Given their expanding economic size and increasingly active diplomacy, the BRICS countries are gradually gaining greater influence over the international decision-making process. Managing the influence of these emerging powers and reforming global institutions will become decisive issues for establishing an effective global governance system.

The slow pace of governance and quota reform at the IMF is a backward step. The US and Europe should truly raise emerging powers’ rights in return for an increase in financial contributions to the IMF. Both sides should treat the reform seriously.

The international community should encourage the five permanent members of the UN Security Council to offer emerging powers a non-permanent, but longer-term and more substantial standing on the Council. This would be a good way to preview the performance of emerging powers. Gradual changes to the Council may also be amenable and beneficial to established powers.

The deepening of cooperation between BRICS countries is resulting in some substantial institutional initiatives such as the creation of a New Development Bank. Such initiatives will open up to the developing world new resources, experiences, and an understanding of the priorities of emerging powers. The impact of such initiatives on existing international financial institutions is to be observed.

In general, an incremental and cooperative approach, guided by the mindset of cooperative stakeholders, might serve BRICS better in their efforts to transform the current world order peacefully and constructively.
Does BRICS Matter?

One prominent feature of the current international system is that several key emerging economies are gaining more space as influential global players. The acronym BRIC was firstly identified by Goldman Sachs in 2001 to characterize the growing economic potential of countries including Brazil, Russia, India and China. Since then the term BRIC has become a widely used symbol for the shifting of global economic power from developed economies to major developing countries. Goldman Sachs forecast that BRIC economies could become as large as the G7 economies by 2032. With South Africa joining in April 2011, the political implication and global character of the grouping was increased still further.

»Emerging economy« is a theoretical term employed to define the economic dynamics of developing countries. It does not, however, adequately reflect their geopolitical and foreign policy impact. Translating economic power into international influence, for instance by changing the way that a country is perceived or treated, or by contributing to international public goods, is a difficult process. Considering their increasing international influence, this article prefers to use the term emerging powers rather than emerging economies in order to describe the multi-dimensional power of BRICS members.

It is noteworthy that, with the exception of Russia, these emerging powers are for the first time in their history acting as real global players. China’s previous dominant influence was mainly established in the East Asian region during an era that preceded the modern international system based on state sovereignty. Similarly, India’s traditional power was mainly limited in the South Asian area. Both Brazil and South Africa have only a relatively short history as strong regional players and limited global participation experience.

As regional powers, BRICS countries realized that projecting their influence onto the global level cannot be achieved by relying exclusively on regional bases. In fact, their regional leadership is often still contested, both by regional rivals and global powers from other regions. Against this backdrop, most emerging powers adopt a global strategy to develop their international influence, while at the same time promoting regional cooperation. With their global strategy, emerging powers are transforming their role: not only are they important trading partners for the developed world, but also key development partners for the developing world. Despite these economic achievements, their limited experience and capacity as real global players means that it is still very difficult for these emerging powers to reshape the world.

In the past decade, the international community has witnessed BRICS members becoming more actively involved in world affairs. Individually, the BRICS countries are prominent regional players, maintaining regional security and dealing with economic challenges either by working through regional institutions or sometimes coordinating with major external players. The political responses to crises such as nuclear issues in North Korea and Iran, peacekeeping in Haiti, the coup d’état in Honduras, and the separation of the two Sudans, have involved BRICS members in either a supporting or lead capacity. Collectively, the BASIC (Brazil, South Africa, India and China) grouping has been working consistently on international climate change negotiations since the 2010 Copenhagen conference; the IBSA (India, Brazil and South Africa) grouping is working on promoting UN Security Council reform and regional development in Africa; and the BRICS grouping is aiming to build a fairer and more just world order by increasing the role of developing countries in the global governance system.

This proactive posture on the international stage reflects the fact that emerging powers see their future in a more deeply integrated role in the international system and the globalized world. In order to create a better external environment for their domestic development and to protect their increasing overseas interests, the BRICS nations have become an entity that is both exploring internal economic opportunities among its members while at the same time promoting the reform of the current global governance system. The reform of existing global institutions is becoming a priority for BRICS members. Such reform would enable these institutions to be used to protect the BRICS group’s increased systemic interests and to reflect their values and visions for the future world order. Exemplary for this heightened engagement in global governance, the subsequent sections will reflect on efforts undertaken by BRICS with regards to UN peacekeeping, the reform of the Security Council, the G20 and interna-

All BRICS countries are key UN members when it comes to maintaining international peace and security. Both China and Russia are permanent members of the UN Security Council. Others within the group are frequently elected as non-permanent members of the Council. In fact, in 2011 all BRICS countries were on the Council. Most of them make valuable contributions to UN peacekeeping operations by providing troops, training, or voting for supportive mandates. Besides peace operations, BRICS members consider the UN to be the most legitimate institution for adopting collective action for restoring and keeping peace such as preventive deployments and post-conflict peace-building. All member nations want the UN to play a central role in international peace and security affairs; a role that has expanded from international conflicts to domestic turmoil, global pandemics, transnational terrorism, and proliferation of weapons of mass destruction. In view of the importance of the UN in dealing with international security affairs, BRICS countries are trying to play a greater role within the UN framework, either by contributing more available resources or by promoting reform of the UN Security Council.

Most BRICS members are regular UN peacekeepers. These deployments enable emerging powers to assume their international responsibilities and, at the same time, to train and exercise the overseas military operation capacities of their armed forces. Policymakers in Brazil consider peacekeeping to be part of the price that the country has to pay to be among the nations that make the rules. As a result, the country has sent troops to take part in half of the approximately 60 UN operations since 1948. India has contributed nearly 100,000 troops, and participated in more than 40 missions, as well as continuing to provide eminent Force Commanders for UN Missions and training to military officers from many different countries. China now has a record of international peacekeeping commitments spanning the globe, which represents a big departure from the country’s unwillingness to support any peacekeeping mission during the 1970s. South Africa is also a major contributor to the UN’s peacekeeping efforts in Africa. Russia has contributed $22 million to the UN’s peacekeeping operations in Lebanon, Ivory Coast and in Darfur. A lack of sufficient funding is one of the main challenges for collective action at the UN. Declining military and financial contributions to UN peacekeeping operations from G7 countries, particularly as a result of the budgetary constraints triggered by the international financial crisis, have boosted the importance of the contributions of either military personnel or financial resources made by BRICS countries to UN peacekeeping.

UN peacekeeping is facing more complexity as internal conflicts have increased. Internal conflicts on the African continent, manifested by violent armed struggles between governments and opposition or militia groups, have repeatedly left BRICS facing dilemmas around the notion of sovereignty, especially when humanitarian crises require external intervention. The attitude of BRICS towards the concept of Responsibility to Protect (RtoP) is a key dimension for evaluating their depth of peacekeeping determination in this regard. RtoP, as it was adopted by all UN Member States in 2005, stipulates that each individual state has the responsibility to protect its populations from genocide, war crimes, ethnic cleansing and crimes against humanity. If a state cannot – or deliberately does not want to – assume this responsibility, the international community is tasked to step in and, as a last resort, the Security Council may have to authorize a coercive intervention. In general, BRICS countries are hesitant to vote for military action in the UN Security Council. This cautious posture can be explained by their history as victims of external power interventions: a process that resulted in the adoption of strict interpretations of sovereignty. It is in this light that recent voting on Libya and Syria has reflected the concerns of BRICS countries about UN Security Council resolutions being abused by Western powers. However, in the case of Libya, BRICS criticized the way that the intervention was implemented by NATO rather than the RtoP principle itself. Consequently, to prevent future abuses of the authorization of military means in RtoP cases, Brazil proposed the norm of »responsibility while protecting«.

4. See Bonny Ling, »China’s Peacekeeping Diplomacy,« International Relations and Institutions, No. 1, 2007, p. 47.
Though the UN upholds basic normative standards on the use of force, it will take emerging powers more time to accept RtoP than it took them to accept peacekeeping norms. It is difficult for emerging powers to acknowledge that human rights norms should be considered to have primacy over national sovereignty. This is partly because of their history of colonization and partly because, as rising powers, they have no intention of playing an aggressive international role. However, the increasing scope of their international ambitions, coupled with the growth in their vested interests overseas, has meant that emerging powers are being challenged to rethink their attitudes towards RtoP on two counts. The first challenge for BRICS countries is that by adopting an overly cautious or even a »non-cooperative« approach on RtoP, they might influence the chances for UN Security Council reform: established Western powers might conclude that a reformed UN Security Council with new BRICS members might make it even more difficult for the council to reach any resolution, thus reducing the political will of established powers to permanently accommodate these new powers within the UN Security Council. The second challenge for emerging powers is that their increasing overseas interests make it more difficult for them to stay away from countries that turn out to be RtoP cases. Emerging powers are becoming the main investors in, importers from, and exporters to regions where most peacekeeping efforts have been undertaken. In the Middle East for instance, China and India are the main importers of oil, but also the primary exporters of goods to the region. The Arab-South American summits have underlined the importance of the region for Brazil. Broader involvement of this kind might be creating opportunities for emerging powers to assume their responsibility. In the future, the decisions of BRICS countries on RtoP cases are therefore likely to be more pragmatic and interest-based rather than ideological.

Reforming the Security Council

The UN Security Council has frequently been criticized as a reflection of the world of 1945 rather than the world of today. The Council is seen as increasingly anachronistic, failing to reflect shifts in global power or include even a single country from Africa or Latin America on a permanent basis. Bringing the Security Council up to date is therefore the core item on the UN reform agenda. Under the leadership of then Secretary-General Kofi Annan, a High-Level Panel was created that came up with two alternative recommendations for reforming the Council. The first plan was to invite India, Japan, Brazil, Germany and two African states to join the Council as permanent members without a veto. The second plan was to adopt rotating members rather than add new permanent members. Resistance from regional peers and the unwillingness of the PS to push for real reform meant that neither plan was able to muster sufficient support. Without a determined drive under US leadership, the necessary regional consensus, and an imperative systemic threat to global security, the obstacles to reform of the Council seem insurmountable. Even if the BRICS‘ non-permanent Council members, together with Germany and Japan, could win two-thirds of the UN General Assembly, the decision would still require domestic legislative ratification by two-thirds of the member states, including all P5 members.

The growing influence in global governance of regional institutions and the politics of groupings composed by different states for different topics makes it imperative to reform the composition of the Council and to make it more effective. In general, BRICS is a relevant group in the debate around Council reform. Two of its members, namely China and Russia, are permanent members of the Council, while the other three are among the most prominent candidates for future permanent membership. All BRICS members agree that the UN needs comprehensive reform, including reform of the Security Council to make it more effective, efficient and representative. After the first round of BRICS summits, it has become clear that, although they support the aspirations of Brazil, India and South Africa to play a greater role in the UN, China and Russia do not explicitly back the ambition of these countries to become permanent members of the UN Security Council. Any forging of a clear, unified and firm position among the BRICS nations on this question would surely change the dynamics of Council reform.

As for the established Western powers, their biggest concern is the uncertainty about how emerging powers would behave if they did obtain permanent seats on the Council. Even though Brazil, India and South Africa are emerging major democracies, their approach to international affairs tends to be similar to that adopted by the global South. As discussed above, emerging powers are hesitant to use the Council’s coercive tools to defend international norms. For instance, there has been concern
that India might try to import its nonaligned rhetoric into the Council. Conversely, its aggressive approach during the Apartheid period and its desire to play a leadership role in Africa have made South Africa very reluctant to tackle regional instability by contributing to any external intervention. It clearly prefers regional solutions to regional affairs. In another example, Brazil’s efforts, together with Turkey, to mediate in the Iranian nuclear issue in 2010 were not appreciated by the P5 of the Security Council. Brazil’s closing ranks with other BRICS members in the Council votes on Libya and Syria also left a negative impression among established Western powers. After what they saw as the bad precedent set by the Libya case, the BRICS group united to oppose the stance taken by Western powers and prevent a repetition in the Syrian crisis. As debates on norms like the protection of civilians in armed conflicts and RtoP have reflected the lack of consensus between emerging and established powers, the latter have felt less inclined to go along with the push for reform of the Council’s composition.

Some commentators have argued that it is important to discard the concept of a single BRIC bloc in order to understand the future prospects for the UN. According to this line of reasoning, there are three categories of power. The US is in a category by itself and prefers direct action. The second category comprises the other four permanent members of the Security Council. These countries are skeptical about Council reform, which they fear would dilute their influence. The third category is the have-nots, including half of the BRICS group. For them, Council expansion would bring prestige, influence and bargaining power, but little actual responsibility or commitment since they are not well enough prepared to assume great power responsibilities abroad. What emerges is a complicated picture of the Council reform efforts. Without mutual trust based on common norms, behavioral approaches, and shared interests, it is difficult to see substantial reform of the Security Council. The political unity among BRICS members still lags far behind their aspiration to reform the UN system. Tensions in Sino-Indian relations over the Dalai Lama and border disputes between the two sides are just two issues that complicate efforts to reach a consensus on India’s permanent Council seat.

The G20 and the Reform of International Financial Institutions

The story of the evolution of the G20 has a lot to tell us about the complexity of today’s world economy and the rising influence of emerging economies in its management. The G20 summit is the first international platform with a structure that fundamentally reflects the distribution of economic power in today’s world. The countries around the table account for about 85 percent of global GDP. The group was established at the level of finance ministers in 1999 in a bid to solve the problems facing emerging economies as a result of the Asian financial crisis. G20 meetings were promoted to a summit level, not least with the help of China and Brazil, and mainly with the goal of tackling the problems then facing developed economies due to the financial crisis of 2008. But the G20 summit was not only created to solve the problems of developed economies with the help of emerging economies, but also to maintain stability in the world economy by universally managing the impact of highly-risk financial instruments.

The first BRIC summit also took place during the 2008 financial crisis, focusing on how to understand the crisis and how to work together within the G20 to reform international financial institutions. The main achievements of the G20 included a $1.1 trillion global recovery plan and increased IME resources. BRICS countries in particular contributed to both packages. China launched an impressive domestic stimulus plan while Brazil transformed itself from being a decade-long debtor into a key contributor to the IMF. In exchange, the IMF Governing Board agreed on a transfer of IMF voting shares to emerging economies. Also, other governance efforts, such as the G20’s initiatives on a Financial Stability Board, financial regulatory policies, mutual assessment mechanisms, and the development agenda, are all highly relevant to the futures and concerns of emerging economies.

7. See G. John Ikenberry & Thomas Wright, Rising Powers and Global Institutions, the Century Foundation, 2008, pp. 1-34.
In all these bodies, BRICS countries have augmented their legitimacy through their increased integration into the world economic system. All of them are major economies in their own regions and influential members in the World Trade Organization. Its newly-obtained WTO membership might improve Russia’s economic outlook, especially given that the country’s financial power is relatively small and its political leverage is largely based on the influence of the Russian energy sector on consumers in Europe and Asia. China and Brazil were the main beneficiaries of the IMF quota reform in 2008. Brazil, China, Russia and India were the major bonds buyers of the total IMF quota increase as part of the 2009 reform. Emerging powers China, India, Russia and Brazil will see their quota shares increase from 3.996%, 2.442%, 2.494% and 1.783% in 2008 to 6.394%, 2.751%, 2.706% and 2.316% respectively. The structure of the Board of Directors will be adjusted to minimize the privileges of European countries by reducing the number of their directors by two, and by ensuring that all directors are elected rather than appointed.

Under the current international monetary system, BRICS countries have accumulated huge foreign reserves. In view of the devaluation challenge of these reserves for the US Federal Reserve’s quantitative easing monetary policy, emerging powers have suggested either promoting the status of Special Drawing Rights (SDR) or pushing forward the internationalization of their own currencies. From the perspective of the BRICS grouping, there are some aspects that need to be reformed. Firstly, the diversification of international reserve currencies should be accelerated, and a rational international currency system is needed. Secondly, disequilibrium in the balance of payments on a global scale is of serious concern. Since the late 1990s, the current account surplus in emerging markets has been increasing while the current account deficit in the United States as an investment destination for emerging markets has been increasing. Thirdly, the decision-making mechanism at the IMF is dominated by a few actors, such as the United States and European countries. The mechanisms for selecting senior IMF managers are not transparent, and the standard criteria are based on nationality rather than expertise. Fourthly, the funding resources available to the IMF are limited and an approach based on increasing contributions from emerging economies in exchange for voting share reform is needed. Lastly, the IMF needs to enhance its role in regulating and supervising international financial markets to avoid systemic risks.

Both the G20 and institutions like the IMF are working hard to prevent the collapse of the international economic system. All major economies are supporting these efforts. However, there is intense competition among the major economies within the G20 and other relevant institutions for special interests and influence. While the United States and other major powers share a compelling interest in protecting the global system from collapse, within that system they have every incentive to compete for political and economic gain. The US and Europe should transfer some rights to the emerging powers in exchange for a greater contribution of financial resources to the IMF. With the increasing diffusion of global power, any reform of international institutions will be impossible without positive cooperation between both established and emerging IMF members. However, the slow pace of the recovery of the world economy has prompted stakeholders from the developed world to express less willingness to implement the agreed 2010 IMF governance and quota reform. Backward steps like this might well reduce the impetus among BRICS to cooperate with developed countries within the G20 framework.

Prospect of New Development Bank

The fifth BRICS summit in South Africa on 27 March 2013 took place under the overarching banner of “BRICS and Africa: Partnership for Development, Integration and Industrialization”. The fifth gathering was important not only because it successfully concluded the first cycle of BRICS summits, but also because of the broad agenda and the institutional and substantial initiatives that were approved. Among these, the decision to establish a New Development Bank is the most relevant development for the rest of the world. The initiative was originally raised during the BRICS summit in India. The feasibility and viability of setting up such a bank were reviewed over the period of a year before the fifth BRICS summit decided...
to go ahead and establish the New Development Bank. Though the headquarters, head, and initial contribution and funding allotments are still to be decided, the summit statement says that initial contributions to the Bank should be substantial and sufficient for it to be effective in financing infrastructure.

The initiative to establish a New Development Bank is a part of general efforts on the part of the BRICS group to promote international development and reflects their understanding of where the priorities lie when it comes to promoting development. According to current information, the Bank will mainly provide financial support to infrastructure projects in developing countries. From the perspective of both BRICS members and most African countries, infrastructure spending is a key item for sustainable development. But the fact is that infrastructure development in developing countries still lacks sufficient long-term financing and foreign direct investment, especially investment in capital stock. Furthermore, investing in infrastructure is not a priority for the World Bank’s loan policy. African countries hope the New Development Bank will also enable foreign reserves built up by BRICS members to be invested in their continent’s infrastructure sector.

The question of the future relationship between the New Development Bank and the World Bank is a big concern for developed countries and developing ones alike. As a newly established bank, the New Development Bank will have a lot to learn from the World Bank while, at the same time, encouraging the World Bank to rethink its policies on international development. Some observers have already predicted that there will be competition between the two banks as the emerging-market institution has the potential to lend more capital at cheaper rates and with less conditionality than traditional Washington facilities. Whatever their relationship, the New Development Bank will provide additional financial sources for developing countries, which is likely to have a very positive impact on efforts to improve the current global governance system. One thing is clear: investing in infrastructure represents a solid investment in the future.

Conclusion

With their increasingly comprehensive power, BRICS countries will definitely have the capacity to contribute more to international public goods. The agenda at the fifth BRICS summit included almost all the major issues currently facing the world: international security, development, the world economy and human rights, etc. This was not just in response to calls from the international community to face up to daunting global challenges. The BRICS know that it is in their own interest to raise their international status and protect their expanding global interests. To deliver such goods, BRICS states will mainly work through current international institutions such as the UN and IMF; however most of these institutions continue to be dominated by the interests and norms of Western powers. A mutual and gradual process of adaptation will be required to accommodate emerging powers into the system. The key to this process will be a cooperative spirit and a pragmatic approach rather than any zero-sum game or block thinking.

Since the current global governance structure has mainly been created and led by established Western powers, emerging powers should use their collective influence to reshape the international system to reflect their own concerns. With the emergence of the G20 summits, the old pattern of G8+5 or Outreach 5, with its unequal and ad hoc character, has lost its dynamic. The BRIC/BRICS summit was initiated to create a new platform for emerging powers to work together as a group of rising powers that are both willing and able to play a collective role in international affairs. What emerging powers are pursuing collectively is a new international political and economic order built on the principles of multi-polarity, justice, fairness and democracy. As newly influential members of the current international system, emerging powers wish to increase their voice in the global governance structure in order to reflect their perspectives and interests. They are working together to make global governance structures more representative and effective through peaceful and gradual reforms. In this context, the BRICS group is not conceived as a counterbalance to the established western powers; it seeks instead to pursue a more effective or equal interaction with them to build a better world order for humanity.

BRICS remain wary of becoming »responsible stakeholders« or partners in maintaining the Western order.14 Emerging powers resisted many Western liberal policies, from humanitarian interventions to financial deregulation, and object to conditionality requirements imposed by Western dominated institutions. The sluggish efforts of developed partners to reform the current international financial institutions have also reduced the willingness among BRICS members to cooperate. The creation of the New Development Bank is an important initiative because it will contribute to global governance in a way that the BRICS feel is appropriate. This might all appear to be a catalogue of reasons why Western countries might see the BRICS as a stumbling block rather than a progressive force. But a reluctance on the part of Western countries to cooperate in reforming current institutions is perhaps making just as much of a contribution to the problem. As to reform of the Security Council: the international community could encourage the P5 to accommodate emerging powers by providing 2 or 3 long-term rotating seats within the UN Security Council, and ensuring that these seats are open to all countries and can be reelected every six years. Offering them a more substantial standing on the Council would be a good way of previewing the performance of emerging powers.

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