

Brics as the backup plan

Rather than a system overhaul, Brics should be seen as a hedge for all those anxious that the so-called liberal order has turned out to be far less resilient than promised



1st BRICS Finance Ministers and Central Bank Governors' (FMCBG) Meeting (BRICS India 2026 Gallery)

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In some parts of the Western world, the dismissal of Brics reads like this: a photo-op grouping of mismatched economies with no common currency, no shared ideology, and no institutional teeth — five, then 10, then 11 flags and not much else. That dismissal is ageing badly.

Contrary to common popular belief, the numbers do not describe just a bloc trying to overthrow the American-led order tomorrow. It's something more patient and, frankly, more rational: a hedge being built by states that have stopped assuming the existing order will remain resilient, fair, or future-ready — and would rather not be caught without a backup plan.

On a purchasing-power basis, Brics+ now produces more than the G7 — roughly 40 per cent of global GDP against the G7's 28 to 30 per cent — while its eleven members hold nearly half the world's population. The growth

differential compounds the point: Brics economies have been expanding at close to three times the G7's average rate in recent years. This is not a gap that closes; it widens. Layer on the commodity math — Brics states account for something like 44 per cent of global oil production and dominate global wheat, rice, soy and beef output — and you have a coalition that controls both the growth curve and the raw materials the old order depends on.

None of that alone would matter if it stayed rhetorical. It hasn't. The New Development Bank, Brics' own answer to the World Bank, has quietly approved around \$40 billion in financing across some 122 projects, with more than half already disbursed. It has begun admitting members beyond the founding five — Bangladesh, the UAE, Egypt, Algeria — turning a Brics-only vehicle into a genuinely multilateral one. And it is deliberately de-risking its own balance sheet from the dollar: roughly a quarter of its lending book is now in Brics local currencies, with an official target of 30 per cent for 2026. An institution doesn't build that kind of internal currency diversification unless it is planning for a world in which dollar access can no longer be taken for granted.

That planning has an origin story, and it is worth being blunt about it: 2022. When Russia's central bank reserves were frozen virtually overnight, the message received in capitals well beyond Moscow was unambiguous — dollar-denominated reserves are not neutral property, they are a privilege that can be revoked. The response has been measurable. Russian officials report that roughly 90 per cent of Russia's trade with Brics partners is now settled in national currencies, with renminbi-rouble settlement running above 90 per cent of Sino-Russian trade specifically. More broadly, over a quarter of intra-Brics trade was conducted in local currencies by the end of 2024, up sharply from a few years prior. India has settled its first rupee-denominated crude purchase from the UAE. China and Brazil have built a yuan-real settlement channel that cuts the dollar out entirely. None of this yet threatens the dollar's global position — but every one of these arrangements is an insurance policy that didn't exist a decade ago, taken out by countries hedging against the day the policy is needed.

Perhaps the single most telling data point, though, is the queue at the door. States do not apply to join symbolic clubs. Yet more than 30 countries have submitted formal applications or expressed serious interest in Brics membership, with the wider pipeline — including informal inquiries — estimated above fifty, spanning Turkey, a NATO member; Nigeria, Africa's largest economy; and states as varied as Bangladesh, Vietnam, Kazakhstan and Malaysia. This is not an anti-Western ideological caucus. It is a cross-regional bet-hedging exercise by governments of every political stripe who have concluded that optionality is worth the diplomatic cost of annoying Washington.

Underneath all of this sits a grievance that is entirely quantifiable and entirely of the West's own making: institutional sclerosis at the Bretton Woods institutions themselves. Emerging and developing economies, including China, now generate roughly 60 per cent of global output but hold barely 40 per cent of the voting power at the IMF. The Fund's own 2023 quota review raised overall resources but left the harder question — redistributing votes to match economic reality — unresolved, precisely because any change requires an 85 per cent supermajority and the United States holds an effective veto. When the governance of the old order refuses to update itself to reflect the world as it actually is, don't be surprised when the world builds a parallel structure rather than wait indefinitely for an invitation to the table.

The caveat is clear, though: Brics has not dethroned anything yet. The dollar still commands 57 per cent of global reserves, more than double its nearest rival, and that share has eroded gradually rather than collapsed. The renminbi holds barely 2 per cent of global reserves, essentially flat. Brics' own summit communiqués have grown notably shy of explicit de-dollarisation language, an admission that consensus among eleven-plus members remains harder to manufacture than the acronym suggests. And China's outsized weight — nearly two-thirds of the bloc's combined GDP — leaves open the uncomfortable question of whether this is a genuine multipolar hedge or a Sino-centric one in multipolar clothing.

Without a long-term fix in ties between India and China, Brics will continue to underdeliver. That rapprochement is — to say the least — not going to be easy. The interaction between President Xi Jinping (if he comes to the Brics Leaders' Summit in New Delhi this week) and Prime Minister Narendra Modi needs to be closely watched to see progress between the two Asian powers.

But a hedge doesn't need to win to be rational. It needs only to exist, cheaply, for the day it's needed. Measured that way, Brics' institutions, payment channels, and membership rolls all point in the same direction: a growing number of states no longer consider it prudent to have all their eggs in the Western basket. That is not an overhaul, but something quieter — a vote of declining confidence, one transaction at a time.

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