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Günther Maihold

Beyond the Status Quo: BRICS+ and the Challenge to the G7

KEY MESSAGES

- Since the BRICS+’s challenge to the liberal international order has to do more with various particular issues than with an attempt to upend the norms that underpin the global order, the G7 should negotiate these issues in a step-by-step approach with the BRICS+
- The G7 should accept the challenge presented by BRICS+ and establish the groundwork for a long-lasting dialogue with both the BRICS bloc and its individual member states
- The BRICS+ expansion requires a great deal of openness on the part of the G7 to discuss and negotiate the pending issues of representation in the international financial organizations and the definition of positions regarding climate policy
- The G7 countries are being challenged to come up with new, competitive concepts for development finance and cooperation that present a visible difference to China’s offers of less conditional financial assistance
- With regard to the BRICS+ members’ strategy of multi-alignment and forum shopping, the G7 should provide integral responses to the demands presented in order to avoid a situation of diffuse challenges voiced in different international fora

BRICS+ is emerging as a new player on the global political stage that is emphatically calling for changes to the international economic order. While a common front of emerging economies and developing countries is showing major assertiveness in international politics, the nature of the BRICS+’s contention regarding the liberal international order (LIO) lies more

with various particular issues than with the norms that underpin the global order. Western countries have been criticized for not being able to control crises and wars and contain damage to other countries. Added to this is the accusation that sanctions, and unilateral and protectionist measures, restrict their economic development opportunities. The addressees of these demands are the industrialized countries (G7), which are accused of failing to meet the needs of the Global

South, not least because the multilateral financial organizations they control, such as the World Bank and the International Monetary Fund, as well as the World Trade Organization (WTO), are tailored to the interests of the developed nations.

The central question is whether BRICS+ challenges the G7 with a clear alternative to the established LIO, or whether it is rather an argument over representation (Newman and Zala 2018). What is clear is that the regional groupings within the LIO (e.g., East Asia and the Middle East) and the international regimes dealing with international trade, climate change, nuclear weapons, cyberspace, or international public health are being affected by different dynamics of rise, decline, and demise (Mauß 2018).

Therefore, policymakers should have a clear vision of the specifics of the challenges to different levels of the international order. With this in mind, the G7 should open a dialogue with the BRICS+ on various policy areas in order to find common ground, bearing in mind that the BRICS+ will act internationally more as a conservative “coalition of sovereign states” to resist perceived encroachments on the norm of sovereignty, rather than questioning the existing order as such.

A NEW ERA OF SOUTH-SOUTH COOPERATION

At first glance, the BRICS expansion appears to serve primarily China’s interest in increasing the number of supporters of its own model of world order. But one thing is clear: the existing BRICS members are not subordinating their national interests to China’s aspirations to become a great power. The heterogeneity of the BRICS is growing, as are the opportunities for cooperation. The new members bring additional potential for shaping intra-BRICS trade, be it in food markets, energy cooperation – or even additional contributions to the BRICS Development Bank from deep-pocketed Arab members to increase the capital available for investment and loans. This would make the BRICS+ countries and associated partner nations less dependent on conditional loans from the World Bank and the IMF.

BRICS+ will be a key actor in global risk areas, sending a strong signal that cooperation in the Global South will operate on its own terms. This new level of interaction is more about establishing parallel regimes – ranging from complementary to competing ones – that offer additional opportunities for member states and beyond, and less about undermining the principles that underpin the current international order and financial system.



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DE-DOLLARIZATION AND A SEPARATE RESERVE CURRENCY

Of particular importance in the summit's final declaration is the interest in decoupling the BRICS economic area from the dollar and establishing its own reserve currency. The dollar is used at present for 84.3 percent of global cross-border trade – compared to only 4.5 percent for the Chinese yuan. The BRICS states are keen to stop using the dollar as a unit of payment and account for intra-BRICS trade. If the BRICS manages to use the “Bric” as its currency for international trade to escape dollar hegemony, it would probably take the form of bilateral agreements. However, intra-BRICS trade is rather low, apart from bilateral trade with China, so the scope of such a decision would be limited, with all BRICS members continuing to use the dollar for a large part of their foreign trade.

From a geopolitical perspective, the pursuit of de-dollarization is linked to the interest in limiting the ability of the US to pursue its security interests with the help of financial sanctions. De-dollarization is in line with the BRICS+ countries' preference for strategic multi-alignment and forum shopping (Molavi 2023), and reflects to some extent a generalized anti-Western

sentiment in the defense of sovereignty and territorial integrity.

POLICY CONCLUSION

BRICS+ primary aspiration appears to be gaining recognition and status on the global stage, which should be recognized by the G7. The economic weight of the BRICS+ has been driven primarily by the rise of China, and greater internal BRICS+ convergence will require significant coordination efforts in the coming years. The international financial order is not on the verge of collapse in the face of the BRICS+ enlargement, but it is becoming clear that the West must open up to the interests of the Global South if it wants to avoid crises, overcome conflicts and solve global problems.

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