

---

## Chapter II

# BRIC on BRIC

---

### II.1 Introduction: How Brazil, Russia, India, and China View BRIC by Martin Müller

Observers continue to stress that the BRIC states are a heterogeneous grouping, united more in their economic prowess and large population sizes than in shared values, cultures, or political regimes. The French term *bric-à-brac* has been used, sometimes in a dismissive way, to describe this motley mixture of political systems, economies, and cultures (cf. Chapter 4). It comes as little surprise then that the stances towards the BRIC as an organization are rather diverse, depending on which state one considers. This is what the present chapter does. It explains the BRIC countries' stance towards the new grouping, attempting to outline how they perceive the challenges and opportunities, how significant their commitment is to BRIC, and what priorities they associate with the grouping.

#### BRAZIL: BRIC = SOFT POWER BALANCING

Brazil is the BRIC country that has been most closely aligned with Western powers, in particular with the United States. From its engagement in World War II on the side of the Allies to its strident anti-Communist stance in the 1960s and 1970s, the largest South American republic seemed firmly in the camp of the West. Brazil secured considerable technical assistance from the United States and international agencies in return for support of Cold War policies. Yet at the same time, it has also been, since the 1940s, a vocal defender of what was then called underdeveloped countries.

Though long reluctant to do so, Brazil has in recent years engaged its neighbors more through projects such as the common market Mercosur, or the recent creation of the Union of South American Nations (UNASUR) with its long-range goal of regional integration. Yet there are analysts who argue that Brazil's overtures to its neighbors are of a rather strategic and cursory nature, since the country assumes it can become a global player without the backing

and the strong support of South America (Spektor 2011, 61). In fact, Brazil has experienced mixed success as a regional power and suffered continued setbacks, prompting one observer to call it a "leader without followers" (Malamud 2011, 1). Hence, the BRIC grouping offers the country a way of jumping to the global stage without having to take the detour of shoring up regional support first.

Brazil brings two major principles to the BRIC negotiating table. The first is its role as a soft power, or perhaps even "the quintessential soft power" (Sotero and Armijo 2007, 43). Brazil may be an emerging economic giant, but it pursues its aims not with brute military force but with diplomatic persuasiveness and cooperation. "Unlike its [BRIC] companions ... Brazil scares nobody" (Malamud 2011, 4). Because of its population and economic size, Brazil has the largest armed forces and the largest defense budget in Latin America. But unlike Russia or China it does not use them to leverage its influence in international affairs, but rather bolsters nonintervention, self-determination, and normative multilateralism as guiding principles and shies away from confrontation (Cervo 2008). For Brazil, BRIC is an amplifier to make its soft power voice heard in the world.

The second principle is the commitment to a more democratic and equitable world order. As Brazil's then President Lula explained after the first BRIC summit in Ekaterinburg in 2009:

*We live in the midst of superseded paradigms and discredited multilateral institutions ... Are the rich countries prepared to accept supranational supervision of the international financial system? ... Are they prepared to cover the costs of technological modernization so that people in developing countries can benefit from scientific advances without menacing the global environment? ... These are the questions that the BRICs want to have answered (cited in Armijo and Burges 2010, 35).*

For a long time, Brazil has acted as the champion of developing countries in its foreign policy, a *primus inter pares*. It has understood itself as a spokesperson for the global south and a multi-polar world order (Mielniczuk 2013, 1080). That role has solidified with the emergence of South-South cooperation and increased lending to developing countries in recent years, and Brazil wants to see BRIC following in these footsteps.

BRIC membership allows Brazil to garner greater recognition for its own concerns and those of the global south more broadly and give them more

weight in an effort that could be called soft power balancing (Flemes 2010). For Brazil, this soft power balancing happens both in the political and in the economic realm. In the political realm, it has long attempted to play a more influential role in global multilateral institutions, among others declaring its interest in a permanent seat on the UN Security Council. BRIC could provide a lever towards that goal, although China and Russia will be loath to put their privileges at stake. In the economic realm, Brazil has been active in pushing for a move away from the US dollar as the global reserve and trade currency and multilateral institutions such as the IMF or the World Bank. The establishment of the New Development Bank to lend to the BRICS states was an important step in that direction at the BRICS summit in 2014. It remains unclear, however, with what enthusiasm the Brazilian population will meet Brazil's advances to become a global power, given that domestic news dominate the media and election outcomes depend more on the government's domestic performance.

#### RUSSIA: BRIC = POWER MULTIPLIER

Of all BRIC states, Russia has displayed the greatest enthusiasm towards the concept from its fledgling stages. It initiated a gathering of the BRIC foreign ministers on the sidelines of the annual UN General Assembly in 2006 and hosted the first BRIC summit, which took place in Ekaterinburg in 2009 (see Chapter 5). Moscow's BRIC diplomacy has generally been considered as one of its more successful foreign policy ventures (Roberts 2010, 38). Different from most attempts to shore up power and gather the remains of states in the post-Soviet space through such organizations as the Commonwealth of Independent States (CIS) and the Collective Security Treaty Organization (CSTO), BRIC has proven a useful platform for Russia to project its power and interests. Given that on many accounts Russia is too small to assume the role of one of the leading powers in world politics, it jumped at the chance of orchestrating non-Western powers to form a geopolitical counterweight. A Russian commentator stated that

*it would be hard to imagine a better way to steer global politics in a non-Western direction than BRIC. Following the collapse of the Soviet Union, Russia was reduced to the level of a regional power. The concept of BRIC offers Russia a way to reassert its global aspirations and to draw attention to its economic progress (Lukyanov 2011).*

Unlike the economic rationale that gave rise to the term in O'Neill's analysis, for Russia, BRIC serves first and foremost political purposes and is perceived as an instrument for the Russian desire to shift the weight in global politics

away from Western centers of power (Roberts 2010). It is telling of the Russian stance towards BRIC that Foreign Minister Sergey Lavrov has called the group a "geopolitical association" (Lukyanov 2011). The BRIC states receive regular mention in foreign and security policy doctrines and figure as a prominent goal of Russian diplomacy in the annual "State of the Federation" address of the Russian President (Skak 2011). For Russia, then, BRIC presents a channel to foster the emergence of a multi-vector foreign policy and achieve more leverage in world politics than when acting on its own.

For the time being, BRIC remains for Russia a power multiplier through which it seeks to create broader support for its goals of a multi-polar world order. This goal has become even more important after increasing isolation following its annexation of Crimea in March 2014 and the stirring of violent conflict in Eastern Ukraine throughout 2014. As a consequence, Russia was excluded from the G8 in March 2014 and lost its seat at the table of the eight leading industrialized countries. The other BRIC states, by contrast, backed Russia's annexation of Crimea, sometimes even with zest (Keck 2014). US and EU sanctions against Russia, however, have also raised the economic importance of the BRIC. Russia signed a major deal to export gas to China in 2014 and started to increase its imports of beef from Brazil after it had banned food from the EU. With the diversification of energy supply away from Russia in the EU, the BRIC will become both a stronger market for exports as well as imports.

Yet, for Russia the geopolitical interest in the BRIC still dominates over the economic one. This is evidenced by the fact that Russia welcomed the inclusion of South Africa in the third BRIC summit, turning BRIC into BRICS (see Chapter 6). This move further dilutes the idea that BRIC should unite the future economic heavyweights—a definition which might include Russia by some stretch of imagination but certainly not South Africa—and advances BRICS along the lines of a political coalition critical of the dominant US and EU. While there is also a pragmatic element of economic cooperation, it comes in second place for Moscow. BRIC may be an umbrella to advance economic and technological modernization, but bilateral relations would suffice for this purpose as well.

#### CHINA: BRIC = COORDINATING CHINA'S RISE

While for Russia the dawn of a multi-polar age has broken, China is somewhat more cautious in its assessment of power in world politics. The Chinese leadership acknowledges that there are newly emerging powers (*xinxing*

*daguo*), but it does not subscribe to the view that the United States as hegemon has entered a terminal decline (Glosny 2010, 106–7). Unlike Russia it does not pursue a great power rhetoric and has been content, for the most part, with adopting the rule of a junior partner in its relationship with the United States. Until recently, China has focused on developing its economic prowess in a cautious strategy of peaceful rise and has not engaged in military sable-rattling vis-à-vis the US to the degree that Russia has done, although it has certainly become more assertive.

Instead, China relies on a strategy of soft power, cultivating relations and economic ties with states that often fly under the radar screen of Western diplomatic circles or heads of state that are considered *personae non gratae*, such as Russia's Vladimir Putin. It has actively pushed its influence in Africa through development aid and investment, without attaching the restrictive conditions that much of Western aid stipulates. It engages with failed states or global pariahs such as Yemen, Myanmar, Zimbabwe, and the Democratic Republic of the Congo, to name just a few, not only to get access to resources, but also to extend its political influence through securing the support of these states in international governing bodies. Neither does China hold at bay with critique of global giants, for instance when rebuking the US for its "debt addiction" in the wake of the revocation of the AAA rating in August 2011 and demanding the introduction of a stable and secured global reserve currency.

By virtue of the sheer size of its economy and its fast-paced growth, it is China which gives weight to the voice of the BRIC in the world. As the second largest global economy—soon to become the largest—the largest holder of foreign exchange reserves, a nuclear power, and permanent member of the UN Security Council, China brings the greatest assets to the BRIC table. US commentator David Rothkopf put it thus: "Without China, the BRICs are just the BRI, a bland, soft cheese that is primarily known for the wine that goes with it. China is the muscle of the group and the Chinese know it" (Rothkopf 2011, not paginated). As long as participation in the BRIC appears opportune, China is likely to support the concept. However, fears of a US backlash are too strong for China to attempt a redefinition of the world order through the BRIC instrument. For this reason, China's officials see "BRIC cooperation [as] open and transparent cooperation, not aimed at third parties" (quoted in Glosny 2010, 110).

Participation in BRIC serves a number of purposes for China. One is the creation of a peaceful international environment with major powers with which China shares a border. Relations with Russia and India have, at times,

seen great degrees of friction and BRIC may contribute to keeping tensions low, allowing China to devote its resources to economic modernization. A second purpose is the coordination of positions with other member states vis-à-vis developed economies and thus the establishment of greater bargaining power in international negotiations. In the wake of the financial crisis, for example, BRIC members issued a joint communiqué in which they called for a reform of the international financial system. In particular, they voiced the demand to establish IMF Special Drawing Rights alongside the US Dollar as a reserve currency, thus challenging the financial privilege of the United States. The appointment of a Chinese national to the position of Vice-President of the IMF in July 2011 was portrayed as a success not only for China, but for the cause of emerging and developing economies as a whole. Related to this coordination purpose is the function of BRIC as a smokescreen for China. As part of a group of countries, China can deflect unwanted negative attention from itself and its actions, in particular when criticizing the unfairness of the existing international order (Glosny 2010, 102).

All in all, China has embraced BRIC as a pragmatic format to create a peaceful and stable international environment, conducive to economic modernization and growth. At the moment, it is a convenient mechanism, which can demand changes of the *status quo* as a group without exposing any one member to Western criticism. China has shown reluctance, however, to let BRIC evolve into a political bloc pursuing radical change in the international order and seems to prefer keeping a low profile in international power politics—something that BRIC allows it to do.

#### INDIA: BRIC = WITH A LITTLE HELP FROM MY FRIENDS

India is the country which has come to BRIC with the greatest diffidence. Its rapid economic growth throughout the 1990s and 2000s, together with its rising population—projected to surpass China's around 2028—have fashioned it with a measure of political and economic weight that it has been reluctant to wield on the international stage. Figurehead of the Nonaligned Movement, India has long been content with balancing between the Soviet Union and the United States, not seeking greater influence on the global world order. This apathetic stance is complemented by its inward-looking orientation, where poverty, deficient infrastructure, corruption, and ethnic strife occupy domestic attention. Despite economic reforms in the early 1990s, India remains a relatively closed country to foreign investment, more so than its other BRIC partners, and it has also been slowest in outward foreign direct investment (see Chapter 4).

In other words, India, despite itself, is growing into a power to reckon with. Sinha and Dorschner argue that

*the declining ability of the U.S. to work unilaterally ... and the current financial crisis have projected more power to India than it has the capacity to digest or translate, ... propelling India to a status as a world power before India itself is ready for a global role. ... India still has not articulated a coherent strategic vision of what it hopes to achieve with its emergent power status and aspirations (Sinha and Dorschner 2010, 77).*

This is where BRIC comes in for India. Reluctant and indeed underprepared to go it alone, BRIC offers a protected forum and instrument for India to project its power in a multilateral setting, without exposing itself on its own to the vagaries of international politics. BRIC thus mediates India's rise and is a tool for gathering more cachet on the international stage, with a little help from weightier friends, without having to take explicit sides. Yes, India is in favor of a multi-polar world, but it has also taken great care not to alienate the United States and is unwilling to let BRIC evolve into an anti-US alliance (Malone 2011). This is where India's BRIC ambitions and visions differ from Russia's, for example. India brings its commitment to peaceful, gradual change into the BRIC grouping, underscoring the demand for greater participation from the global South in multilateral institutions such as the World Bank and the IMF and international governance structures. Similar to Brazil, India sees itself also an advocate of the concerns of the global south at large within BRIC.

In the economic realm, India has embraced liberalization since the 1990s and is now pushing for a more liberal global trade regime, although significant restrictions for foreign direct investment remain and some tariffs are still high to protect domestic industries. For India, BRIC constitutes a forum to facilitate negotiations of bilateral trade or investment deals with Brazil, Russia, and China. India's trade with Russia and Brazil has experienced strong growth, with crude oil, aircraft, and military supplies as major import goods, but concern remains about addressing growing trade deficits with the BRIC countries. India is also the BRIC member which stands to profit most from the new development bank, where lending could help to provide much-needed investment into infrastructure. India's major economic misgiving about BRIC will be how to avoid being cast in the role of the junior partner, given that many indicators rank it behind its BRIC colleagues. It has a higher share of people living in poverty and working in agriculture but a lower human development index and lower GDP per capita than all other BRIC states. It is thus important

to what degree India will be able to harness BRIC to become more productive, innovative, and attract investment that allows it to upgrade its position in the global value chains, rather than simply importing goods from abroad.

While BRIC could thus act as a catalyst for a new, strong India, it is unclear whether there are enough shared values and interests to support deeper integration. In particular, there remains significant competition between China and India. China lays claim to Arunachal Pradesh, while India argues for inclusion of a Tibetan region to Kashmir, a province it controls. Moreover, the two states frequently clash in the international arena, attempting to limit each other's international influence. China, for instance, has been blocking India's candidature to become a permanent member of the UN Security Council and has been asserting its presence in India's neighboring countries, such as Sri Lanka, Nepal, and the Maldives. In return, India has been pursuing its "Look East Policy" (LEP), established in 1991, which tightened trade and diplomatic relations with Vietnam, Malaysia, and especially Japan (Batabyal 2006). All in all, then, India sees both political and economic value in BRIC, but is unlikely to pursue much deeper integration between the states under current conditions.

## PROSPECTS

Critics may call BRIC a heterogeneous grouping and doubt its longevity and effectiveness for bringing about lasting change in the global economic and political order. Yet, despite some divergent views, BRIC states have also exhibited a remarkable degree of cohesion. Voting patterns at the UN General Assembly, for example, have not only been more coherent than those of the Security Council, but this coherence has even improved in recent years (Ferdinand 2014). The BRIC states are united in the belief that their voices are not heard enough in global decision-making and that their economic interests count for too little. This perceived marginalization is a powerful driver and since the beginning of the BRIC summits in 2009, the grouping has made considerable headway in advancing from political declarations to actions, not least by embracing South Africa as a new partner. The New Development Bank is the best example to date that BRIC is here to stay and make itself heard—for better or for worse.