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Pádraig Carmody

BRICS' Enlargement: Power Expansion or Contraction in a Changing World Order?

KEY MESSAGES

- **The BRICS' expansion should be seen in the context of an ongoing challenge to the international order in general, and the West's competition with China and Russia in particular**
- **China views the current difficulties of the liberal international order as a moment of "strategic opportunity," prompting it to try to create new alliances to garner support as its economy stumbles and it experiences geopolitical pushback**
- **Given that oil remains central to the functioning of the world economy, the admission of new major producers into the bloc will potentially advance the members' energy security and de-dollarization agendas**
- **Whatever coherence the group had will now be further diluted, making the achievement of consensus more difficult**
- **This may be the first of further rounds of enlargement, depending on how this one plays out**

GLOBAL GEOPOLITICAL COMPETITION

During the Southern Hemisphere's winter of 2023, the BRICS members (Brazil, Russia, India, China, and South Africa) announced the enlargement of the bloc to include six additional members (three from Asia, two from Africa, and one from South America).¹ This enlargement took place in the context of rising geopolitical competition and tension between world powers and blocs, particularly the United States and the European Union ("the West") in relation to



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China and Russia. How should we read the nature and importance of this event, and what does it portend for future geoeconomic and political relations?

The world is undergoing a political, economic, social, and environmental transition (Macaes 2021). China has become a superpower, the post-World War II lib-

¹The new members to be admitted in 2024 are Saudi Arabia, Iran, the United Arab Emirates, Egypt, Ethiopia, and Argentina, whose newly elected president has decided not to join the BRICS.

eral international order is under great strain, trade wars have flared up (Inkster 2020), supply chains are disrupted (Ciccantell et al. 2023), the Russian invasion of Ukraine raises new security concerns, there is an upsurge in conflict in different regions of the world, and global warming continues unabated. Some of these events can be partially tied to relative American decline (de Waal 2023) and its international retraction after its post-invasion experiences in Iraq and Afghanistan.

The Chinese government views this as a period of "strategic opportunity" and argues "it is no longer acceptable that only a few countries dominate world economic development, control economic rules, and enjoy development fruits" (The State Council Information Office of the People's Republic of China 2023). The BRICS's expansion is partly aimed at reversing this situation, or as the Brazilian President put it at the recent summit of the grouping in South Africa, to "organize ourselves" (the Global South) (quoted in Reuters 2023). Perhaps this is somewhat ironic, as China has been one of the world's biggest beneficiaries of the existing international order, at least economically.

In part, the BRICS' expansion can be read as an outcome of both structural changes in the global political economy and shifting power balances, and as a response to events such as the Russian invasion of Ukraine and the Western response to it. US President Biden, mindful of the global struggle he perceives between democracies and autocracies, has established or rebooted new security institutions to bolster alliances, such as the Quad (Quadrilateral Security Dialogue between the US, Japan, Australia, and India) and the AUKUS security pact (Australia, UK, US), which will give Australia access to nuclear-powered submarines. The US has also convened a strategic "trilateral partnership" between itself, Japan, and South Korea, whose leaders will meet yearly.

While President Biden insists such initiatives are not designed to counter or "encircle" China but to strengthen alliances, that would not appear to be how it is being read in Beijing. In a sense these moves are recursive or dialectical. As China has become a superpower or is in the process of moving to "center stage" as President Xi has expressed it (quoted in Sterling 2018), it has begun to assert its interests much more aggressively. It has engaged in acts of economic and physical coercion, in the South China Sea for example, and issued a list of 14 grievances against Australia that it wanted addressed. In fact, the acting Chinese ambassador to

that country said the main issue was that the list should have been longer than fourteen points when the story broke (Hurst 2021). Consequently, we appear to be in a cycle of geopolitical and geoeconomic escalation between the superpowers, where one action generates an “equal” and “opposite” reaction, with international effects. This may be reflective of the so-called Thucydides trap, where an incumbent and rising power ultimately go to war (Allison 2017). The BRICS’ expansion should be seen in the context of, and partly as a response to, the expansion and deepening of US alliances, as well as also reflecting “the rise of the South” more generally.

THE NATURE AND MEANING OF BRICS EXPANSION

The BRICS expansion then could be seen in part as an outcome of China seeking to further marshal if not allies, then counterweights to Western dominance in the global political economy – perhaps the main *raison d’être* of the grouping. The fact that China is able to play a “brokering” role between former foes such as Iran and Saudi Arabia, which enabled them to re-establish diplomatic relations in 2023, speaks to the emerging multipolar world order (Acharya 2017), and China’s increasing structural, convening and market power. Both Saudi Arabia and Iran have now been admitted to the BRICS. There have also been other tensions between newly admitted members. For example, it is reported that Saudi Arabia massacred Ethiopian migrants on its borders in 2022 and 2023 (Human Rights Watch 2023).

From one perspective, the BRICS expansion could also be seen as a “natural” outgrowth of China’s continued ascent in the international system. China has been the largest economy in the world at purchasing power parity since 2013 and is by far the largest economy in the BRICS grouping, accounting for approximately 60 percent of its total economic output before expansion. Although China has been a major beneficiary of the liberal international order (Taylor 2017; Taylor and Cheng 2022), it is trying to reshape it in ways more favorable to it, perhaps with the ultimate aim of transforming it through its rise into a China-centered one as some have argued (Hobson and Zhang 2022; Zhonghe 2023). This has resulted in tensions with the United States in particular, but in contrast to the previous era of superpower competition, the “New Cold War” is centered on competition around and through networks, rather than territory per se (Schindler et al. 2023). However, while Schindler et al. (2023) focus on competition for centrality in infrastructure, digital, production and finance networks, achieving economic centrality in such networks is dependent on conducive and receptive political conditions in “gatekeeper states,” which allow territorial or data access, for example. Hence the growing importance of political networks

such as the BRICS+,² which help create the “soft” and other forms of power to facilitate this.

By way of illustration, Ethiopia used to be an “anchor state” for the United States in the Horn of Africa, but this is no longer the case (Verhoeven and Woldemariam 2022). In fact, almost immediately after its accession to the BRICS, Ethiopia announced that Russian Lada cars would be produced in the country (Dezan Shira and Associates 2023). Thus, geopolitical engagements may have concrete economic impacts, although recent US alliances are more focused on security to maintain status (war of position) than on economics (war of maneuver),³ given that the Biden administration has arguably maintained and enhanced an “America First” agenda through home-sourcing initiatives, such as the Inflation Reduction Act.

Another way to read the BRICS’ expansion, which is not incompatible with the above, is that China pushed expansion to counteract its faltering economic position, as we may have entered a period of “post-peak” China (Patten 2021). Several indicators point to this, such as that the economy is growing “only” at approximately 5 percent, that there is now 22 percent youth unemployment, and the Chinese President is urging youth to “eat bitterness,” as their forebears did (Yuan 2023). This means China is both seeking additional sources of economic growth, which may be facilitated through intra-BRICS(+) deals, and geopolitical support in its contest with the US.

Russia has been particularly keen on promoting de-dollarization of the global economy, particularly given the nature and impacts of the sanctions it and its financial institutions have faced since the Ukraine invasion. China has pioneered currency swap arrangements with dozens of countries around the world and has developed its own government-sponsored cryptocurrency. A new BRICS’s currency has been touted but would be difficult to implement in the absence of a joint central bank, unless it was a “trade currency” not used for domestic economic exchange; this remains, for the moment, unlikely. Still, oil is the world’s most important (primary) commodity traded (Bradshaw 2014), with an annual value of USD 2 trillion, twice the top ten metal markets combined. Oil is typically priced in US dollars, and as such is foundational to the dollarized nature of the global economy. The admission of Saudi Arabia and the UAE, both major oil producers, and Iran, which has substantial

² This is a mode of operation where other countries cooperate in BRICS’ initiatives, such as being members of the New Development, of which Egypt was a member prior to its formal admission (Devonshire-Ellis 2023).

³ I am borrowing this terminology from Gramsci (Gramsci and Buttigieg 1992), who used it to discuss different stages and tactics during class war or struggle between hegemonic and anti-hegemonic social blocs or forces. I am using it somewhat differently, in that the United States seeks to maintain old institutions and selectively create new ones that will bolster its leadership position – a largely conservative stance – whereas China seeks to reform and create new institutions that will facilitate its continued economic, political and military ascent in the international hierarchy. This non-reformist reformist position (Saul and Bond 2014) arguably requires more geopolitical innovation, and the BRICS grouping is an example of that.

oil reserves, could portend a partial de-dollarization of this market. India (a major importer) and the UAE (a major producer) have recently agreed to conduct trade in their own currencies (Aljazeera 2023). The UAE signed a “Common Economic Partnership Agreement” with India in 2022 (Jivrag 2023).

Another possibility would be the increased use of digital or crypto currencies between the BRICS members. China already has a “digital yuan,” for example, and, together with the UAE, recently joined a cross-border digital payments pilot with the Bank for International Settlements Innovation Hub, the Hong Kong Monetary Authority and the Bank of Thailand (Bank for International Settlements 2021).

Some have argued that Russia will inevitably be weakened by its Ukraine invasion, as it has become increasingly dependent on China, selling it oil and gas at heavily discounted rates. However, this partly depends on the outcome of the war and whether Western military and economic support for Ukraine holds, should there be a change of administration in Washington.

Some have also argued that the BRICS’ expansion makes it inchoate by including countries that may be unlikely to agree with each other or previous members, maintaining that the group is too diverse and diffuse to be able to reach a consensus on issues of common interest. However, all members of the group have an interest in the revision of the existing international order and in accessing the benefits that China, in particular, can potentially share with them such as market access, finance, and others.

POLICY CONCLUSION

How should the Western powers and other aligned countries such as Japan, South Korea, and Singapore respond to the BRICS expansion? What should the BRICS powers themselves prioritize in terms of reform of the international order to make it fairer? In a sense, and to mix metaphors, enhanced geopolitical and economic competition between the “great” powers is like moving chess pieces on the Titanic, given the existential threat and reality of global warming (Macaes 2021; Mora et al. 2013; Wallace-Wells 2019). This would suggest a twin track strategy of strengthening existing institutions that have a remit in this area, such as the United Nations, while also reforming them to make them more representative and inclusive (Farrell and Newman 2023). The Group of 20 (G20) started to meet yearly after 2008, partly in response to the North Atlantic Financial Crisis, but it has not proven to be a particularly effective institution, as it excludes the vast majority of the world’s countries (Wade and Vestergaard 2012). The Chinese president chose to skip its most recent meeting in India, perhaps signaling polarization and a decline in relevance, despite it becoming the G21 with the admission of the African Union as a member.

A reduction in dialogue and increase in conflict is counterproductive for all parties involved. While President Xi has said that geopolitical competition is more akin to a marathon than a wrestling match, this ignores its dysfunctional nature. While it may be in the perceived short-term interests of some parties to engage in such a competition, given the global climate and biodiversity challenges humanity faces, it is a distraction from the effective resolution of these more pressing issues. For example, it has been estimated that large swathes of China will become uninhabitable, with a “wet bulb” temperature of over 35 degrees Celsius (Chandler 2018).

The BRICS group already displayed substantial differences and tensions between some members – India and China in particular, which have frequently had border clashes – amongst other issues. The inclusion of other erstwhile enemies such as Iran and Saudi Arabia may further complicate things. However, they may still be able to achieve consensus on their core area of concern – the need to substantially reform or perhaps, over time to transcend, the liberal international order. This gives the group a powerful impetus and may also facilitate further rounds of expansion. More than 40 other countries have expressed interest in joining the group.

Whether this happens or not will depend in part on how the current round of expansion plays out and whether existing tensions can be kept within bounds to allow for greater coordination and cooperation on particular issues. The BRICS may do well to allow the new members to settle in and establish a *modus operandi* or *modus vivendi* before contemplating further expansion of the group. Nye (2022) argues that the US should engage China on issues of common interest and compete vigorously in others. This may be logical from a great-power competition perspective, but greater cooperation for humanity’s survival with require a change in mindset in China, the BRICS, and the Western powers alike.

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