ANALYSIS AND PROSPECTS OF THE BRICS: A VIEW FROM RUSSIA

ANÁLISE E PERSPECTIVAS DOS BRICS: UMA VISÃO DA RÚSSIA

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RESUMO: Este artigo examina as razões da criação e dinâmica de interação entre os países membros do BRICS, e concentra-se na avaliação das atividades e perspectivas da organização pelos principais cientistas, economistas e cientistas políticos da Rússia. O artigo também explica a posição oficial da Rússia sobre as perspectivas de desenvolvimento do BRICS, mostrada através de documentos oficiais - o conceito de participação da Federação Russa na associação do BRICS - e as declarações do presidente Vladimir Putin nos últimos três anos, antecipando as cúpulas, durante as cúpulas e comentando seus resultados.

Palavras-chave: BRICS, análise de atividades, perspectivas de desenvolvimento.

ABSTRACT: this article examines the reasons for the creation and dynamics of interaction between the BRICS member countries, it focuses on the assessment of the activities and prospects of the organization by leading scientists, economists and political scientists of Russia. The article also explains Russia's official position on the BRICS development prospects, shown through official documents - the Concept of the Russian Federation's participation in the BRICS association - and the statements made by the President Vladimir Putin over the past three years in anticipation of the summits, during the summits and commenting their results.

Keywords: the BRICS, analysis of activities, development prospects.

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The BRICS is an interstate bloc created by countries with economies in transition. It is a fundamentally new form of international cooperation based on equal access of countries to the sources of financing and markets, a combination of state planning and market economy, a multi-currency financial system, an association built on the mutual respect of sovereignty and cultural and civilizational identity.

Over a short historical period, the BRICS interstate association has become an influential player in the global economy and politics. The BRICS classifies itself as a cooperation not directed against the third countries and rejects the idea of unilateralism (hegemony) and advocates a multilateral and democratic system of international relations.

The BRICS countries continue to seek new formats and mechanisms for economic cooperation, including the creation and financing of investment projects. In addition to issues of economics and finance, the members of the association actively cooperate in the fields of healthcare, energy, sports, tourism, terrorism, drug trafficking, information security, science, corruption, etc. All this suggests that the BRICS is on the path of transformation from an informal association to an international organization.

Dynamics of cooperation within the BRICS

Although the abbreviation BRICS was born in 2001 by the financial analyst Jim O'Neill, who recognized a promising investment perspectives in the countries of the group, the creation of the BRIC dates back to 1999. It was then, in response to NATO aggression in Yugoslavia and as a rejection of the idea of a unipolar world, that the idea of trilateral cooperation "Russia - India - China" appeared.

Another impulse for the creation of the bloc was the high potential for further growth in the partner-countries, the presence of common goals and long-term interests aimed at strengthening their positions and becoming full-fledged players in the international arena. However, the role of this organization as a way to increase the negotiating weight in relations with the leading Western countries leads to the fact that the internal development of the BRICS structures, including financial ones, is of a secondary nature and seriously depends on the actual state of affairs in the world, which is rapidly changing. The economist Vladimir Salamatov gives an example of the figures that indicate the restraining factor of integration - the orientation of the BRICS countries to the markets of the countries of the bloc is not too high: in 2016 mutual trade was only 8% of total exports from the BRICS to all other countries of the world. For comparison, 62% of exports of the EU countries is to other member States2.

In the mutual trade of the BRICS countries, the main role belongs to China, whose exports account for 56% of all BRICS countries' intra-exports. For China, the main market in BRICS is India (43%), and the basis of Chinese exports to India are electrical equipment, machinery and vehicles. The second largest export to the BRICS markets, despite the geographical distance from other countries of the bloc, is Brazil with 18%: the 85% of Brazil's exports to the BRICS countries goes to China, majorly, these are soybeans. Russia occupies the third place in the mutual trade of the BRICS countries with its share of 15%: China is also the main market among the BRICS for Russia, and mineral fuel is the main export product. India accounts for the 7% of the mutual trade of the BRICS countries, the main market for India is also China, the largest export items there are

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cotton and iron ore. South Africa holds 4% in intra-block trade, largely due to the export of iron ore to China\(^3\).

The disproportion of the BRICS towards a more economically strong China reflects the trend of a significant weakening of the US position, a particularly successful economic growth of China and the emergence of a new bipolarity of the world: China – the USA. Moreover, some Russian researchers assess that China's interest in the BRICS is only another mechanism to solve complex problems of increasing its weight in the world political and economic system; they recognize that today it is quite difficult to judge how important this association (the BRICS) is for the Chinese leaders in comparison, for example, with such initiatives as The Belt and Road (which includes the formation of a special Silk Road Fund) and the creation of the Asian Infrastructure Investment Bank. And adding to this the already formed an functioning structure of cooperation of China with the countries of Central and Eastern Europe (independent of Brussels and the EU); the ASEAN Plus Three Cooperation (China, Japan and South Korea); the format of interaction between China and Latin America and the Caribbean (the cooperation plan of the Community of Latin America and the Caribbean States and China for the period from 2015 to 2019 was adopted in January 2014 in Beijing); China’s joining to the European Bank for reconstruction and development and participation in the European Investment Bank - it will become clear that the structure of China's interaction with the world is very complex and multifaceted\(^4\).

The researcher and analyst Nikolai Kashcheev draws attention to China's dominance in the economic cooperation of the BRICS and its fairly active independent agenda. In particular, he examines The Belt and Road project, conceived and implemented with the more than obvious leadership of China, which can not be called a joint venture and does not include all the BRICS countries. Kashcheev claims that China in many aspects has both long-term and short-term interests and plans that are not related to the BRICS. “The BRICS countries are so diverse that, as the history of recent years shows, they do not have enough integration tasks. One potential integrating feature is nevertheless present: it is an interest in the presence on the Chinese market and financial investments from China. Which means that we again come to the unconditional China’s leadership, on which depends whether the BRICS will exist in some form in the future," concludes Kashcheev\(^5\).

Yevgeny Gnilomedov, director of the Center for advanced analysis and strategic studies, has a different opinion. He characterizes the BRICS as a special phenomenon in the system of international relations, since its participants did not share either regional, economic or even political closeness. Besides, according to Gnilomedov, there wasn’t and there is no pronounced leader. An important distinguishing feature is that the BRICS includes countries that are regional leaders, able to increase their influence and authority in the conditions of the shift of the global development vector from West to East. Gnilomedov also speaks about the slowing relations within the organization that reveal significant differences in the views of its members on various issues and events taking place in the world. In addition, according to Gnilomedov, the BRICS has not reached the

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\(^3\) Ibid.
level of the G7, which could contribute to ensuring the polycentricity of the global geopolitical structure and diversification of approaches to solving certain problems both at the regional and global level.6

According to the financial analyst Timur Nigmatullin, the BRICs is also constrained by fundamentally insurmountable territorial and economic factors: the significant distance of the BRICs countries from each other, which hinders the development of foreign trade due to logistical difficulties; the actual impossibility of further integration along the lines of, for example, the Eurozone. Nigmatullin argues that emerging countries with their raw materials economies in general benefit when the currency can take on external shocks, which forms the requirements for an independent monetary policy and a floating exchange rate. If several of such countries have a single currency, the structure can be very unstable. Thus, business within the BRICs is doomed to increased transaction and logistics costs.7

The economist Sergei Ermolaev expressed an opinion that the interests of the BRICs countries will diverge more and more in the future - India and China, which earlier were ahead of their partners in terms of economic growth, will only increase the gap in the long run.8

Among other factors that influence the strengthening of centrifugal trends within the BRICs, analysts name the historical and religious specifics, political and economic opposition of developed countries, as well as a number of internal problems that impede the development of the economies of the BRICs countries: inflation, unemployment, demography, corruption, underdeveloped infrastructure and financial market, volatility of national currencies.9

**Russia in the BRICs**

There are many doubts about the effectiveness of Russia's membership in the BRICs. The criticism is related to the unfinished modernization of the Russian economy and the resulting inequality. The BRICs is heavily criticized because all countries have their own foreign policy priorities: for Russia it is the CIS and Europe, for China – the Asia-Pacific region, for India - South Asia, for Brazil - the Western hemisphere. However, Russia is interested in participating in this association, primarily because of the need to develop a new approach to foreign policy, which is still Western-oriented. The BRICs for Russia seems to be a convenient platform for changing the direction of foreign policy.

This is also confirmed by the member of the Russian Council on Foreign Affairs, the head of the BRICs interbank cooperation mechanism, Andrei Klepach: through the BRICs, Russia is trying to propose a new model of cooperation between countries in the global economy; this model does not limit sovereignty, but allows countries to exercise it through co-development, where it is possible to pair countries with each other, as well as find balance between the goals of competitiveness and of green inclusive economic growth. In addition, Russia has its own achievements in the field of digital economy and artificial intelligence, which it can offer to its partners. The urban environment quality agenda has both an economic and a human dimensions, because it affects millions of people in Russia and in fact billions of citizens in the BRICs countries: here, through Russia's experience in digitalization, computer security and

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6 Ibid.
7 Ibid.
8 The interests of the BRICs countries will diverge more and more in the future, the expert said. https://ria.ru/20191028/1560304179.html.
information technology, it is possible to work on the development and creation of a comfortable smart city environment – a safe city, transport management, public utility systems management. “This is an investment in the development of the urban environment, and at the same time it is an investment in people and social development”10.

The economist Sergei Fokin, who is involved in projects for the use of Russia’s Far Eastern resources, even though the BRICS participants are divided by oceans and land, sees the possibility of creating a global trading platform based on new principles, for example, as the Customs Union with territories of priority development, where each country contributes its own characteristics and advantages. “We can highlight the special potential for the BRICS countries in the logistics, raw materials and shipbuilding industries, where cooperation will create an opportunity to strengthen the union’s position or even help the BRICS take a leading position in the world. Construction of the modern fleet within the BRICS, the New Silk Road and Northern Sea Route programs will give new economic growth to the countries and will allow the formation of a new economic space, involving other developing countries in this program. Russia could become a key player in this process, because it has everything to achieve such goal. So far, Russia is hampered by interdepartmental disagreements, corruption and outright sabotage of some officials who do not want to solve more complex problems, holding on to their chairs,” believes the expert11.

According to Ekaterina Dyachenko, the founder of the B2B-Export.com online export trading platform, the common interests of the BRICS countries remain without changes: they are to learn to trade, invest and exchange directly among the countries without the mediation of Europe and the USA. “For deeper economic integration, trust is most important. State institutions of counterparty certification and verification should help newcomers find reliable partners ... It is also necessary to explore the possibilities of electronic commerce to reduce the cost of transactions and develop logistics routes within the BRICS. India and China are world leaders in e-commerce, and Brazil, South Africa and Russia have much to learn”, summarizes Dyachenko12.

The diplomat and scientist Yevgeny Astakhov also notes the humanitarian vector of the development of cooperation within the BRICS: the member countries have significant natural resources, including those that provide survival factors: energy resources, vast spaces suitable for agricultural use of the land, unique ecological resources, in particular freshwater reserves, as well as the “lungs of the planet” in Siberia and Amazonia - all this economic and resource base of the BRICS, if necessary, can meet the needs of the whole mankind in case of a global catastrophe13.

**The concept of participation of the Russian Federation in the BRICS association**

Regardless of the current situation and the difficulties in building a balanced and sustainable cooperation of the BRICS member States, for Russia, which initiated the creation of this association, cooperation in this area is one of the key directions of foreign policy in the long term. According to

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12 Ibid.

the Concept of participation of the Russian Federation in the BRICS of February 9, 2013, through this association Russia seeks to achieve the following strategic goals: a) using the common approaches of the BRICS member States on fundamental issues of reform of the international monetary and financial system, that does not take into account the increased economic weight of emerging and developing countries, to contribute to making this system more equitable, stable and effective; b) to consistently expand foreign policy cooperation with the members of the association strengthening peace and security on the basis of respect for the sovereignty and territorial integrity of other States and non-interference in their internal affairs; c) to strengthen the multi-vector nature of the foreign policy of the Russian Federation and thus strengthen the stability of the international position of the state; d) to develop privileged bilateral relations with Russian partners in the association; e) to expand the Russian language, cultural and information presence in the largest countries of the world, which are the Russian Federation’s partners in the BRICS.

According to the Concept of Russia’s participation in the BRICS, the prospects for it’s development are determined by a number of basic long-term factors that contribute to the convergence of the participants of the association. These, according to the Russian Federation, include: similar challenges and problems that the BRICS countries have that are related to the needs of large-scale modernization of economy and social life; complementarity of many sectors of the economy of the participating States.

The Concept also suggests that the scale, depth and pace of development of cooperation in the BRICS can be influenced by the centrifugal forces existing in the union and attempts to negatively influence it from the outside. And taking this into account, the task of Russian foreign policy is to fully promote the strengthening of the centripetal trends in the association. The Russian Federation believes that if there is a strong political will of the leaders of the BRICS States to deepen cooperation, this association can become in the future one of the key elements of the new system of global governance, primarily in the financial and economic sphere. At the same time, the Russian Federation stands for positioning the BRICS in the world system as a new model of global relations, rejecting the old East-West or North-South dividing lines.14

The BRICS Perspectives: A View from Russia

The strengthening and development of polycentrism largely depends not only on the preservation of the individuality of the partnership countries, but also on the ability of each of them to self-sustainable development. In the new, rather unfavorable external conditions, mutual assistance in independent development becomes especially relevant and returns the BRICS to the ideas of collective self-reliance, collective self-sufficiency, including in the scientific, technical, energy and food security fields.

The BRICS economies have grown 4.2 times over the past 10 years, while developed economies have grown only by 61%. In addition, the BRICS countries are largely complementary which gives them an opportunity for further cooperation: Brazil's economy is focused on agricultural production and energy, Russia’s - on the extraction of hydrocarbon resources, India’s - on IT, as well as possession of intellectual resources, China offers a relatively low-cost

labor in the production of goods, South Africa – natural resources. The general expert opinion is that for the development of the BRICS there are necessary joint global projects.

Economists propose four models of the BRICS development that do not exclude, but can complement one another.

The conservative model involves the development of integration processes, based on traditional options for expanding areas and projects of political, economic, social and other forms of cooperation, in which all BRICS countries are interested. As an example can be considered the “Strategy of economic partnership of the BRICS countries until 2020”, which was adopted at the summit in Ufa in 2015. This strategy outlined the main basic principles on which economic cooperation was subsequently built, as well as identified priority areas of cooperation in trade, investment, industry, energy, agriculture and other industries. In addition to the Strategy, was proposed a Road map that united promising joint projects that had interested all BRICS members. Today, the conservative model is the leading direction of development and improvement of the BRICS policy.

The second model involves the targeted development of bilateral relations between individual BRICS countries in order to create multilateral mechanisms of interaction. There are several examples of such practices of cooperation in cases of Russian-Chinese relations: Russia and China have established the China-Russia investment cooperation Commission, the Russian direct investment Fund and China Investment Corporation have established the Russia-China investment Fund, which should become a platform for attracting Chinese investors, placing securities of Russian companies on the stock markets of China and a number of other Asian countries. Another positive example is the cooperation between China and India, which have concluded only in the year 2016 about 26 agreements worth of $22 billion. These agreements affect the financial sector, construction, development of alternative energy and the creation of industrial parks.

The third model can be described as a “union of unions” due to the active interaction of individual BRICS member countries within other international associations. Practical experience today shows that China is a member of the East Asian Summit, India is a member of the South Asian Association for Regional Cooperation, Russia is a member of the Eurasian Economic Union, Brazil is a member of the Union of South American Nations, South Africa is a member of the Southern African Development Community. Other multilateral associations should be also taken into account, for example, the Shanghai Cooperation Organization, which already includes three BRICS members - Russia, China and India; the IBSA Forum that unites India, Brazil and South Africa.

According to the fourth model, it is necessary to create institutions in the BRICS, which will have a multiplicative effect on the development of the economics of the member countries. Another possibility of deepening cooperation of the BRICS is the establishment of free trade zones following the example of trans-regional agreements: the Trans-Pacific Partnership, the Transatlantic Trade and Investment Partnership, etc.\(^{15}\)

President Putin has repeatedly expressed his position on the prospects for the development of the BRICS. Thus, on the eve of the BRICS summit in Xiamen on

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September 4-5, 2017, Putin published an article "The BRICS: to new horizons of strategic partnership", where he has pointed out that "Russia stands for closer foreign policy coordination of the BRICS States,...for the expansion of interaction of the BRICS countries in the field of global information security. We propose to form together an international legal framework for cooperation, and in the future to develop and adopt universal rules of responsible behavior of States in this area".

Putin pointed to the success of cooperation, such as the beginning of the operational activities of the New development Bank, within the framework of which several billion-dollar investment projects in the BRICS countries have been approved. Putin expressed his conviction that their implementation will contribute not only to the economic growth, but also to further integration between the countries, and assured of Russia's interest in the extension of economic cooperation in the format of "five" and readiness to promote reforms in the field of international financial regulation, jointly contribute to overcoming the excessive dominance of a limited number of reserve currencies, to achieve a more balanced distribution of quotas and votes in the IMF and the world Bank.

Putin urged to intensify cooperation between the BRICS countries in the field of small and medium-sized businesses, proposing to integrate national Internet resources of small and medium-sized businesses, on which it would be possible to place cross-links and other commercial information, to exchange data with reliable partners.

The Russian President drew attention to the Russian proposal to establish the BRICS’ Energy Research Platform, which is designed to establish informational, analytical and research activities in the interests of the five countries, and in the future - to promote the implementation of joint investment energy projects.

As a priority area of cooperation, Putin pointed out to the joint work in the field of science, technology, innovation, advanced medicine, pointing to the great potential of the BRICS countries in these areas in the form of a developed complementary scientific base, unique technical developments, qualified specialists, huge markets for high-tech products.

Putin also spoke in favor of creating a dialogue "Women and the economy", proposing to transfer to a permanent basis discussions with representatives of business and expert circles, women's associations, as well as government agencies of the BRICS countries.16

In conclusion, Putin said that "Russia stands for deepening the BRICS partnership in political, economic, humanitarian and other spheres. Together with our colleagues, we are ready to further promote democratization and strengthen healthy principles in world affairs on the solid basis of international law"17.

Summing up the results of the BRICS summit in Johannesburg (South Africa) on July 27, 2018, President Putin pointed out to the similarity of the positions of the BRICS countries on key issues on the international agenda, reflected in the Declaration of Johannesburg, the basic meaning of which is in the opposition to economic sanctions and use of force in violation of the Charter of the United Nations, the prevention of the arms race in space, as well as the support of the Astana process of the settlement in Syria and

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16 On September 21, 2018, the second Eurasian women's forum in St. Petersburg hosted a presentation of the BRICS Women's Business Alliance, which is a network of professional communication of women entrepreneurs using a specialized electronic information resource.

the conservation the Joint Comprehensive Plan of Action. During the summit the BRICS countries have sent a strong signal in favor of preserving the WTO, against protectionism, changing the rules of world trade; have signed intergovernmental memorandums on cooperation in the field of regional aviation and the environment. Putin also noted the success in strengthening the BRICS position in the world, the establishment of cooperation in Africa, and the support of multilateral international associations for the BRICS18.

A year later, speaking at the BRICS summit in the Brazilian capital on November 14, 2019, Vladimir Putin has not only reaffirmed his commitment to all the ideas and initiatives mentioned earlier, but has also outlined the main tasks of the Russian presidency in the BRICS in 2020: continuity in the implementation of already agreed initiatives; expansion of foreign policy coordination between the partner countries; updating the BRICS partnership strategy in trade and investment; discussion of new initiatives aimed to expanding cooperation between the tax, customs and antimonopoly authorities of the association countries; development of interaction between the five States on energy issues. Putin noted the importance of cooperation in the cultural and humanitarian sphere, announcing plans to hold a number of cultural festivals, tours of theater groups, artistic and sports competitions among the BRICS countries that will be held in Russia. He confirmed the interest in expanding contacts between academic and scientific centers, research and higher education institutions of the five countries. At the same time, Putin urged the BRICS States to take a more proactive role in the UN, to promote a positive international agenda, uniting efforts to solve key global and regional problems, in particular, preventing terrorism and countering the spread of terrorist ideology, including the Internet, in the fight against money laundering19.

Speaking at the closing ceremony of the BRICS Business Forum, Putin noted the success of cooperation between the BRICS countries primarily in high-tech areas. Among the positive examples of such cooperation were the projects in aviation and rocket engineering, medicine, pharmaceuticals, and space exploration launched together by the BRICS partners. The Russian President also positively assessed the opportunities for increasing cooperation in the field of informatics and telecommunications, the production of renewable energy sources, and cooperation in the field of peaceful nuclear energy20.

Victoria Panova, scientific adviser on the preparation of the Russian Chairmanship of the BRICS, spoke about the areas of BRICS cooperation: "If initially there was talk that the BRICS is basically an economic union, now no one has any questions that all three main areas are fully involved. We are talking about economic, political and humanitarian cooperation. At the same time, it is important for Moscow to maintain a balance between them". She added that Russia within the framework of its chairmanship intends to involve other countries in the work of the association in the BRICS-plus and BRICS-outreach formats, although there is no question of any full-fledged expansion of the organization. Panova said that the BRICS, however, is not a closed elite club: it is quite possible that in the future, one of the largest Muslim countries – Indonesia -will join the organization. Another perspective member is Argentina — the second largest country in South America, which can give the

organization a new impulse for the development.

As a conclusion

Regardless of how skeptics view the prospects of the BRICS, we believe that the sovereignty that the participating countries have is their huge advantage. The meaning of the BRICS is that the countries are not alike: the organization resembles a world in a miniature, it represents the largest cultural and religious communities - Christians, Buddhists, Muslims, Confucians; various political systems - from democracy to authoritarian regimes. Each of the countries is experiencing a number of internal political problems and external challenges: terrorism, drug trafficking, etc. It is natural that these countries have different views, but at the same time, the BRICS members are united by the desire for an independent solution of domestic and world problems and, what critics often do not see, interest in developing this block, since the BRICS countries see in it the potential that other organizations do not have.

All five countries are experiencing difficulties in increasing their influence on the world system exclusively in existing institutions, and here the BRICS is not just a union of developing countries, but the main poles of the multipolar system, which together will be able to achieve high results.

At a time when global international institutions are in crisis, unable to adapt to changing conditions, the BRICS is an interesting attempt to form new partnership mechanisms that better reflect the reality of the XXI century.

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