

# BRICS to Be Considered?<sup>1</sup>

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*The current political situation in the world is becoming more and more turbulent, which casts doubt on the future architecture of global governance, the balance of power and the future role in the world of the BRICS partnership and other, similar entities with controversial long-term prospects.*

*Russia, which held the rotating presidency of BRICS from 2015 until March early 2016, did its best to promote dialogue at all different levels among the within the partnership, especially by increasing the number of formats and meetings within the main and outreach tracks. The BRICS Economic Partnership Strategy, which was adopted in Ufa, confirmed the consolidated positions of the association regarding major financial and economic issues, the general principles of relations between different countries within the context of world politics, and specific development issues. Important steps have been undertaken to develop cooperation within the BRICS with respect to energy, science, technology, innovation and a number of other areas. Relevant documents, declarations and action plans have been prepared throughout the year. In the year of Russia's presidency in BRICS there were a number of inaugural events, such as Youth, Global University and Civil Society summits – this civilian component has definitely strengthened BRICS.*

*Russia's experience as president of BRICS was underscored by its interest in consolidating the group and pursuing further development: the more complex the situation affecting the BRICS countries is, the more they are interested in mutual support and forging joint positions in the existing system of global governance. BRICS Summit 2015 in Russia demonstrated the unity of the association and its intention to cooperate on a specific agenda. However, many meetings and consultations have revealed a systemic divergence of positions. The economic crisis in several countries narrowed their opportunities for cooperation and obviated their existing political contradictions.*

*BRICS provides a powerful mechanism for positioning the large economic actors outside the G7 and serves as the most efficient vehicle for external representation when the union consolidates positions in the G20 or other international organizations and communities. Such BRICS positions have become very noticeable within these associations. However, as of now, the BRICS countries have not reached an adequate level of cooperation for the promotion of their interests in the United Nations; this should be considered as one of the trouble spots affecting the group.*

*The authors present a comprehensive analysis of all the various factors affecting the ongoing formation and development of BRICS. They also offer the possibility of finding formats for its institutionalization, expansion to include new members and options to successfully compete with the new structures of economic growth, regional trade and economic unions. They come to the conclusion that BRICS should remain a strategic priority for Russia.*

**Key words:** BRICS; global governance; G20; G7; presidency; summitry; international organizations; international communities

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## BRICS: Lessons of Formation

The BRICS format is a new phenomenon in international relations. This is neither a military-political alliance, nor an economic integration association. It differs from the other “club”-formats, first of all due to a lack of dominant players and blocks. As the Russian researcher A. Vinogradov states, member countries “represent not only different socio-economic models, but rather different civilizations... Globalization has brought them into contact and endowed them with new features, while making them the main actors of international relations as well... What is the difference between intercivilizational and interstate relations? First of all, it differs on the scale of the socio-economic, historical and cultural identity of the participants... the historic responsibility of the civilization is much higher when compared to the political responsibility of the states” [Vinogradov, 2013].

In fact, this is an alliance of reformers in international relations, who were previously trying to connect to the mechanisms of global governance from within the framework of existing formats with variable success. Thus, the “five” countries collaborated as the G8’s guest countries (while Russia was a member of the association). They are also members of the representative forum of the G20 and influential members of the UN and almost all other formats related to global governance.

However, dissatisfaction with the existing system of international relations and their own role in it pushed the BRICS countries to unite. At the same time, the BRICS countries developed an innovative format for international cooperation, which is grounded in the absolute equality of the partners. This contrasts with the majority of multi-national organizations, which feature an explicit or implicit hierarchy (for example, in the G7 six of the member-states are also members of NATO); the BRICS countries are implementing a new model for international relations in order to enhance the economic growth of member countries.

However, the current political situation in the world has become more and more turbulent, which may ultimately call into question the future architecture of global governance, the balance of power and the tenacity of groups such as BRICS; its prospects now seem highly controversial and dependent on many political and economic factors. However, it goes without saying that the members of the association will play an increasing role in the world order of the 21st century, and will probably continue to use the BRICS mechanism for mutual coordination and the strengthening of positions. There is also an important new global governance factor, which is the reorientation of the model of global economic growth away from its traditional Western vector and towards the Asia-Pacific region and other emerging areas of the globe.

The BRICS group has a lot of opponents, critics and skeptics and will certainly continue to have them. The creation of the BRICS provoked an opposition among Western countries and among the supporters of the ‘universal model of development’ and westernization in the BRICS countries themselves. The BRICS format was condemned as ‘unreasonable’ and ‘artificial’ when discussed by many experts and scholars in the West.; However, the monickname of the group surpassed the original idea of the BRICS implied by Jim O’Neill, as they now have to admit: “Created by bankers as a catchy acronym to entice foreign investors, the BRICS – first Brazil, Russia, India, China and then South Africa – have subsequently morphed into a loose association of countries with an emerging global view. The group now gathers annually to discuss its common aspirations, yet it still has few underlying structures,” claims William Pommeranz, deputy director of the Kennan Institute for Advanced Russian Studies of the Woodrow Wilson Center in Washington, D.C. [Pommeranz, 2013].

There is no doubt that many contradictions exist among the BRICS countries. It is no secret to researchers, although it should be noted, with some regret, that a certain malevolence

against BRICS remains, primarily originating in the West.<sup>2</sup> Ongoing political events offer many opportunities for the exploration of this theme. Especially dangerous for the unity of the BRICS are chronic political conflicts, such as the Indo-Chinese territorial disputes. BRICS 'foes' are actively 'playing' on the Chinese and Indians contradictions, trying to bring it to the level of doctrinal clashes between the strategic concepts of development of the countries and their perceptions of their place in the world.

Is it possible to circumnavigate these sharp corners? Yes, BRICS has many differences in terms of its members' political systems, economic models, and standards of living, and sometimes these differences constitute an obstacle to the development of the 'five,' but the member states do not strive to achieve unification or dominance. This thesis should serve as the basis of the BRICS – no domination and imposition of their views. It is clear that the BRICS countries are heterogeneous and, for example, will not become a military bloc like NATO, which is the core of the so called 'collective West.' However, NATO is based on outright US hegemony, while the association of Brazil, Russia, India, China and South Africa has fundamentally different grounds. The BRICS group was initially created to foster the interaction of equal states.

Economic crisis has caused a new wave of discussions on the further prospects of BRICS, or to paraphrase by quoting Hamlet: to be or not to be? Should this format be considered as viable and promising? Today, however, even the skeptics have to admit that the union was not a speculative project, and possesses real effective force, which could not be ignored.

Many experts consider the BRICS nations to be the most progressively developing group of countries due to the fact that, for example, "they are regional economic leaders and they are attracting substantial amounts of foreign direct investment" [Naude et al., 2013, p. 2]. The BRICS countries aim to form a polycentric world order, which is reflected in their respective foreign policy doctrines.

The researchers note that the BRICS countries show very different trajectories of development, but all of them were (or are) in the processes of modernization. At the same time, such factors as their geographical extent and regional differences, the size and nature of their economies, the size and distribution of their populations, intra-elite divisions, and the extent to which they endorse traditional values, create in each case a balance of probabilities, costs and risks [Busygina, Okunev, 2015, p. 5].

As a result of the BRICS Summit in Fortaleza [2014], despite all the differences between the countries, they confirmed four strategic priorities: strengthening the BRICS alliance of countries as global political and economic reformers, maintaining the role of the UN as a guarantor of international security, the maximum use of the BRICS members' economies in a complementary nature and the promotion of cooperation for social modernization [Toloraya, 2014].

The union is transformed into a mechanism for cooperation in many areas of common interest – above all, energy, industry, agriculture, health and education. The members will work together to solve problems and overcome the emerging challenges. Today there are more than three dozen areas of the BRICS agenda besides politics and the economy, such as safety, the environment, transportation, and the use of so-called 'common spaces' – space, water and the world's oceans, the Internet and many more.

It is fundamentally important to improve cooperation within the association. To this end, it is desirable to regulate the managing and coordinating bodies, although not all BRICS countries are prepared for this.

<sup>2</sup> Broken BRICS: Why the Rest Stopped Rising. Available at: <http://www.foreignaffairs.com/articles/138219/ruchir-sharma/broken-brics?page=show> (accessed 16 May 2016).

For example, the creation of the Energy Association, or even a BRICS Energy Agency, was agreed upon at the ministerial meeting in Moscow in December 2015 (it was suggested by Russia as early as in 2014) [Toloraya, 2015]. According to the results of the first meeting of the BRICS funding organizations' representatives in the fields of science and technology, which took place in July 2015, a decision has been made on the implementation and development of a BRICS Framework Program for funding multilateral joint research projects, technology, commercialization and innovation. The representatives also took steps to establish a research and innovation network (BRICS Research and Innovation Networking Platforms). This will provide a more thorough and coordinated approach within the scientific community of the BRICS countries, as well as attract high-tech industry enterprises to these processes.<sup>3</sup> In fact, the sectoral coordination centers are being established through grassroots initiatives, which make us think about unifying such activity in order to coordinate approaches.

While creating and improving the format for their own mutual cooperation, the BRICS countries also hope to reform global financial governance institutions, especially the IMF and the World Bank. BRICS offers a package of measures to reform these institutions, suggesting among others an abandonment of regional and national guidelines in the allocation of decision-making positions. As a rule, management positions in these institutions are occupied by the representatives of Western countries. The BRICS countries proposed a package of measures to create the prerequisites for a strengthening of the role of developing countries in global finance and, in the event of their implementation, will contribute to a better balance in the international financial system. Meanwhile, it will be necessary to create a special commission to monitor the activities of rating agencies as part of the G20 Financial Stability Board; this would be particularly advantageous for the BRICS countries.

Thus, we can assume that the BRICS will progress along two related tracks: they will strengthen the solidarity of their positions in the global governance system, and become more active in their efforts to change it (or improve the existing order of things), as well as deepen their mutual cooperation within the framework of the association in different ways.

## Russian Presidency of BRICS

The strategic goal of Russia in BRICS, in the opinion of the Russian leadership, is, above all, the gradual transformation of the five states' mutual dialog into a full-length format, and the creation of a working mechanism for cooperating strategically to solve key political and economic issues. However, not all member states share this point of view equally; from the perspective of the Southern States 'wing', there are certain concerns about taking the steps too hastily. However, Russia considers cooperation within the BRICS to be one of the priorities of its foreign policy; the country intends to strengthen its position in the BRICS and to foster the improvement and strengthen the authority of the association in the international arena.

In the year of the Russian BRICS presidency (April 2015 – February 2016), participation in the union became more important in Russia's foreign policy strategy. Given Russia's confrontation with the West and its sanctions, Russia has become much more reliant on the non-Western countries and BRICS. Participation in the BRICS continues to open up new opportunities for Russia and it can and should use these opportunities. Cooperation with the BRICS countries is also promising and important for the development of Russian regions such as Siberia and the Far East, in particular.

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<sup>3</sup> Meeting of the BRICS funding organizations in the fields of science and technology // National Committee on BRICS Studies Official Website. Available at: <http://www.nkibrics.ru/posts/show/559e681f62726943081a0000> (accessed 16 May 2016).

The Russian BRICS Presidency has created an unprecedented level of communication between the BRICS countries, significantly expanding the agenda of the association. It has also made all possible efforts to establish a dialogue at different levels of the BRICS, by increasing the number of meetings on the basic tracks and outreach formats.

The year of Russia's BRICS Presidency confirmed the interest of the five countries in consolidation and further development, because the more complex the situation in the BRICS countries is, the more interested they become in mutual support, mutual cooperation and the creation of joint positions in the current system of global governance.

The key event of Russia's tenure as president of the group was the BRICS Summit in Ufa which took place on July 8–9, 2015. The event was held under the motto 'BRICS Partnership – A Powerful Factor of Global Development'. The summit, as expected, heralded the adoption of important decisions: the Ufa Declaration and Action Plan were agreed upon, as well as the Strategy of BRICS Economic Partnership, which identified the main objectives and courses of action for the further development of the BRICS countries. Russian delegates initiated the preparation of the Roadmap on trade, economic and investment cooperation for the period up to 2020.

In the year Russia held the BRICS' rotating presidency, the group launched its own new institutions: the New Development Bank and the Contingent Reserve Arrangement. The decision to establish them had been adopted under previous administrations. According to the official representative of the Russian Foreign Ministry, "as early as this year, the bank will finance the first project" [BRICS, 2016]. According to unofficial information, the first investment projects of the BRICS Bank included: the financing of railways (construction of the Moscow-Kazan High-Speed Rail Line), Russian hydropower startups, and South African 'green' energy (the construction of transmission lines that will connect the new solar and wind power generators to the national grid. South Africa seeks to develop 'green' energy and reduce its dependence on coal).

Within the framework of the Russian presidency of BRICS, interaction has been launched within new areas, such as migration, energy, industrial safety regulations, the environment, and the fight against infectious diseases. "Over 100 events were held in just ten and a half months during Russia's presidency, including over 25 events at the level of ministers and the heads of specialized agencies," Russian Ministry of Foreign Affairs Spokesperson Maria Zakharova said at her February 18, 2016 briefing [BRICS, 2016]. It became a period during which the BRICS were further consolidated via joint activity and consistent work to deepen cooperation in the association and discover opportunities for interaction.

As the leaders of the VII BRICS Summit mentioned in their speeches, the agenda of the event was the most extensive in the group's history, and a wide range of issues was covered, from international security and fighting terrorism to cooperating with respect to economic and humanitarian interaction. The 50-page Ufa declaration, signed by the heads of the BRICS countries, covers a wide range of issues, ranging from the Syrian conflict and local civil wars to problems related to the environment, education and health.

The group underscored the necessity of reforming the UN, which in recent years has increasingly been criticized for failing to quickly and effectively counter global challenges.

It was determined necessary to make the organization more responsible and empower it to actively respond to security threats. Additionally, the Declaration recognizes the need to expand the UN Security Council, the permanent members of which are limited to the five countries that won World War II. BRICS countries, as noted above, have consistently advocated the reform of the International Monetary Fund. Their claims are the same as they are for other international institutions: emerging market countries are under-represented, and the organization is dominated by the lobbying of the US and its allies.

Many of the world's conflicts were addressed in the Ufa Declaration. It separately mentioned and condemned the terrorist group known as the 'Islamic State' or ISIS. The document expressly condemns the methods used by the ISIS terrorists, and emphasizes the need to deal effectively with this organization, which represents a threat to international security. Subsequent events after the summit – such as the intervention of the Russian Aerospace forces in the Syrian conflict, as well as the terrorist attacks in Egypt, France and other countries – have confirmed the need for decisive, tough and concerted action against the terrorists and their accomplices. “The BRICS countries are united by common political and strategic interests in such areas as maintaining international stability and security and honoring the principles and norms of international law. The BRICS are taking specific practical steps to fight trans-border organized crime, drug trafficking and corruption, in line with the principles and norms of international law” [BRICS, 2016].

In Ufa, the leaders of the five countries confirmed their commitment to further develop cooperation within the BRICS New Development Bank and the Contingent Reserve Arrangement. According to the Russian President Vladimir Putin, the New Development Bank and the Contingent Reserve Arrangement are worth a combined total of \$200 bln and will enable the participating countries to much more successfully coordinate macroeconomic policies. “BRICS Bank will be one of the leading multilateral development finance institutions in the world,” Putin said.<sup>4</sup>

The BRICS leaders also endorsed a proposal for the new Development Bank to closely work with existing financial institutions, in particular with the Asian Infrastructure Investment Bank.

Are the BRICS New Development Bank and the Asian Infrastructure Investment Bank (AIIB) considered competitors? As a reminder, the agreement on the establishment of the Asian Infrastructure Investment Bank was signed on June 29, 2015 by the representatives of the 57 founding members of the bank. The largest share of votes in the Board of Directors was allocated between China, India and Russia. The authorized capital of the AIIB will initially be \$50 billion. Then it will increase to \$100 billion. Deputy Foreign Minister Sergey Ryabkov said that there is no competition between the New Development Bank and the AIIB, and what is more, he suggests, “that we are working with Chinese colleagues and other participants of the BRICS New Development Bank will keep an eye on the fact that there is no unnecessary duplication, to rationally use resources.”<sup>5</sup>

The summit clearly demonstrated the unity of the association with respect to their attitudes regarding the specific case. However, many meetings have revealed a systemic divergence of key members from the group's positions and a certain reluctance of countries to find a compromise. This is most clearly demonstrated in a number of outreach activities, where countries often did not even agree to discuss a topic, let alone take on any long-term commitments. The economic crisis in several countries narrowed opportunities for cooperation, and political contradictions also exist.

During the Russian BRICS Presidency, a number of specific measures were adopted to deepen, diversify and institutionalize cooperation. BRICS events addressed new themes, such as environmental protection (Moscow, April 22, 2015), youth policy (Kazan, July 4, 2015), migration (Sochi, October 8, 2015), industry (Moscow, October 20, 2015), telecommunications

<sup>4</sup> Russia Today (2014) BRICS establish \$100bn bank and currency pool to cut out Western dominance, 15 July. Available at: <https://russian.rt.com/article/40970> (accessed 16 May 2016).

<sup>5</sup> RIA Novosti (2016) Ryabkov: there is no competitiveness between the BRICS New Development Bank and AIIB, 15 February. Available at: <http://ria.ru/economy/20160215/1374730402.html> (accessed 16 May 2016).

(Moscow, October 22–23, 2015), energy (Moscow, November 19–20, 2015), and international development (Moscow, December 7, 2015).

We would like to underline that the BRICS partnership was conceived and created as a smart format. The role of the scientific and expert communities in the union is extremely significant. Russia leads the rest of the BRICS countries in terms of scientific research and analysis. In particular, at the Durban BRICS summit, the Russian initiative to establish a BRICS Think Tank Council (BTTC) was adopted, bringing together the national research centers of five countries. In Russia, one such center is the National Committee on BRICS Studies.

At the Fortaleza summit (Brazil, July 2014) the expert community of the five participating countries had been tasked by their countries' leaders to develop a long-term development strategy for BRICS. Following a year of intensive work, the BTTC agreed on a policy paper defining the main objectives of BRICS long-term cooperation.

At the end of the VII BRICS Academic Forum, organized by the National Committee on BRICS Studies on May 22–23 2015 in Moscow, an analytical report, "Towards a long-term strategy for BRICS," was agreed upon, with recommendations for the leaders of the BRICS Ufa Summit. The Academic Forum document provides guidance on a wide range of issues of mutual interest: the role of the BRICS in the system of global governance, the maintenance of peace and security, the economic strategy of the association, sustainable development, the further expansion and cooperation of the participating countries, prospects for BRICS institutionalization, as well as the association's image in the world and a number of other points.

The group met in Moscow on June 29 – July 1 2015, and its agenda included issues of constructive dialogue between BRICS civil society representatives and decision-makers in key social areas – healthcare, education, culture, development, urbanization, finance and others. The BRICS Civil Forum's work has been structured into thematic sections. Members of each section produced constructive proposals, and the final document of the Forum was drafted on the basis of this. – Statement of BRICS Civil Forum 2015, where civil society representatives expressed their willingness and intention to continue cooperation in this format and meet in India at the BRICS Civil Forum in 2016.

On December 3, 2015 while addressing the Federal Assembly, President Putin noted that in spite of the difficult political and economic situation, Russia has allies and partners.<sup>6</sup> In particular, there is a strengthening of Russia – BRICS relations, which play an increasingly important role in global politics and the world economy. The question now is how to make all the BRICS countries share this position. A large and multi-faceted attempt to harmonize positions, find compromises, set development goals, and develop detailed plans and programs for achieving these goals is still ahead, as well as the coordinated implementation of these plans. This work may last years or even decades.

## BRICS' Further Development Prospects

It should be noted that positive expectations regarding the development of the intra-BRICS relationship are not solely shared by Russian scholars. For instance, Renato Baumann, director of international studies at the government's Institute of Applied Economic Research, claimed that "there are enormous opportunities for mutually beneficial relations, including within the BRICS,"<sup>7</sup> and Oliver Stuenkel, an Assistant Professor of International Relations at the Getúlio

<sup>6</sup> President of Russia (2015) Presidential Address to the Federal Assembly, 3 December. Available at: <http://en.kremlin.ru/events/president/news/50864> (accessed 16 May 2016).

<sup>7</sup> TASS (2014) Attempts being made to suppress Russia, BRICS in international arena – experts, 29 October. Available at: <http://tass.ru/en/world/757231> (accessed 16 May 2016).

Vargas Foundation (FGV) in São Paulo, says that BRICS represents the future of global governance [Stuenkel, 2015; Bond, Garcia, 2015].

However, the prospects for its development are not entirely clear, although all member states have shown an interest in BRICS. Unfortunately, the attempts to harm the unification of ascending powers, to introduce discord inside the group and to weaken the BRICS' potential for reform have become a flip-side of the effective recognition of the BRICS' role. Yet a sense of the BRICS' existence was in the reform of the existing world order. These processes have been particularly intensified as a background for the sharp confrontation between Russia and the West, and China is slowly ripening to confrontation with the United States. This factor makes it clearly difficult to achieve a compromise on the new rules of the 'global village', which is an aspiration of the business community, and economic government circles in BRICS.

At the end of the first decade of its existence (if we start a record of BRICS activities from a commemorative meeting of foreign ministers of the 'quartet' on the margins of a UN General Assembly meeting in 2006) we have not come to an unequivocal answer to the question: what is the ultimate goal of the BRICS? Will the BRICS countries solve the historical problem of the peaceful transformation of world rules or degrade towards the format of periodic non-binding high-level meetings?

Scientific discourse about the 'usefulness' of BRICS and its prospects has become the subject of a serious ideological struggle. There is an active intellectual search for this topic in Russia and in other BRICS countries and a formed understanding of the fact that in addition to their consolidation on the world stage, the BRICS can perform another important function – to propose a new model of socio-economic development which would differ from the model of the 'Washington consensus,' which would enshrine the idea of sustainable development and promote a more equitable distribution of wealth.

The question of how to promote the economic growth of rising countries, as well as develop recipes for their sustainable development is becoming increasingly important. Disastrous environmental situation in countries like China and India bring special importance to these aspects. At the same time, the recipes of the 'green economy' proposed by the West often entail curbing economic growth. This is considered unfair by the growing economies and implicitly biased against their national interests. In particular, this contradiction was reflected at the recent conference on climate change in Paris. The final document sets out certain criteria to reduce emissions, which was different for developed and developing countries, but the mechanisms are not yet clear, as well as prospects for its implementation. Some countries stated that the document shifts responsibility for the regulation of greenhouse gas emissions from rich to developing countries.<sup>8</sup>

Global problems cannot be solved by individual countries or even by a group of countries, as has been illustrated once again by recent developments (the growth of terrorism, climate change). For the BRICS countries, it is also important to tackle the issues of poverty, education, and healthcare.

However, is it possible for the BRICS countries to tackle these problems, 'one on one?' We believe that one should not ignore or downplay the role of Western countries. Their interests are somewhat opposed to the interests of the BRICS countries, but in some ways, they coincide. Therefore, it is crucial that the ascension of the BRICS is not accompanied by a confrontation with the West. We need to find common and concerted recipes. Difficulties like those regarding

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<sup>8</sup> Gazeta.Ru (2015) What was the result of the climate conference, 13 December. Available at: [http://www.gazeta.ru/science/2015/12/11\\_a\\_7954835.shtml](http://www.gazeta.ru/science/2015/12/11_a_7954835.shtml) (accessed 16 May 2016).



trade regimes which proved to be detrimental for the developing nations at the WTO conference in Nairobi only once again demonstrate this fact.<sup>9</sup>

How is it possible to avoid an open confrontation with the West, given that the developed countries seek to promote their own agenda? Which model of BRICS development is efficient, taking into account the interests of all member countries? What agenda is the BRICS pursuing: do they intend to improve the existing global governance system or build a parallel one?

It seems that the best way – is to find a compromise within the existing system of global governance and regulation. One should not assume that BRICS and other emerging associations will displace existing ones. This position is not only wrong, but also dangerous, because it helps to fuel confrontation instead of cooperation and interaction. The existing global governance institutions – the UN and the IMF, in particular – cannot be ignored or discounted. Especially since the West pre-emptively begins to create new institutions that it controls, which may become new international regimes, such as the US-initiated Trans-Pacific Partnership (TPP).

There is no doubt that the desire of the BRICS to improve the existing institutions of international relations (in their favor) is not met with understanding by the forces that dominate these institutions. Will ‘the rules of the game’ change and when will this happen? It is possible to try to strengthen the quantitative positions of the BRICS countries within the current global economic and financial architecture and, for example, achieve the redistribution of quotas in the IMF, but there is a danger that the decision-makers who determine the “rules of the game,” whether formal or informal, will remain in the West. Securing existing roles (China – labor-intensive products, Russia – resources, etc.) is hardly in the interests of the BRICS countries. Moreover, in this way, they will aggravate contradictions among themselves (producers vs. consumers of raw materials, etc.), including those artificially bolstered from outside.

However, the BRICS does not exclude an alternative path – the creation of parallel structures. The first such structures are the New Development Bank and the Contingent Reserve Arrangement. It is important that their activities are not just commercially successful, but able to add a new dimension to the coordination of macroeconomic policy. However, the creation of structures and pathways to the dominance of the BRICS promises more problems than gains.

The danger is in the possible new division of the world into blocks (although the West will blame the BRICS countries for not willing to play by the ‘common universal rules’, which are beneficial primarily for the developed countries). China could go this way. There is some attempt to create an alternative group (for example, on the basis of Regional Comprehensive Economic Partnership – RCEP,<sup>10</sup> or the Silk Road Economic Belt and its interference with the Eurasian Economic Union). Such an Asian-European structure risks becoming secondary, and characterized by less progressive economic parameters for national interaction that could lead to a slowdown in development and conflicts.

What could the difficult answer be? We should try to negotiate with developed countries on the redistribution of roles, and the reassignment of rights and privileges in exchange for the prospect of harmonious global development and the minimization of threatening conflicts. These negotiations should rely on diplomatic mechanisms. BRICS-G7 seems to be a good platform for such a dialogue. However, it is necessary to realize that the United States does not

<sup>9</sup> TASS (2015) WTO decided to stop subsidizing of the agriculture exports, 20 December. Available at: <http://tass.ru/ekonomika/2543467> (accessed 16 May 2016).

<sup>10</sup> Negotiations to establish Regional Comprehensive Economic Partnership – RCEP – integration association with the participation of 16 Asian countries (10 are involved in the negotiations) are aimed at achieving a partnership with ASEAN and its FTA partners (one of the initiatives in this regard was made in 2011, when China proposed an East Asian free trade area as part of the ASEAN + 3, the ASEAN agreement on the formula + 6 was achieved in 2012).

want to discuss problems in this format, and insists on engaging in individual dialogues with countries.

A special role is devoted to the strategy for economic partnership which was adopted in 2015. It urges BRICS to oppose all forms of trade protectionism and to provide support to the World Trade Organization. The Strategy states that the BRICS countries will seek to deepen cooperation to expand and diversify their participation in global trade, as well as to support the completion of the Doha Round. The BRICS countries also confirmed the value of the multi-lateral trade system embodied in the WTO, in terms of regulation of world trade.

BRICS states are interested in expanding the practice of promoting mutual settlements using national currencies (rather than the world's de facto reserve currencies, the US dollar and the euro). The relevant government agencies are seeking ways to increase the use of national currencies as well as develop cooperation in the field of tax administration. Experts have expressed the view that under the auspices of the BRICS there is an opportunity to create a real coalition against dollar dominance by entering a single BRICS currency. This would be an exchangeable currency. It would not be used for purchases, but only as a go-between when exchanging the BRICS' currencies.

While speaking about possible interactions with other formal and informal structures, Irina Yarygina notes that 'the growth of the economic potential of the BRICS and the EEU, of course, will enhance the multilateral cooperation of the parties and will better solve the practical problems of the realization of cooperation programs, which will create additional conditions to ensure the stability of financial ties' [Yarygina, 2015]. A new level of integration and cooperation can be achieved already this year after the launch of the first investment project of the BRICS New Development Bank, and the creation of the Bank itself – it is a clear signal of the need to reform the existing financial and monetary architecture in the interest of all countries in the world [Toloraya, 2014].

Participation in the BRICS as an independent format, and in the framework of the G20 is an interesting phenomenon, especially given the fact that the G7 is also included in the G20. The analysts have already put the BRICS countries in the first place in comparison with the G7 on a number of macroeconomic indicators, including territory, population and resources.

The issue of the possible representation of the BRICS New Development Bank in the G20 format is particularly interesting as a new structure of global financial management is theoretically capable, to join the work of the G20 and receive one additional consolidated voice in support of the BRICS countries' positions. This scenario is one of the possible ones at the moment, when there is a considerable opposition on the part of existing international financial institutions, whose hegemony is slowly but surely coming to an end, especially in the light of attempts at full-scale institutionalization of BRICS or the serious success of establishing the first BRICS financial institutions.

Another possibility is feasible, if BRICS takes the path of institutionalization and is included additionally as a separate member of the G20. Under this scenario, the inclusion of the BRICS as one of the permanent members of the G7 (8) or creation of a new format on this basis is a real possibility.

We also consider the possibility of including the BRICS association as an independent player in the G7 following the example of the European Union's participation. However, this would, in fact, reiterate the Heiligendamm process, and not constitute a worthy representation of the club, as all other countries are represented on their own and would have a greater impact in contrast to BRICS and its role of 'junior partner'. Accordingly, the format of the interaction of BRICS with the G7 on an equal basis is better within the format of the G20, as the main forum for discussion of global economic and financial issues, in which all the countries are equal,

and other members of G20 can take this or that position, depending on their own interests. Such a system of consensus decisions could not reach a radical change in the world economic system; however the countries can and should use this format in order to consolidate positions and collect existing points of view to build their own strategies.

It should be noted that institutionalization does not always lead to increased efficiency and opportunities, while the existing efforts of the BRICS countries in the framework of the United Nations, the International Monetary Fund, along with the group's own efforts to initiate new patterns of global financial governance and coordinated participation in the G20 may help the BRICS to continue to successfully promote their own positions without developing a new institutional framework.

Noteworthy is the idea of a five-party intergovernmental commission on economic and scientific research cooperation led by the Deputy Prime Ministers with the relevant sub-committees and working groups. It would bring together all of the many inter-ministerial 'tracks,' which today are often uncoordinated, and basing on this it is possible to create a permanent technical Secretariat of the BRICS.

## Instead of Conclusion

In February 2016, Russia ended its presidency of the BRICS partnership, and the baton passed to India. There is specific interest in the historical coincidence of the presidencies of two global governance organizations in 2016: China led the G20 and India leads the BRICS. Given the special role that China currently plays in the development of regional economic unions and the revival of the country's own influence in the region through the Asian Infrastructure Investment Bank and Silk Road Economic Belt, it appears that China's presidency of the G20 will be more important for Beijing in terms of its hope to demonstrate to the world its ambition to participate in global governance.

At the same time, the existing antagonism between India and China regarding a number of factors is unlikely to leave the BRICS partners or the G20 with the amount of synergy that is necessary for the two presidencies, or highlight the role which the BRICS countries can play in overall global governance, as well as strengthening the role of developing countries in achieving the global goals of the G20.

Another problem is the attempt to 'breed' new international groupings. This situation leads to the fact that many researchers have grouped certain non-BRICS or non-G7 countries (but rather included, for example in the G20) in certain formats such as MIKTA (Mexico, Indonesia, Korea, Turkey and Australia) or MINT (Mexico, Indonesia, Nigeria, Turkey), as well as CIVETS (Colombia, Indonesia, Vietnam, Egypt, Turkey, South Africa) [Toloraya, 2013].

With these ongoing trends there is also the question of expanding the BRICS partnership. Various states are called candidates and various arguments are put forward in favor of new members of the association. On the one hand, BRICS is open to constructive interaction, and this applies not only to rising powers, but also to the Western countries. On the other hand, there is a moratorium on the expansion of the BRICS. How long will it last? In any event, enlargement should not lead to a 'blurring' of the association's principles or its efficiency.

The respective countries' different approaches to certain issues affecting global development and their differing priorities have no effect on what unites them – their common desire to address a number of important strategic interests. These include the desire to reform the basics of world politics and the global economy, maintain independence in politics, uphold the primacy of international law, safeguard the role of the UN as a guarantor of international security

and jointly utilize the complimentary opportunities provided by their national economies in order to modernize and achieve sustainable prosperity.

After analyzing all of the numerous factors affecting the ongoing formation and further development of the BRICS, as well as the group's competition with alternate groupings of developing countries and regional economic and trade unions, we can assume that BRICS will remain an important factor of international life in the foreseeable future. We also come to the conclusion that the BRICS should remain a strategic priority for Russia. Given the possibility of long-term geopolitical confrontation with the West, Russia has simply no other alternative strategy that would enable it to hold its position as one of the world's centers of power. A one-sided focus on one of the centers of power – say, China – is less preferred, as it narrows the freedom for political maneuvering.

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