FOREIGN AND SECURITY POLICY 25.08.2023 | Bhaso Ndzendze

Growth at all costs?

The choice to expand the BRICS might bring an end to the group as we know it

Going into the 2023 BRICS Summit – the 15th such gathering of the leaders of Brazil, Russia, India, China and South Africa – there were two main expectations regarding the possible outcomes, both the subject of much speculation. The first was around 'de-dollarization', the second about expansion. While the former was consigned to further deliberation, the latter has delivered a shocking result with the admission of six new countries, to take up full membership in January 2024.

Underwhelming advances on 'de-dollarization'

There has been a remarkable consistency in the BRCS' declarations over the past 15 summits. The grouping has unfailingly touched on four themes in its annual deliberations. Firstly, it has reiterated the importance of multilateralism, an outcome of the global financial crisis and recession of 2008/9, and the resulting comparative decline of the West (exacerbated by the 2010 Eurozone crisis). Secondly, the grouping has emphasised continued economic growth, paying attention to progress on the MDGs and their successor, the SDGs. Thirdly, the group has been insistent on solidarity, often expressing support for one another's sovereignty and aspirations, particularly Brazil, India and South Africa's desires to join the UN Security Council – although China and Russia have been noncommittal on this.

Fourthly, the group has continuously insisted on the need to reform global governance structures to reflect the new reality of the emergence of major economies outside the North Atlantic, which dominated institutions since the end of World War II. Regarding this topic, the very first communiqué stated that 'the emerging and developing economies must have greater voice and representation in international financial institutions, whose heads and executives should be appointed through an open, transparent, and merit-based selection process.'

The wish for an own currency cannot be accomplished through summit declarations alone; it requires confidence by citizens and businesses in their fellow BRICS members' economic foundations, and, so far, they have been ambivalent towards each other.

What may be termed a fifth aspiration was apparent in the first summit's declaration but has sporadically been in and out of subsequent communiqués: 'We also believe that there is a strong need for a stable, predictable and more diversified international monetary system'. In recent years, particularly the last two, this aspiration has returned with regained importance. The impetus has been the Russia-Ukraine war, which has led to sanctions against Russia, and the country being denied the use of global payment systems. In much of the popular imagination leading up to the summit, the group was envisaged as being driven by the goal of forming a new currency. But this is not the case – and the host country's finance ministry has said as much. Nevertheless, the BRICS have committed to carrying out trade in their own currencies and not the US dollar – as was commonly the case.

The wish for an own currency cannot be accomplished through summit declarations alone; it requires confidence by citizens and businesses in their fellow BRICS members' economic foundations, and, so far, they have been ambivalent towards each other for various reasons. Part of the issue is that only China and India have genuinely growing and sustainable economies, with the other three members being in stagnation and decline since 2015. There is no incentive for these two states to accumulate the relatively unstable currencies of South Africa (rands) and Russia (rubbles) – the Brazilian real perhaps an exception.

On the currency discussion ended in an ambiguous statement by President Ramaphosa: 'As BRICS, we are ready to explore opportunities for improving the stability, reliability and fairness of the global financial architecture. The Summit agreed to task the BRICS Finance Ministers and/or Central Bank Governors, as appropriate, to consider the issue of local currencies, payment instruments and platforms, and report back to the BRICS leaders by the next Summit.'

What about expansion?

What did take place, however, was the highly anticipated and widely debated expansion of the BRICS. As President Ramaphosa put it: 'We have decided to invite the Argentine Republic, the Arab Republic of Egypt, the Federal Democratic Republic of Ethiopia, the Islamic

Republic of Iran, the Kingdom of Saudi Arabia and the United Arab Emirates (UAE) to become full members of BRICS.' The new countries are to take their place in January next year.

This might be looked at as the summit that brought an end to the BRICS as we had known it.

Yet, it is not the mere fact of expansion, but rather the character of expansion that matters. In this regard, the summit has delivered a poor result. The association has let in some new members whose presence might weaken the cohesion that has emerged over the past 15 years; Argentina has a notoriously unstable economy, with high indebtedness and unmanageable inflation (currently at 113 per cent). Iran and Saudi Arabia have been in a decades-long 'cold war' and have engaged in proxy competition in the Middle East. The new thaw in their relationship, facilitated by China in April, is still fresh and will need a few years to be considered permanent. The simultaneous addition of Egypt and Ethiopia could similarly undermine cohesion and result in potential conflict within the association, as the two are in dispute over the use of the Nile water following Ethiopia's completion of its Grand Ethiopian Renaissance Dam (GERD), which will curb Egypt's downstream supply. Conflicts between BRICS members China and India have been frequent, and, so far, the grouping has survived them – but why bring in new members with such fresh and potentially explosive conflicts of their own?

Conflict potential is one dimension in which this addition has been surprising. The other is their lack of ideological anchors with the vision of the BRICS if its goal is to represent an alternative to the West (at least for China and Russia). Some of the new members, particularly Saudi Arabia and the UAE are quite happy within the US-led order. Both have defence cooperation agreements with the US, with a reported 5,000 US military personnel stationed in the UAE's Al Dhafra Air Base and at least five US bases on Saudi territory. As the BRICS leaders met, another important discussion was taking place between Saudi Arabia and Israel on the establishment of diplomatic relations for the first time in history – facilitated by the US.

With these admissions, the group may be hoping to tilt the world

financially away from the dollar by enlisting countries with some of the highest reserves of the most traded commodity in the world – oil. But that would be a long-term strategy requiring a cohesiveness that is bound only to dwindle in light of the competing interests, identities and loyalties of the new members. Thus, eventually, this might instead be looked at as the summit that brought an end to the BRICS as we had known it.



Bhaso Ndzendze

Dr Bhaso Ndzendze is Associate Professor at the University of Johannesburg. He has published multiple books. His work is centred on modern Africa and international relations theory, with a focus on the continent's second independence (postcolonial) era.

-