more and more independent, and the rich steady their progress of enrichment, while the poor continue their progress of impoverishment. All this is now topped with ideas of the legal equalisation of the rights of states and people, with the rights of each individual (private) investor obliging the former to compensate global investors for their economic losses. These are the ideas that form the base of the so-called 'new global economic agreements', which, according to the plans of a certain section of the Western global elite, should form the basis of the international legal regulation of the global economy. This kind of regulation *de facto* presupposes annulment of the decisive role of states, people and various social collectives in the process of economic decision-making that affects them.

Many of the best minds of humanity foresaw the rise of such a problem. As a response to the rise of this threat, the doctrine of 'participation society' was formed, founded by Charles de Gaulle, a prominent leader and true rescuer of France. Having twice (during

World War II and in 1958) liberated his country from fascism, ensured the dismantlement of the French colonial empire and founded the Fifth Republic on the principles of true liberty, equality and fraternity, General de Gaulle thought about forming a society where the decisive influence on all decision-making (including economic decisions) would be exerted by collectives of people (including professional working collectives). Hostile forces that had never forgiven de Gaulle for his successful attack on traditional methods of Western hegemony, by the end of the 1960s succeeded in bringing about his early termination of power and, eventually, the life of the greatest European leader of the 20th century. His ideas did not die, however; they were successfully embodied in the 1960s to 1990s in the Western European concept of worker participation in enterprise management, the North American model of joint stock based on collective bargaining agreements, the Spanish American cooperative movement, and other concepts of this kind. It is worth noting that even socialistic models (the Yugoslavian concept of 'socialistic people's enterprises' and the Soviet concept of 'industrial democracy') in their actual implementation followed de Gaulle's model.

The same path was initially followed by China, where people's enterprises were being actively formed in the 80s. In the 90s, however, that country formed new instruments of national economy based on manifold mixed types of ownership involving many different forms of participation in profits and enterprise management – and, hence, many different options for power balance between the state, the private investor and the working collective. Strictly speaking, the attempts at realising people's privatisation ideas in the 90s in Russia, global programmes for microfinancing tens of millions of working people in India, the majority empowerment policy in South Africa, and stimulation of economic activity by citizens in Brazil also aimed, in one way or another, to find an optimal balance in this sphere. The insufficiency (and, consequently, insufficient success) of attempts in the BRICS countries to create prerequisites for the formation of a participation society is due to the attempts at constructing this participation as a form of realisation of individual and not collective rights of people. Present-day Western models, such as ideas of resource rent distribution or guaranteed minimum income, are also based on the same premises. Yet it is evident that a participation society cannot be a society of atomised individuals. It should be a society that enables its members to effectively defend their rights with the help of a 'third power' – that is, workers uniting, economic wellbeing, and independent social collectives that would be able to speak on equal terms with both the business and the state. It is this collective

approach that will really help to create a new economy as a system that enables worker collectives to participate in production organisation and management, as well as in receiving an adequate share of productive labour profits.

It is social collectives (trade unions first of all, but also other social associations, including ethnic and religious associations on local, regional, national and global levels) that should be able to participate considerably in production management (including shareholding in the companies where their members work). Decisions of this kind may find their economic legal form, among other options, in state-supported (e.g. within the framework of targeted financial compensations to citizens – such as compensations for devalued private deposits in state banks as a result of the hyperinflation of the 90s in Russia or compensation for the oppression of the popular masses under the apartheid regime in South Africa etc.) programmes of collective co-investment by millions and tens of millions of working people (decisions of this kind are being elaborated by Sergey Glaziev, a world-renowned economist, full member of the Russian Academy of Sciences, and adviser to the President of the Russian Federation). If these approaches are implemented, social collectives can really become a ‘third power’ of the present-day economy and greatly mitigate, if not remove, the extremities of the individualistic model of distribution and consumption, functioning as subjects of collective material ensuring respect for the human dignity of all their members.

By co-investing through the above-mentioned social collectives, their member citizens would become not some economically insignificant individual ‘micro-shareholders’, but rather the holders of a special set of subjective rights enabling them to demand from their social collectives not only (and even not so much) a regular

income, but also guaranteed help and support in difficult situations. In other words, this co-investment could have a financial insurance character secured by state guarantees. This could be especially important under the global bankruptcy (de facto occurring now throughout the entire world) of the social welfare system oriented to welfare state ideals. The social collectives, on their part, could thus obtain sufficient economic means (as well as adequate participation in corporate management) and protect the co-investments of their members from impairment and attenuation to the maximum.

It is evident, though, that developing such beautiful plans is not enough – it is necessary to promote ideas related to them not only in the national but also in the global information space. Where, incidentally, even the present-day ‘captains’ of the information economy acknowledge the need to transform the hyperprofits belonging to them into financing sources for independent public funds (consider the examples of the well-known co-founders of Microsoft and Facebook here).

It seems that this promotion should be based, above all, on the concerted use of a number of national political legal ideas of the BRICS countries. These are the Russian ideal of *sobornost*, the traditional Chinese principle of harmonious society development, the Indian historical concept of *panchayati*, the traditional South American communality, and the South African idea of *ubuntu* (which is, strictly speaking, common to all sub-Saharan Africa in various modifications). In the present-day information society, these ideas can attain a new ‘web’ dimension, which would make it possible not only to transmit the ideals of sound collectivism in contrast to the doctrines of totalitarianism and individualism, but also to bind together the third and fourth generations of human rights (collective and ‘web’ rights).

## Current Political and Legal Issues of International Commercial Arbitration: Globalisation of Economy vs Glocalisation of Law

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State sovereignty presupposes state jurisdictional immunity. No one may judge a sovereign state unless that state expressly consents to it. Every state, by virtue of its sovereignty, has the right to make an independent decision as to the extent to which it disclaims its jurisdictional immunity when transferring a case, in which it has a share, to an international court or for international commercial arbitration. For example, a state may decide that certain categories of disputes (such as immovable property disputes) shall only be examined by state courts.

Thus, under the UNCITRAL Model Law on International Commercial Arbitration (1985), that Law “shall not affect any other law of this State by virtue of which certain disputes may not be submitted to arbitration”. In accordance with the United Nations Convention on Jurisdictional Immunities of States and their Property (2004), a state acting as sovereign enjoys jurisdictional immunity with regard to all issues outside the scope of its waiver of immunity.

National courts have the right to control conformity to the public legal criterion of arbitrability (the aggregate of criteria determining the range of disputes acceptable for examination within the framework of international commercial arbitration). Recognition and enforcement of a decision on a dispute shall not lead to a breach of the imperative norms of the public law of the state where the enforcement is to be requested; in other words, international commercial arbitration shall not be used as a tool to circumvent the laws of the state where the decision is to be enforced. A decision made by a foreign (international) court that contradicts the public policy of the state on whose territory it is to be enforced, shall not be enforced.

Furthermore, national courts have the right, in exceptional cases, to review the decisions of supranational arbitrations (including cases when this is not allowed by the these courts’ rules of procedure) if facts in the case indicate a lack of alternative means of protection of the rights of a party to the completed arbitration proceedings and, hence, a real threat of denial of justice.

The International Court of Justice, in its judgment of 3 February 2012, emphasises the peculiar legal nature of immunity from coercive enforcement, distinct from both the courts’ immunity proper, and immunity from other forms of jurisdiction exercised in respect of the state (e.g. from a request for enforcement of a foreign court decision). The Court refers to Article 19 of the United Nations Convention on Jurisdictional Immunities of States and Their Property (“State immunity from post-judgment measures of constraint”) as testimony to the fact that the international common law provides three criteria, conformity with at least one of which is required for the legitimacy of constraint measures application: a) the direct consent of the state, b) special allocation or earmarking of property by the state for the satisfaction of the claim, c) use of property for other than government non-commercial purposes.

It is important to stress that determination of whether an action of a state has sovereign authoritative or a non-sovereign nature belongs to the sphere of procedural law. As indicated by the International Court of Justice, “the law of immunity is essentially procedural in nature”, and determination of the nature of actions as sovereign or non-sovereign does not affect the decision on the issue of their lawfulness or unlawfulness. Hence, a refusal by a national court to enforce a decision of a supranational arbitration, on account of the sovereignty of the subject of enforcement, does not in any way touch on the issue of the lawfulness of that subject’s actions,

and therefore does not undermine the authority of supranational justice and the decisions made by its authorities. At the same time, the very possibility of applying such an approach by a national court will have a deterrent effect on the law enforcement practice of supranational arbitration, including its notion of the actual scope of its jurisdiction. This is because a decision of international arbitration has no value without the possibility of recognition and enforcement. International arbitrations are clearly interested in the enforcement of their decisions. Meanwhile, as a countermeasure to their action, they may encounter serious problems in the field of state support, as well as opposition in terms of implementing their legal position in national legal systems.

One example of this is the annulment in 2016 of the decision of the Hague arbitration (International Permanent Court of Arbitration in Hague) on Russia's payment of \$50 billion to ex-shareholders of Yukos by the district court of The Hague, Netherlands.

The claimants demanded that Russia compensate them for damages, referring to the provisions on investment protection in the Energy Charter Treaty (ECT), signed but not ratified by Russia. The Hague arbitration agreed with these arguments and found that Russia was guilty of the illegal expropriation of private property. The district court of The Hague, however, based its argument for the annulment of that decision on an argument most closely connected with the public legal criterion of arbitrability. That is, the imposition of international obligations on a state that has not undertaken them in accordance with the appropriate procedure means derogation of its sovereignty in defiance of public policy. Since it was not a full member of the ECT, Russia could not be bound by the obligation of temporary implementation of the provisions on arbitral settlement of disputes with shareholders. Hence, Russia could not consent to transfer the dispute to international arbitration. Thus, a decision of international arbitration was in this case successfully challenged in a national court as being made in violation of public policy and procedure.

Another, no less important, problem in the field of international commercial arbitration development is presented by serious difficulties with the international legal accountability of transnational corporations. In practice, this problem often comes down to issues of accountability of the states in whose territory the transnational corporations (or their headquarters) are registered as legal entities. Issues of this kind can be effectively resolved by using non-trivial accountability models ('joint responsibility', 'joint and several responsibility', 'solidary responsibility' etc.), which have

been well developed in the framework of many national legal systems.

Last but not least, the third actual problem is presented by issues of the arbitral legal assessment of corruption. Corruption engenders flaws in the will. Hence, a state should not be bound by a contract concluded by a corrupted official, because it had not been able to make its choice freely (Article 50 of the Vienna Convention on the Law of Treaties, 1965; Article 8(2) of the Council of Europe Civil Law Convention on Corruption).

This circumstance must be taken into account by supranational arbitrations in cases where criminal sentences of corruption have been passed on officials that participated on behalf of the state in the conclusion of the transaction now examined by supranational arbitration. Having established the facts of corruption, the arbitration should not implement the conditions of the agreements but refuse to recognise the contract on account of its invalidity in accordance with the international or supranational policy, following the principles of retrospective cancellation and bilateral restitution. In long-term contracts of delivery, hiring or service, where the price of the merchandise, work or services may contain a kickback element, the price may be reduced ex post to a fair market price (i.e. the transaction will be invalidated in respect of the price exceeding the market price, with partial restitution).

If this does not happen, a national court has the right to refuse recognition for such decisions of supranational arbitrations. For example, in a case examined in accordance with the rules of the International Chamber of Commerce (ICC, No. 7664), the Federal Supreme Court of Switzerland (and, later, the Court of Appeal of Paris) cancelled the decisions of arbitration on account of procedural fraud (in the course of the proceedings it was discovered that the corrupt scheme of contract conclusion had been concealed from the arbitration) and returned the case for re-examination by the same arbitration composition or a new one composed in accordance with the rules.

In any case, if the arbitration, while recognising the facts of corruption, still does not choose to adhere to the principle *ex turpi causa non oritur actio* or *nemo auditur turpitudinem suam allegans* (an illegal or morally blameworthy act cannot be a cause of action), the principle *in pari delicto potior est conditio possidentis* (where both parties are equally at fault, the position of the defendant is stronger) could be realised in the proceedings.

For example, in the case of *World Duty Free Company Limited v. Republic of Kenya* (ICSID case no. ARB/00/7 (APPAWD)), examined by the International Centre for the Settlement of Investment Disputes (ICSID), the Republic of Kenya

stated that the contract upon which the claims in these proceedings were based had been procured by paying a bribe of US\$2 million to the then acting President of Kenya. In accordance with the international order public, Kenyan Law and English Law examined by the arbitration, the contract concluded under the influence of corruption was found to be illegal and unenforceable. Even though the Articles 52 and 53 of the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (1965) do not set out public policy as a ground for annulment of a case decision or refusal to enforce a decision, the arbitrators found support in the equity law principle, according to which, where both parties to a transaction are guilty of illegality but their respective guilt is not equal, the claim of the person who is less blameworthy should not be defeated by the defence of illegality. The arbitrators

concluded that the commercial bribery that had taken place contradicted public policy of most, if not all, states or, in other words, supranational public policy. Therefore, the claims based on a contract pursuing corrupt goals or obtained by corruption are not entitled to claim protection. The arbitration tribunal did not agree that the bribe constituted an independent collateral transaction and decided that it was a distinctive part of the overall transaction, without which the contract would not have been concluded by the parties. By its decision, the arbitration confirmed the legal right of the Republic of Kenya to refuse to execute the contract and deprived the claimant of claim protection because it contradicted the international order public and the national public policy in accordance with the applicable law.



## Youth Participation in the BRICS Youth Summits

### Sarisha Daya

Operations Coordinator at South African Youth for International Diplomacy (SAYID)

BRICS brings together five major emerging economies, comprising 43% of the world population, with 37% of the world GDP and a 17% share in world trade. Starting essentially with economic issues of mutual interest, the agenda of BRICS meetings has widened considerably over the years to encompass topical global issues.

BRICS cooperation has two pillars – consultation on issues of mutual interest through meetings of leaders, as well as of Ministers of Finance, Trade, Health, S&T, Education, Agriculture, Communication, Labour, among others, and practical cooperation in a number of areas through meetings of working groups/senior officials.

One of these working groups is the BRICS Youth Summit. There is a clear difference between the definitions used for young people and youth. Young people are classified as people between the ages of 10 and 24 years (UN), while the term ‘youth’ refers to people between the ages of 15 and 29 (UN). China classifies its youth as 14 to 28 years of age, while South Africa has classified youth as 15 to 35 years of age.

Of the seven billion people in the world, approximately 51% is under the age of 30 years. The combined populations of the BRICS countries amount to over 720 million people between the ages of 10 and 24. South Africa has the highest percentage of youth, while China and India have the youngest populations in terms of size.

South African Youth for International Diplomacy (SAYID) is the South African organising committee for the Y8 & Y20, the BRICS Youth Summit and Euro-BRICS, and the African Union youth summits. SAYID is administered by Projekt23 – the Green Movement and is a member of the International Diplomatic Engagement Association (IDEA) as the South African organising committee for the Y8 & Y20 Summits.

The IDEA network is a collective of twenty leading not-for-profit, youth-led organisations from around the world, committed to putting young people at the heart of global decision-making through innovative, open and inspiring debate.

SAYID’s short-term mandate is the recruitment and training of South African delegates to represent South Africa at various youth summits. In the long term, SAYID aims at the establishment of a youth association that would focus on international diplomacy and dialogue in Africa. The association will be established with the goal of promoting an understanding of international diplomacy through direct interactive simulation for post-secondary school students. This youth association will share the passionate vision that youth must take action and shape the policies being developed today that will be implemented tomorrow.

The association will also provide a forum of dialogue for the youth leaders of today and tomorrow. Through our efforts, 47 young South African delegates have participated in the Y20 summits in

- Paris 2011
- Mexico 2012
- Washington DC 2012
- St Pietersburg 2013
- London 2013
- Brisbane 2014
- Istanbul 2015
- Shanghai 2016

As a result of negotiations, five African Union youth delegates also attended the Y8 London Summit held in June 2013. Through our involvement in these summits, we work together with the National

Youth Development Agency (NYDA) in the selection of youth participants for the BRICS Youth Summits.

Delegates are responsible for developing and negotiating position papers on the various ministerial positions. These position

- economic cooperation
- political cooperation
- humanitarian cooperation
- science and technical cooperation and
- cooperation in the information sphere.

Fifty delegates were chosen to represent each of the countries with discussions taking place over three days. Each of the delegations was comprised of 70% youth and 30% officials. Some resolutions that stand out for us are:

- Include entrepreneurship as an integral part of the curriculum in schools and universities across the BRICS nations with a specific focus on international conditions, as well as to develop a programme of intra-BRICS internships and apprenticeships.
- Create standards for sectoral private–public partnerships to issue infrastructural bonds, circulating in the common financial market, and minimise risks by providing reinsurance services on the common market.
- Support the construction of a polycentric global order based on the BRICS+ format. Engagement with various international actors is crucial for building further understanding on key political issues of global importance.
- Encourage the sharing of knowledge, experiences and resourceful support on humanitarian grounds, and for this purpose make sure that the youth organisations and civil society institutions are supported to work freely within the BRICS framework, sharing across borders.
- Encourage a joint mechanism for training and exchanging cyber security professionals, which will strengthen cooperation and mutual respect between the BRICS countries in countering cyber threats.
- Endorse the establishment of the Youth Fund within the BRICS Development Bank, which will commit funds for youth research and development, innovation and technology.

papers form part of the final communiqué at the end of the summits and serve as the voice of global youth on international issues.

In 2015, the Russian Federation launched the BRICS Youth Summit, which was hosted in the city of Kazan. Five forms of cooperation were subsequently identified for discussion:

In 2016, India hosted the youth summit in the city of Guwahati at the beginning of July. Four themes were identified for discussion:

- Youth participation in skills development and entrepreneurship
- Youth participation in social inclusion
- Youth participation in volunteerism
- Youth participation in governance.

Fifteen youth delegates were selected per country as well as five officials. Some resolutions that stand out for us for this year include:

- Create and promote regular expositions for young people and youth entrepreneurs to facilitate the exchange of best practices and new technologies and access to financial support.
- Social inclusion initiatives should prioritise marginalised and vulnerable young people to ensure access to education and healthcare, including reproductive health and social protection services.
- Exchanges on volunteerism should be promoted among the BRICS nations through structured volunteering and civic service projects. Volunteers should be given opportunities to have mutually enriching learning experiences including internships with official institutions.
- Facilitate the capacities and participation of youth in public policy, programme formulation, and monitoring and evaluation.

It is therefore clear from the resolutions that there is a great drive for youth development from young people. In addition, the participation of young people in policy development and decision-making in the BRICS will enable us to create a sustainable future for the 720 million young people we represent.

SAYID is committed to ensuring that the African youth find its voice on the global decision-making platforms such as BRICS.



Amitav Acharya, 2014

## Book Review: *The End of American World Order* by Amitav Acharya<sup>1</sup>

Reviewed by Siphamandla Zondi: Department of Political Sciences, University of Pretoria and Commissioner with the National Planning Commission, South Africa

The time is ripe for the correction of the deep-seated cognitive injustice committed by dominant discourses suppressing, denigrating, silencing or merely neglecting perspectives and worldviews originating from outside the Western world. This has resulted in a distortion of world history, which for too long has been told from a Eurocentric angle and thus robbed the readership and listeners of the rich diversity of discourses that has been present for centuries in Africa, Asia, the Pacific, and elsewhere. In the main, the world is as the Europeans imagined it and sought to build it, but in the subaltern spaces it is a contested, complex and pluralistic world made by the dominant in the exercise of their hegemonic power but also by the dominated in the agency of their power of resistance, supervision and disruption and in their pursuit of liberation. The mainstream literature of the world and its orders assumes North America and Europe as its locus of enunciation, thus wilfully forgetting all the other discourses that emerge with other points of view on world history.

In this book, Acharya opens up many possibilities for decolonising the manner in which mainstream International Relations (IR) represents world orders and what they have entailed, so that it is not just the ideals of Europe that count but also the experiences of others affected by these orders. The book is not about the decline of the United States, a topic that has preoccupied many US scholars, but about the decline and end of the US-led world order. Scholars debating the US as a sole superpower and its future are concerned about the US as a hegemonic state, but Acharya's concern is broader and more interesting: it is the system of governance and power that has placed the US in a position that

enables it to influence and lead the world. This world order has had more impact on the world than the US per se and has more long-

term implications for the South than whether the US will be the sole superpower or will share its 'leadership' capacity with emerging global powers.

Acharya's concern is simple: whether or not the US declines, the American world order is coming to an end and thus opening up an opportunity for the emergence of what he calls a "multiplex world". He also refers to the fact that the American-led liberal hegemonic order, built on an abiding sense of superiority and hierarchy with the US as its current order, a world made of territorially bound nation-states, has started declining, but what is to come after it is not at all certain. So, a multiplex world is the ideal that Acharya envisages. We shall return to this ideal shortly.

Although Acharya does not neglect the debate on the decline of the US as superpower and its implications for the liberal international order, he suggests that there is a bigger debate. He notes that in the mainstream the debate concerns fear of change and worries about what hegemon or group of hegemons might replace the US, and whether such powers would preserve or neglect the liberal hegemonic orientation of the world system. Acharya embraces and welcomes change rather than fearing it; he sees a world beyond US-led Western hegemony as not just desirable but also probable. However, the current debate allows very little space for imagining such a world, hence the fear that the US might be replaced by another hegemon without its assumed liberal credentials. His extensive discussion on the decline of the US as a

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<sup>1</sup> Polity Press, Cambridge, 2014

global hegemon centres on showing that the unipolar moment was an illusion believed by US scholars and politicians, promoted through the mass media, but without substance in the realities of the post-World War II world. The book contends that it is not just the unipolar moment that is coming to an end, but the entire liberal hegemonic order and its underpinnings. It sees this as entailing the decline of the normative power of American hegemony and the myths that it is built on. This means the end also of a world dominated by any single hegemon or group of superpowers. While Acharya sees the rise of emerging powers from the Global South as a significant development in this change, he does not foresee that these will take over from the US because the liberal hegemonic order has reached a dead end.

A chapter dedicated to the emerging powers demonstrates the complexities that accompany this emergence, showing that these powers are yet to demonstrate regional legitimacy or preparedness to present alternative visions either for the world generally or their global leadership. For Acharya, both the alarmist view dominated mainly by believers in the liberal hegemonic order and the view that proclaims a shift in global power as a result of the emerging powers exaggerate this emergence. In his view, these emerging powers do not represent or exhaust the possibility of an alternative, or post-hegemonic, world order.

The extent to which emerging powers would contribute to a fundamental change in the world order and the emergence of a non-hegemonic and alternative one is related to the orientation that they take towards the idea of a multiplex world. Such a world is not the multipolar world that Western thinkers expect, which is founded

on the same pillars as the current liberal hegemonic order in that a number of global hegemons compete or cooperate to maintain this world order. The decentred, non-hegemonic, multidimensional world implied by Acharya has a number of features that are discussed at length in this book. The first is regionalism, especially the growth in interregional cooperation that has emerged over the past few decades. The second is the dynamic interface of nation-states, regional communities, non-state actors and international institutions, because a multiplex world is likened to a multiplex cinema where many producers and actors stage their shows concurrently.

To extend the metaphor, Acharya discusses the way the American show in the theatre called the world is just one of the many films showing. US scholarship has created the illusion, also subscribed to by the rest of Western scholarship that this is the only show in town. Meanwhile, many shows are taking place and all of them are significant in creating the emerging world order.

The book is written with great simplicity and there is a clarity of argument that persists throughout. It would, however, have benefitted from illustrations and tables, including a geopolitical map illustrating the multiplex world discussed.

The book should prove useful to scholars and students interested in international relations, international politics, world history, diplomacy, US and Western hegemony, Global South studies, de-colonial and postcolonial studies and regionalism. It is also recommended for those outside the academy who are interested in understanding the world around them and appreciating the illusions that dominate our discourses today.

*Following the BRICS Summit in Goa, the Institute for Global Dialogue posed the following questions to Professor Godfrey Netswera, in his capacity as head of the South African BRICS Think Tank (SABTT) situated within the National Institute for the Humanities and Social Sciences (NIHSS).*

**What are the key responsibilities of the SABTT and when was it founded?**

The South African BRICS Think Tank (SABTT) was founded in 2013 but work on its establishment was already being entertained some time in 2012 by the Board and the Executive of the Human Sciences Research Council (HSRC). The SABTT occupies what is commonly referred to as Track 2 of the BRICS formation. Track 1 is the meeting of the political heads of the BRICS nations and Track 3 is the meeting of civil society formations in the BRICS nations, while Track 2 is academic engagements and exchange – the BRICS Think Tank Council (BTTC). The purpose of the SABTT, as is the case with the BRICS think tanks in the other four countries, is twofold: (1) advise government on BRICS-related policy initiatives, and (2) strengthen intellectual engagement and cooperation among intellectuals across the BRICS nations.

**How does its particular work stream feed into the BRICS processes, and how does it compare with its counterparts in the other BRICS countries?**

The SABTT's activities are informed by the BRICS Long Term Strategy (2030) which was endorsed at the Fortaleza BTTC meeting in Brazil. The Long Term Strategy identifies five important pillars:

1. Promoting cooperation for economic growth and development
2. The maintenance of peace and security
3. Social justice, sustainable development and quality of life
4. Political and economic governance
5. Achieving progress by sharing knowledge and innovation.

Work done on these themes in the form of policy recommendations and research collaborations enables the BRICS heads of state to take well-informed decisions and positions regarding BRICS. Research

collaborations also strengthen South–South relationships, which have historically been sacrificed in favour of the South–North relations manifesting from colonial linkages. A major rationale for the strength of South–North relations has been that the colonies have shared in cultural exchanges (academic, social, business, etc.) with their colonial masters. Sharing in the case of South–South relations requires more attention and focus in order to evolve a new knowledge development paradigm.

**How has the SABTT been involved in the 2016 BRICS Summit?**

In 2016 the presidency of the BTTC fell to India. The leadership of BRICS from the Indian side comprised a full-year programme that included, among other things, the BTTC meeting and the Academic Forum. Throughout the year India ran numerous consultative seminars with a focus on themes relating to their main interests, including but not limited to smart cities, energy and ICT. The SABTT identified and organised South African experts for these different themes, requesting them to prepare position papers on the themes, and subsequently presented a 'South African' position. The SABTT also participated in the crafting of the 2016 BTTC resolution which has far-reaching implications and which was conveyed to the heads of state at their meeting in Goa, India, which took place between 15 and 16 October 2016.

**Please elaborate on the BRICS Academic Forum and its key outcomes?**

The key outcomes of the BRICS Academic Forum, which took place in Goa between 19 and 22 September 2016, are captured in the BTTC resolutions document. Among others, the BRICS countries agreed and recommended the following:

- That the future of BRICS will be predicated on its ability to establish credible institutions, both formal and informal.
- The research agenda should be complemented with the creation of a BRICS research institution that is able to source and collate ideas and research studies on wide-ranging issues including economics, social and environmental studies, politics, internet governance, and security studies, from a pool of institutions within and outside BRICS.
- A unified BRICS position on matters of internet governance, e-commerce, cyber security and online privacy would contribute significantly to the development of global cyber norms.

The Forum recognised the need to look at the dynamics of the credit-rating and creditworthiness framework currently applied by developed world agencies. BRICS should develop a BRICS credit-rating mechanism that is not dependent on a biased assessment of sovereign, political or regulatory risks.

#### **How can scholars become involved in the work of the SABTT?**

The SABTT, which is hosted by the NIHSS, is only a secretariat of the BRICS Think Tank. Much of the work that is done regarding policy and intellectual engagement with the think tanks of other BRICS countries and cooperation with the BTTC takes place through the intellectual and academic functionaries, that is, South African higher education institutions, research councils and other local think tanks. The SABTT is constantly identifying experts working on various themes and seeks their participation for the purposes of authoring position papers and doing policy advisory work that informs South Africa.

#### **What opportunities are available for cooperation with other think tanks in South Africa, if any?**

By design, other South African based think tanks form part of our key stakeholders. Because of our newness, we have not been able to engage all existing research entities, or every single university or research council. The nature and focus of the SABTT business is such that delivery relating to our core business is dependent on the coordination of various intellectual institutions and individuals across the country.



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South African  
BRICS Think Tank

## **ABOUT IGD**

The Institute for Global Dialogue (IGD) is an independent South African-based foreign policy think tank dedicated to the analysis of, and dialogue on the evolving international political and economic environment and the role of Africa and South Africa. It advances a balanced, relevant and policy-oriented analysis, debate and documentation of South Africa's role in international relations and diplomacy.

The IGD strives for a prosperous and peaceful Africa in a progressive global order through cutting edge policy research and analysis, catalytic dialogue and stakeholder interface on global dynamics that have an impact on South Africa and Africa.

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