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News / Explained / Explained Global / BRICS FM meeting in South Africa: What's on the agenda?

Premium

BRICS FM meeting in South Africa: What's on the agenda?

The grouping of Brazil, Russia, India, China and South Africa is considering whether to add new members and to look seriously at a common currency. Both proposals involve making complex choices.

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(From left) Foreign Ministers Qin Gang (China), Mauro Vieira (Brazil), Naledi Pandor (South Africa), Sergey Lavrov (Russia) and S Jaishankar (India) at a meeting in Cape Town, South Africa, on Thursday. (AP)

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External Affairs Minister S Jaishankar is in Cape Town, South Africa, to attend a meeting of the foreign ministers of BRICS — a grouping comprising Brazil, Russia, India, China and South Africa, which is seen as the closest that the ‘Global South’ has come to organising itself as a collective to challenge a western global narrative.

The foreign ministers’ meeting will finalise the agenda for the 15th BRICS summit scheduled to be held in South Africa in August. Two items on the agenda are attracting notice for their potential for a greater geopolitical consolidation of the grouping: a plan to expand the membership of BRICS, and a common currency.

South Africa, which is in the chair this year, is hosting a Friends of BRICS meeting on Friday, with 15 foreign ministers from Africa and the Global South.

Looking for multipolarity

As many as 19 countries are said to be in the queue to join BRICS. Among the countries that have been mentioned frequently since last year: Argentina, Nicaragua, Mexico, Uruguay, Venezuela from Latin America; Nigeria, Algeria, Egypt,

Senegal, Morocco from Africa; Saudi Arabia, the UAE, Türkiye, Syria, Iran from West Asia; Kazakhstan from Central Asia; Bangladesh and Afghanistan from South Asia; and Indonesia and Thailand from South-east Asia.

It is not clear which countries might be admitted, but any expansion can be seen as strengthening the group's heft as a spokesperson of the developing world. By admitting some key countries in the list, BRICS could lay claim to representing more than half the world's population. Significantly, the list includes big oil producers Saudi, Iran, the UAE, Nigeria, and Venezuela.

Rajiv Bhatia, Distinguished Fellow at the policy think tank Gateway House and a former Indian diplomat, said the **rush towards BRICS is driven by two basic impulses**: “First, there is considerable anti-US sentiment in the world, and all these countries are looking for a grouping where they can use that sentiment to gather together. Second, there is a lot of appetite for multipolarity, for a platform where countries of the Global South can express their solidarity.”

China in BRICS

The idea of BRICS came between 2001 and 2003 from then Goldman Sachs chief economist Jim O'Neill, who projected that the four emerging markets of Brazil, Russia, India, and China would be the future economic powerhouses of the world, with South Africa being added later.

While the economic performance of BRICS has been mixed, **the war in Ukraine — which has brought the West together on the one hand and strengthened the China-Russia partnership on the other** — has turned it into an aspiring bloc that appears to be challenging the western geopolitical view.

China is driving the expansion of the group. After a meeting of BRICS officials in February, China's foreign office said “membership expansion has become part of the core agenda of BRICS”, but sought to dispel the impression that this was intended to create a bloc.

“Rather, it is for the purpose of creating a bigger living space for the Global South,” the statement said — and quoted South Africa's President Cyril Ramaphosa's view

that BRICS was about allowing the “voices of the marginalised to actually be heard”.

Significantly, China does not use the word multipolarity — instead using “multilateralism” whenever it hits out at “US hegemony”. The theme of BRICS 2023 is: “BRICS and Africa: Partnership for Mutually Accelerated Growth, Sustainable Development, and Inclusive Multilateralism”.

India in BRICS

If India's presence at the G7 summit in Hiroshima, where Prime Minister Narendra Modi also participated in an informal Quad summit, was seen as a sign of New Delhi's US tilt, the importance it attaches to the “anti-West” BRICS is an apparent contradiction — much like the several others it has negotiated through the last year.

Bhatia said India should not be seen as ganging up with an anti-West coalition. “A lot of countries are misunderstanding this. India is also part of the Shanghai Cooperation Organisation (SCO), and despite problems, it has relations with Russia, with China. While China does want BRICS to be an anti-western group, the Indian view is that it is a “non-western” group and should stay that way,” he said.

Some analysts see BRICS as an improbable grouping, with hostiles like India and China unlikely to ever find common ground — a situation that could get pronounced as it adds members. One view on the expanding membership is that it could sideline India's role in the group.

Common currency

The idea of a common currency was proposed by Russia's President Vladimir Putin at the Beijing BRICS summit last year. The idea got a cautious reception, with the leaders deciding to set up a committee to study its viability.

The last year of war has seen economies around the world feel the impact of the sanctions on Russia, the resultant spike in energy prices, combined with the rising value of the dollar. An insulation from the dollar is a tempting proposal, but not all members believe that it is an idea whose time has come.

South African foreign minister Naledi Pandor told Bloomberg earlier this year that the idea needed to be “properly” discussed. “I don't think we should always assume

the idea will work, because economics is very difficult and you have to have regard to all countries, especially in a situation of low growth when you are emerging from crises,” she said.

There are other complications, such as the setting up of a common central bank of member countries that have different economic and political systems and are located on different continents.

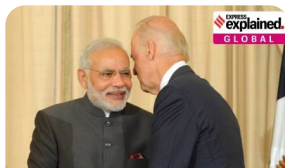
An option is for members to trade with each other in their respective currencies — but as the India-Russia example has shown, this is not easy either. Moscow wants payments in dollars because it does not import enough from India to use rupee payments. Negotiations are stuck.

Asked if India was on board with the idea of a common currency, Jaishankar told a press conference in Mozambique in April: “Individual countries have their own position on the matter.”

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China has hit out against the “hegemony of the US dollar” as the source of all instability in the world, and is already trying to push the yuan as a trading currency in Central Asia. But there is no evidence that it is ready to dump the dollar yet.

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