

Does the BRICS Represent a Challenge to the Global Governance System?

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Firstly, BRICS-created institutions like the New Development Bank [NDB] challenge traditionally Northern-led institutions and are increasingly attractive to developing nations. The BRICS created these in response to their demands for increased leverage in traditional Northern controlled institutions being largely ignored (Cooper and Thakur 2023); their frustration with the international economic order, the shifting balance of economic power between existing powers and the rising global south, and to search for a new equilibrium in the international economic order (BRIC 2009). Additionally, there was frustration at the World Bank's and other institutions' inability to meet financing needs in the global south (Griffith-Jones 2014). Furthermore, in response to their fear of losing control of global governance, the Northern world has offered only limited concessions (Suchodolski & Demeulemeester 2018, Oxfam International 2022, Menegazzi 2019).

Economically, through these institutions, the BRICS offer 'Beijing Consensus' policies involving state-led development, gradual reform, industrial investment and selective engagement with global markets (Asongu and AchaAnyi 2019) differing from Northern institutions which offer free market, capitalist policies with less government intervention (Robinson, 2015, p. 4). Because of this Northern dominance, the BRICS attempts to adopt this gradual reform have been limited and so they have adopted new institutions to effect change (Cooper and Thakur 2023).

The NDB is on its way to challenge the dominance of the Northern-led World Bank [WB]. Its first round of loans in 2016 was worth \$811 million US dollars [USD], but by 2023 that had grown to \$32.8 billion in development loans to member states (New Development Bank), often in growing areas like renewable energy (Cooper 2017). While the WB has much higher funding initiatives, spending USD 128 billion in 2023 (World Bank 2023a), this rapid growth shows that the NDB is on its way to reforming the system, despite their claims to the contrary (New Development Bank Board of Governors 2021, BBC 2015).

The majority of projects are still dealt with through USD, but the increasing use of local currency loans by the NDB compared to the WB is a step towards challenging the unipolarity of the USD (Liu and Papa 2022, Noffof 2023), reflecting global patterns by the global south towards the use of local currencies (Tran 2023, European Bank for Reconstruction and Development 2024). The 2023 BRICS summit agreed to promote local currency use among payments between member countries (Cele and Vanek 2023), with institutional action towards this like BRICS Pay and the BRICS Interbank Cooperation Mechanism complementing existing bilateral agreements on expanding local currency use (Papa 2023,

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BRICS PAY 2018). These loans help countries reduce foreign exchange risks therefore helping the NDB become increasingly popular against the WB, as reflected in its increasing popularity and the aims of the global south to de-dollarize the world economy, particularly in the face of US sanctions against Russia (The Week 2023).

Additionally, BRICS-led institutions including the NDB offer less conditionality on loans (Wang 2019). This reflecting global trends (ibid), has made it more attractive to developing countries that previously were not able to access, or had stricter conditions on, access to loans from Northern-controlled institutions, like the WB (ibid) mirroring WB local currency loans but with less conditionality attached (Liu and Papa 2022). This has helped to expand the influence of the NDB, with Bangladesh, the United Arab Emirates and Egypt joining in 2021 and 2023, and Uruguay a prospective member. It is shown above that BRICS institutions like the NDB are increasingly attractive to developing nations, which is helping to reform the global governance system.

Secondly, BRICS political and economic expansion and growth is leading to reform of the global governance system. The grouping has expanded recently to eleven nations, with the recent inclusion of 6 new influential global south nations, including Saudi Arabia, Iran, Egypt, Ethiopia, Argentina and the United Arab Emirates (Mia et al. 2023), with reports of additional countries interested in joining (Green 2023). It is now bigger economically and population-wise than the G7, which Russia and China aim to challenge while Brazil, India, and South Africa actively participate on the sidelines of G7 summits presenting a more moderate approach. This BRICS expansion is attractive to developing nations because BRICS now represents 46% of the world's population (Boillot 2024), 37% of the Gross Domestic Product [GDP] (European Parliament 2024), and the five founding members represent 16% of international trade (Kachipande 2022).

The different ways expansion has occurred have varied, with BRICS containing diverse economies and rising geopolitical powers (Mia et al. 2023). The BRICS is attractive to developing nations because of this diversity, unlike the North (Duggan et al. 2021) which represents Western nations as a majority. For example, BRICS nations have varied systems outside of liberal capitalist systems unlike the North, with authoritarian dictatorships and democracies alike (V-Dem Institute 2022). This means that developing countries have access to financing through BRICS that was previously unavailable because of Northern restrictions on lending and funding to countries that had different political and economic systems or lower relative economic wealth (Vinjamuri et al. 2022). Additionally, developing nations through BRICS, have a bigger influence on geopolitics as opposed to the extremely limited concessions offered by the global North in their institutions (Suchodolski and Demeulemeester 2018).

BRICS institutions like the NDB were created, led by and for the emerging countries, where founding nations have equal financial responsibilities and voting power, including no veto

power (BRICS Policy Center 2018) and in the Contingent Reserve Arrangement consensus decision-making (Luo and Yang 2021), as compared to Western institutions where the BRICS were frustrated (BRICS 2022), that often advanced economies hold majority power and are seen as pushing ‘Western agendas’ (Khanna 2014). This differs from BRICS, where non-interference and less loan conditionality are integral (Kachipande 2022). For example, Saudi Arabia joined BRICS to enhance its independence and diversify alliances from the West (Bani Hamim 2023), leveraging the power of BRICS to present itself as a non-aligned power. South Africa's championing for global reform within BRICS has been more effective than its previous unitary calls (Asuelime 2018).

BRICS becomes more attractive to the global south as the North attempts to hold onto its position of dominance in global governance (Duggan et al. 2021) for example as the US becomes increasingly uncooperative and uses its dominance to punish countries it disagrees with, including sanctioning Russia (Feaver & Forber 2015), and Turkey (Pompeo 2020). This is only increasing as the North attempts to hold onto its dominance of global governance which is being challenged. However, within the NDB 55% of voting power is required to be for the founding members, presenting a challenge to the narrative of equity for all nations as BRICS expands.

Furthermore, the potential for increasing trade cooperation in the global south and among BRICS could be higher than in developed countries (Muhr 2016), building on the existing power alliances and multilateral frameworks of BRICS nations with the global south. This includes that exports among themselves surpass exports to developed economies, higher growth rates in developing economies overall (International Monetary Fund 2024), and the high potential for increasing trade liberalisation and industrial cooperation emphasised by increasing regional trade agreements being signed compared to Northern nations. Therefore, in this argument, it was shown that the increasing economic and political expansion and growth of the BRICS is driving reform of the global governance system.

Thirdly, the BRICS have shared interests but also divergent security and economic systems and interests that have led to challenges to their collaboration to enact reform. Their shared interests include valuing others respecting their national sovereignty, emphasising economic growth and development, and viewing the current multilateral order, in which they are underrepresented, as uneven (Kachipande 2022), despite not having a common overall grand vision.

Economically the BRICS countries are driven by varied means, which makes it hard to build collaborative economic policy compared to Western economies that share similar economic systems and interests (Moosa 2023). Furthermore, China economically dominates with a GDP higher than all other BRICS countries combined (International Monetary Fund 2024) and an economy more in common with advanced economies. However, the BRICS founding

members all have equal voting power in institutions like the NDB which somewhat helps to mitigate this.

As noted earlier, the BRICS having different political systems, ranging from authoritarian dictatorships to democracy makes agreement harder on global governance issues. However, their explicit non-interference platform helps in avoiding this issue, despite differences in global ambitions between non-aligned nations and more explicitly anti-Western nations like Russia and China signified for example by their views on the G7 as earlier mentioned. Politically, the BRICS have used their political weight to advance their views, expressing different views to the North on the Russia-Ukraine conflict and in 2012 on Syria and Iran, and yet expressing different views among themselves on applying democracy in Syria later that year while not splintering as a grouping (Cooper and Thakur 2023). BRICS also face the challenges of avoiding geopolitical and historical rivalries, including between India and China as well as Iran and Saudi Arabia.

However, despite these factors, we have still seen increasing inequality, polarisation and fragmentation of the global south, including asymmetric growth, trade imbalances, and issues created by foreign direct investment, including weak productivity and technological growth, thin industrialisation, and rising social inequality (Duggan et al. 2021). The Global South is tackling these issues through increasing south-to-south interstate cooperation and BRICS institutions facilitating cooperation through regional integration alliances, strategic alliances and multilateral cooperation platforms (Duggan et al. 2021). This argument demonstrates that the BRICS have shared interests but also divergent security and economic interests that have led to challenges to their collaboration to reform global governance.

The rising power of the BRICS presents a reformist challenge to the traditionally Northern-led global governance system. To support the contention, it was firstly argued that the BRICS have created several institutions that challenge the traditionally Northern-led global institutions. Secondly, the BRICS's political and economic expansion and growth threaten the global North's lead role in global governance, reforming global systems. Thirdly, BRICS have shared interests, but divergent security and economic interests have also led to challenges to their collaboration in reforming global governance.

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