

Significance of BRICS expansion and what it means for India

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As BRICS expands its membership, the global geopolitical and economic landscape is complex and cannot be viewed from simplistic binaries or prisms. At the same time, it is important not to lose sight of certain geopolitical realities.



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Iran, Saudi Arabia, UAE, Egypt, Ethiopia formally entered the BRICS+ grouping on January 1, 2024. The five countries had been invited to join BRICS in the 15th BRICS Summit held at Johannesburg in August 2023. Argentina had also been invited to join the organisation but the country's new President Javier Milei reversed his predecessor's decision.

Significance of new countries joining BRICS

The entry of these five countries in the BRICS grouping, which was formed by Brazil, Russia, India and China in 2006 with South Africa joining in 2010, is important for several reasons. Firstly, the combined economy of the new grouping is \$28.5 trillion, which is well over 1/4th of the global economy (28%). The combined population of BRICS+ is 3.5 billion people, which is around 45% of the world population. BRICS+ will also be producing well over 40% of the global oil.

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Secondly, Russia has assumed chairmanship of BRICS in 2024 and tensions with the west have only increased in the aftermath of the Russia-Ukraine conflict. As a result of growing geopolitical tensions with the west as well as the imposition of sanctions on Russia, several countries such as India, UAE, Saudi Arabia which have robust ties with the US have been pushing for de-dollarization -- or lesser dependence upon the US dollar for trade. Only recently for instance, Iran and Russia had finalised an agreement for trade in local currencies. It would be pertinent to point out that there has been a significant rise in non-dollar trade in commodities after the imposition of sanctions on Russia. Putin, in a virtual address to the Johannesburg Summit, dubbed de-dollarization as “irreversible” and “gaining pace”.

In a statement issued by Kremlin, Russian President Vladimir Putin, while referring to the aims of the BRICS+ grouping, made mention of “the aspiration to form a multipolar international order and a fair global financial and trade system, and the pursuit of collective solutions to top challenges of our time.”

Success of BRICS+ and geopolitical realities

Russia, China and several countries including Iran have been vocally pushing for a BRICS+ currency. It is true that the global geopolitical and economic landscape is complex and can not be viewed from simplistic binaries or prisms. At the same time it is important not to lose sight of certain geopolitical realities.

First, BRICS+ can not escape geopolitical realities. One important reality is the strains between India and China. That is why the former, while pushing for de-dollarization, has been very cautious regarding a BRICS+ currency. Second, Argentina refused to become part of BRICS+ given China’s domination of the organisation. Several countries will carefully observe China’s role in BRICS+.

Third, while many are dubbing BRICS+ as an alternative to G20, several members of BRICS+ are important members of G20. India held the presidency of the G20 in 2023 and the successful G20 Summit in Delhi. Despite strong differences between the west and countries tilted towards Russia, India was able to ensure a compromise and muster a declaration – the New Delhi leaders’ declaration – calling for an end to the conflict without naming Russia. This was touted as a diplomatic success. Moreover, with Saudi Arabia also an important member of the G20, it can be argued that India will welcome the entry of countries like UAE and Saudi Arabia into BRICS so that they can find common ground.

Fourth, several members of the BRICS+ -- especially India, Saudi Arabia, UAE -- would want to tap the benefits of BRICS+ but not be caught in any geopolitical competition/ wrangling and would be uncomfortable with BRICS+ being an anti-west platform, given their strong ties with the west.

Fifth, in spite of the increasing de-dollarization to write off the US dollar is naive. It still accounts for a significant percentage of global currency reserves. Many countries which themselves are moving towards de-dollarization realise the limits of the same.

In conclusion, while the expansion of BRICS is important in economic and geopolitical terms, it is important to understand the complexities and nuances of the global geopolitical and economic landscape. While the US needs to understand the limitations of the current order and the economic sensitivities of developing countries, Russia and China need to understand that anti-US rhetoric and criticism of the current world order without realistic alternatives are unlikely to draw much support.

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