

# BRICS in the G20? The Involvement of Rising Powers in the Premier Forum of Global Governance

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Amongst the examples of structures filling up the spectrum of relationships between states and non-state actors in global governance, one can distinguish informal forums of international co-operation. The core position amongst them is occupied by the Group of Twenty (G20). This paper is devoted to the issue of the participation of BRICS in global governance institutions, above all the G20, which develops the summitry process at the political leader and ministerial levels. Attention is drawn to the BRICS group as the leading emerging economies and political powers at the regional and international levels, extending their influence within the G20. This paper highlights the increasing activity of emerging economies in this premier forum of global governance and explores the possibilities of BRICS members developing co-ordinated positions in the G20.

*Keywords:* BRICS, global governance, G20 summits, co-ordination.

## Introduction

At the dawn of the 21<sup>st</sup> century, the majority of scholars, journalists, policy-makers, and representatives of civil society have admitted that the traditional model of international relations has proved insufficient for the recognition of a new, global political order, based largely on specialised institutions operating across the borders of states. The fundamental changes in the international system include: (1) the growing role of non-Western countries clustered within the BRICS group (Brazil, Russia, India, China, South Africa) and the relative reinforcement of their ability to act politically in the international arena; (2) the increasing number of interactions among countries and their citizens, triggered by the revolution in communication technologies; (3) the vulnerability of even the greatest powers and their citizens to cross-border threats, which have been triggered mainly by terrorism, diseases, and climate change adversely affecting humans; (4) the development of global networks of connections playing a fundamental role in creating, developing, diffusing and implementing various norms, rules and regulations covering a growing number of new areas.

One of the centres of the global network structure, being the forum for dialogue between states and non-state entities in the sphere of global governance, is the Group of Twenty (G20). The G20 itself contains economically developed, democratic Western countries as well as emerging powers that are gaining experience and influence in the international arena, plus the European Union (EU). Since November 2008, when 19 heads of government and a series of representatives of international organisations met in Washington DC, the Group of Twenty has become one of the pillars of global economic governance<sup>1</sup> and a structure which appears to have the character of a ‘constructed focal point’, by which policy direction is co-ordinated among key actors at the hub of decision making.<sup>2</sup> In 2009, the G20 further strengthened its position. The G20 Leaders decided in Pittsburgh to give a new status to the G20 and declared it ‘the premier forum for [...] international economic co-operation’.<sup>3</sup> This meant acknowledging the superiority of the G20 over the G8. The Chinese delegation saw the shift in geopolitical power as ‘conforming with the tide of history’.<sup>4</sup>

This emergence of a new steering group was almost immediately criticised by some researchers as ‘a symbolic move, since the rich countries control the institutions with actual power’ and ‘[...]the G20 is still the G7 with 13 other countries sitting in’.<sup>5</sup> Even if the invited nations were ‘sucked’ into the G20, as a thoroughly thought over long-term strategy, the industrialised countries were set on fending off calls for more fundamental change through more democratic forums like the United Nations (UN), the West certainly noticed the simultaneous emergence of the G20 Leaders and BRICS summitry process. The first summit of the BRIC group (Brazil, Russia, India, China) in 2009 in Yekaterinburg, and G20 Leaders in Pittsburgh, brought to life structures immediately hailed as innovative and participatory and which were almost unthinkable in the 1990s, when the G8 and the UN Security Council (UNSC) strove to play the roles of power structures in the real world. Russian Sherpa Vadim Lukov wrote: ‘the establishment of the BRICS [...] has become one of the most significant geo-political events of the new century’.<sup>6</sup> Referring to informal global institutions such as the G7 and the G77, which existed before the BRICS group, he observed that ‘the BRICS group differs from them in a variety of ways that allow it to be defined

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<sup>1</sup> A. F. Cooper, C.I. Bradford CF Jr., ‘The G-20 and the Post-Crisis Economic Order’, *CIGI G-20 Paper*, No. 3. Waterloo: CIGI, 13 June 2010, p. 4.

<sup>2</sup> G. Garrett, B. R. Weingast, ‘Ideas, Interests and Institutions’, in J. Goldstein, R. O. Keohane (eds), *Ideas & Foreign Policy: Beliefs, Institutions and Political Change*, Ithaca, NY: Cornell University Press, 1993, p. 176.

<sup>3</sup> *G20 Leaders’ Statement: The Pittsburgh Summit*, par. 19, Pittsburgh, 25 September 2009, <http://www.g20.utoronto.ca/2009/2009communique0925.html> (accessed on 20 February 2015).

<sup>4</sup> J. Sinclair, ‘The New Global Governance: Time for a Great Leap Forward’, *Options Politiques*, November 2009.

<sup>5</sup> M. Weisbrot, ‘G-20 Doesn’t Offer Much Reform’, *The Guardian*, 27 September 2009.

<sup>6</sup> V. Lukov, *A Global Forum for the New Generation: The Role of the BRICS and the Prospects for the Future*, 2012, <http://www.brics.utoronto.ca/analysis/Lukov-Global-Forum.html> (accessed on 20 December 2014).

as a global forum for a new generation'.<sup>7</sup> Taking into account the growing economic power of its member states, their demography, natural resources, combined gross domestic product (GDP), participating in the leading international organisations and structures, common principles (openness, pragmatism, solidarity, mutual assistance, inclusiveness, non-confrontation), and common strategic interests of the G20, albeit designed by Western countries, the G20 featured an unprecedented attempt by the BRICS countries 'to extend their participation in key institutions of global governance'.<sup>8</sup> Andrew F. Cooper aptly observed that unlike the attempts to reform the G8 from the inside directed through the so-called Heiligendamm or Outreach 5 (O5), the G20 offered formal equality to the rising powers.<sup>9</sup> The BRICS members considered their elevated G20 Leaders position as a kind of confirmation of the status which they had gradually built up during the experience reached through presiding in the G20 Finance Summits (India in 2002, China in 2005, South Africa in 2007, and Brazil in 2008).

This paper maps out the issue of the participation of the BRICS states in global governance institutions, above all the G20. The attention will be turned to Brazil, Russia, India, China and South Africa as leading emerging economies and political powers on the regional and international level. Three main aspects underline the relevance of the members of BRICS as protagonists in development co-operation: (1) the outstanding size of their economies, (2) strong growth rates, leading to increasing significance in world economy, and (3) the demand for a stronger political voice in international governance structures, which corresponds to their economic status. The main issues which arise here are whether we are witnessing the creation of a 'BRICS Bloc' in the G20. Has the BRICS inclusion at leader level in the G20 in the crisis year of 2008 broadened and deepened their co-ordination and co-operation in different policy spheres, different formats and at different levels sufficiently to overcome differences of interest and to enable us to speak of a common agenda of the emerging powers? This paper will serve as a voice in this debate.

### **BRICS – New Kid on the Block**

Contrary to the G7 steered by Western powers and its regional gathering (the EU), the G20 has been populated by large developing economies, captured and popularised in the 'BRIC' acronym by Goldman Sachs analyst Jim O'Neil in his paper of 2001.<sup>10</sup>

<sup>7</sup> Ibidem.

<sup>8</sup> D. Held, *Cosmopolitanism: Ideals, Realities and Deficiencies*, Cambridge: Polity, 2010, p. 204.

<sup>9</sup> A. F. Cooper, 'The G20 and Contested Global Governance: BRICS, Middle Powers and Small States', *Caribbean Journal of International Relations & Diplomacy*, 2014, Vol. 2, No. 3, p. 92.

<sup>10</sup> J. O'Neill, 'Building Better Global Economic BRICs', *Global Economics Paper*, No. 66, 30 November 2001. It is worth noting that the concept of the BRICS group dates back to the first half of the 1990s as the immediate consequence of the end of bipolarity. For example, in Russia, former Foreign Minister of the Russian Federation, Yevgeni Primakov, in 1996, presented a doctrine of multipolarity. He focused on reviving cordial relationships with India, developing friendly relationships with China and proposed establishing a tripod

When South Africa was invited by China to become the fifth member of the group in 2010, the process of institutionalisation of the group accelerated, and BRICS (or BRICs) began to be perceived as a power which the West had to reckon with.

It is worth noting that a broad debate concerning all the BRICS group members had been opened when these countries embarked on a course of fundamental reforms during the 1980s and 1990s that transformed their economies and succeeded in boosting growth, largely by fomenting greater private-sector activity. Economic and/or political crises acted as a crucial catalyst for reform by allowing political leaders to push through important reforms. It was a combination of economic reforms aimed at ‘more market’ and ‘less state’ that helped stimulate growth. Below, the table highlights the development of BRICS since the end of the 1980s to the inclusion of South Africa as ‘the fifth element’ (2010).

**Table 1.** The Evolution of the BRICS group

When	What happened
1989	Brazil puts a ‘shock therapy’ in place to counter hyper-inflation and boost privatisation.
1991	India introduces economic reforms, ending the ‘Licence Raj’.
1998	Financial meltdown in Russia. China remains unscathed.
1999	Russia prepares a strategy to rebuild its economic position.
2001	A Goldman Sachs report predicts the rapid rise of BRIC in the next 50 years, China joins the WTO.
2006	The Dow Jones introduces the BRIC 50 Index made up of the 50 largest companies listed on the stock exchanges of Brazil, Russia, India and China. The BRIC foreign ministers hold an informal meeting in NY as a sideline to the UN 61 <sup>st</sup> General Assembly.
2007	China officially becomes third-largest economy of the world, overtaking Germany.
2009	The BRIC leaders hold their first summit in Russia calling for a more democratic and multipolar world. The developed countries agree to increase the BRIC quota and vote share at the IMF and the World Bank
2010	The second BRIC summit. The group calls for UN reforms. China becomes the second-largest economy. BRIC accounts for approx. 25% of the world’s economic activities and over 25% of the world’s GDP. South Africa joins BRIC, which thus becomes BRICS.

Source: B. Hounshell, ‘BRICs: A Shirt Story. How did a Wall Street buzzword coined by Goldman Sachs become a powerful new bloc in world affairs?’, *Foreign Policy*, 2011, February 21, <http://foreignpolicy.com/2011/02/21/brics-a-short-history/> (accessed on 10 January 2015).

It should be noted that starting with a share of a little over 10% in world gross domestic product (GDP) and less than 4% in world trade in 1990, the BRICS group (with the recent inclusion of South Africa to the forum) now accounts for about 25% of

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centre of economic co-operation (Russia–India–China) as an alternative to the European/Western expansion after the Cold War. See: Y. Primakov, ‘Mezhdunarodye otnoshenia nakanune 21 veka’ (International Relations at the threshold of 21<sup>st</sup> century), *Mehdunarodnaya zhizn* (International Affairs), 1996, Vol. 10, pp. 3–13.

the world's GDP and more than 15% of the world's trade. In 2010, four of the five BRICS members were among the top-ten largest economies in the world (Table 2).

**Table 2.** Overview of BRICS economies, 1990 and 2010

Country	Rank in world	GDP (PPP bn)	GDP (USD bn)		Share in World GDP (%)		Per capita GDP (USD)	
			1990	2010	1990	2010	1990	2010
Brazil	8	2,172	508	2,090	3.3	2.9	3,464	10,816
Russia	6	2,223	-	1,465	-	3.0	-	10,437
India	4	4,060	326	1,538	3.1	5.4	378	1,265
China	2	10,089	390	5,878	3.9	13.6	341	4,382
South Africa	26	524	112	357	0.9	0.7	5,456	7,158

Source: Source: *The BRICS Report 2012. A Study of Brazil, Russia, India, China, and South Africa with special focus on synergies and complementarities*, New Delhi: Oxford University Press 2012, p. 2.

As in the case of their share in the world's GDP, the BRICS group's share in world trade has also improved significantly over the last two decades, from 3.6% to over 15%. The primary contribution to this in terms of value has come from China; however, other BRICS countries have also contributed.

**Table 3.** BRICS share of global trade (%)

	1990	1995	2000	2005	2008	2009	2010
BRICS	3.6	6.0	7.0	11.2	13.6	13.7	15.0
Brazil	0.8	0.8	0.8	1.0	1.1	1.1	1.2
Russia	-	1.5	1.4	2.1	2.6	2.2	2.3
India	0.5	0.6	0.7	1.2	1.5	1.6	1.8
China	1.6	2.6	3.5	6.4	7.9	8.3	9.2
South Africa	0.6	0.5	0.5	0.5	0.5	0.5	0.5

Source: *The BRICS Report 2012. A Study of Brazil, Russia, India, China, and South Africa with special focus on synergies and complementarities*, New Delhi: Oxford University Press 2012, p. 33.

Looking at the emerging dynamics of the BRICS economies and trade since 1990, Goldman Sachs' predictions about the importance of these states finds justification. Of course, economic power does not always translate into influence in international politics, but BRICS has already been able to transform economic capacity into political influence,<sup>11</sup> despite the fact that the coherence and the quality of this influence is still relatively low. All the BRICS countries are now members of major international and

<sup>11</sup> N. Haibin, *BRICS in Global Governance: A Progressive Force? Dialogue on Globalisation*, New York: Friedrich Ebert Stiftung, 2012, p. 1.

multilateral institutions such as the World Trade Organisation, the UN, the G20 and the UN Framework Convention on Climate Change, and are very active participants therein. In the WTO, the nations of BRICS (mostly Brazil, India and South Africa) created the agriculture coalition, supporting the collective solutions discussed during the Doha Round.<sup>12</sup> Declaring its interests, the group demanded an open world economy with an efficient allocation of resources, the free flow of goods, and fair and orderly competition. An example of such commitments can be easily found in each of the BRICS summit documents. At the sixth BRICS summit, held in Fortaleza, Brazil (15 July 2014), BRICS committed to giving ‘support for an open, inclusive, non-discriminatory, transparent and rule-based multilateral trading system, [...] the successful conclusion of the Doha Round of the World Trade Organisation (WTO), following the positive results of the Ninth Ministerial Conference (MC9), held in Bali, Indonesia, in December 2013’.<sup>13</sup> Under the new WTO Director-General, Roberto Azevêdo of Brazil, who has been in office since 1 September 2013, the BRICS group’s interests are more clearly identifiable. Designating a candidate from the BRICS members can in the long run consolidate the positive perception of a group, enhance its position in global affairs and fulfil the desire of the members of BRICS to see a reform of global economic governance, to give them a greater voice and increased representation. This ‘voice and vote’ reform had in fact already started a few years earlier. Two sides – the West and the BRICS group treat the reform as a ‘swap area’, where the political significance of the emerging powers is traded for the capital needed to capitalise Western institutions. In June 2012, at the G20 summit in Mexico, the BRICS countries pledged large amounts to the IMF firewall fund designed to prevent the contagion of the eurozone crisis spreading into the global market. China pledged USD 43 bn, Brazil and Russia each pledged USD 10 bn, and South Africa USD 2 bn.<sup>14</sup> This contribution of the BRICS group was considered as an ‘investment,’ in return for reform of quota shares and voting power in the IMF and the WTO. The BRIC(s) expectations were awakened in 2008, when the former management of the IMF, led by Dominique Strauss-Kahn, started to perceive the global ambitions of emerging markets as a chance to carry out financial reforms, aimed at giving the institution an independent source of income. However, everything has its price. Financial reforms were matched with governance reforms, the latter aimed at enhancing the credibility and legitimacy of the institution by giving more voice to emerging and developing countries. This taking back of power by the emerging economies started in April 2008. In 2009, the developing

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<sup>12</sup> P. Draper, ‘BRICS Summit 2012: Inching towards a BRICS Trade and Investment Agenda’, SAIIA, 16 March 2012, <http://www.saiia.org.za/feature/brics-summit-2012-inching-towards-a-brics-trade-and-investment-agenda.html> (accessed on 7 January 2015).

<sup>13</sup> *The 6th BRICS Summit: Fortaleza Declaration*, 15 July 2014, Fortaleza, Brazil, par. 21, <http://www.brics.utoronto.ca/docs/140715-leaders.html> (accessed on 10 January 2015).

<sup>14</sup> *BRICS agree to boost IMF war chest*, 19 June 2012, <http://www.fin24.com/Economy/Brics-agree-to-boost-IMF-war-chest-20120619> (accessed on 10 January 2015).

members of the G20 began to diminish the seniority rule of the economic Triad (the United States, the EU and Japan) and its auxiliaries. G20 leaders agreed to reform the governance of the IMF and the World Bank to give a greater role to developing countries. They agreed to push the governing bodies to make a shift of at least 5% of voting power from developed to developing countries in the IMF and at least 3% in the World Bank.<sup>15</sup> Ngoire Woods gave a clear account of these gains, admitting that the largest ‘winners’ from the reforms were China, India, Brazil, Singapore, Turkey and Mexico, but still, from their perspective, the changes were small.<sup>16</sup> The ‘voice and vote’ reform was hard won and took endless negotiating among the G7 powers. It should be noted that the emerging economies considered the reforms started in 2008 as only the beginning and demanded more substantial changes in the power shift, showing their role as creditors of the world’s economy. The criticisms by BRICS members concerned that Europe, in particular, is over-represented in terms of its weighted-voting power and the number of representatives on the Executive Board. After long debates, the ministers of finance and the central bank governors met on 23 October 2010 in Gyeongju, South Korea to prepare the agenda for the G20 Summit in Seoul on 11 November. The states reached agreement on a set of institutional reform proposals that followed up the arrangements of the 2009 G20 Summit in Pittsburgh and London.<sup>17</sup> These included: (1) an over 6% quota shift to under-represented countries (while protecting the voting share of the poorest), which meant a shift of balance in the weighted-voting system towards Brazil, China, India and Russia, to be formally implemented by the IMF-World Bank Annual Meeting in October 2012; (2) enhancing the representation of emerging and developing economies through a comprehensive review of weighted voting by January 2013, and a subsequent review of quotas by January 2014; (3) the surrender of two European chairs to under-represented states and possibly a second alternate for all multi-country constituencies; (4) the introduction of an all-elected Board, along with the states’ commitment to maintain its 24-seat composition; (5) following the 14<sup>th</sup> General Review, prolongation of the Board’s term from two to eight years.<sup>18</sup> Moreover, during the 2013 G20 summit in St. Petersburg, Russia, the leaders of BRICS agreed to create a USD 100 bn pool of currency reserves in order to ease short-term liquidity pressure and safeguard the stability of emerging

<sup>15</sup> J. Vestergaard, R. H. Wade, ‘Still in the Woods: Gridlock in the IMF and the World Bank Puts Multilateralism at Risk’, *Global Policy*, 2015, Vol. 6, Issue 1, p. 2.

<sup>16</sup> N. Woods, ‘Global Governance after the Financial Crisis: A New Multilateralism or the Last Gasps of the Great Powers?’, *Global Policy*, 2010, Vol. 1, Issue 1, p. 56.

<sup>17</sup> At the G20 summit in London, the member countries decided on pursuing a huge financial programme aimed at restoring credit, growth and jobs in the world economy. They pledged to supply an additional USD 1.1 trillion to such institutions as the IMF (USD 500 billion in new resources available for lending plus USD 250 billion for new SDR allocation) and multilateral development banks (USD 100 billion for emerging markets and developing countries plus USD 250 billion to support trade finance). These resources, according to the G20 decision, were made available through more flexible mechanisms to countries in need.

<sup>18</sup> M. Menkes, ‘IMF’s Governance Reform in the Shadow of Current-accounts Balance Debate’, *PISM Bulletin*, 2010, No. 131 (207), p. 379.

economies.<sup>19</sup> This decision was further developed at the sixth BRICS Summit held in Fortaleza. Members of the BRICS group concluded their *Treaty for the Establishment of a BRICS Contingent Reserve Arrangement* (CRA), with the initial total committed resources of USD 100 bn (China – USD 41 bn, Brazil – USD 18 bn, Russia – USD 18 bn, India – USD 18 bn, South Africa – USD 5 bn), designed as ‘a self-managed contingent reserve arrangement to forestall short-term balance of payments pressures, provide mutual support and further strengthen financial stability’.<sup>20</sup> During the same meeting, BRICS agreed on the New Development Bank (with initial capital of USD 50 bn) as a tool for financing infrastructure and sustainable development projects in the BRICS nations and other emerging economies and developing countries.<sup>21</sup> The formation of the BRICS Development Bank – if effective – could constitute a big challenge for the important structures of global governance, that is the IMF and the World Bank. It must be recognised that this initiative is very ambitious and goes far beyond the existing forms of capital impact of the BRICS states on developing countries.

### BRICS in the G20?

The rising political influence of BRICS is visible not only in its increasing institutionalisation, forged during the meetings of leaders of this group but also the G20 summits. The relationship between G20 and the BRICS summitry process is evident as the five emerging powers produce documents which express their collective stance towards the results of the G20’s deliberations. In one of them, discussed during the Informal Meeting of the BRICS Leaders on the occasion of the G20 summit in Brisbane (15 November 2014), leaders from emerging countries exchanged their views and shared their perspectives on the main issues on the G20 summit agenda as well as the expected outcomes. Among a variety of issues discussed (e.g., measures to promote growth and job creation; investment and infrastructure; trade; strengthening of the financial system and co-operation on tax matters; and energy issues), they criticised the G20’s efforts towards supporting global demand in the short run, especially by advanced economies, non-implementation of the 2010 IMF reforms agreed in 2009, and its negative impact on the Fund’s legitimacy and credibility. Due to the United States not ratifying the reforms, they called on the G20 to schedule a discussion of the options for the next steps that the IMF committed to present in 2015.<sup>22</sup>

<sup>19</sup> L. Xing, ‘Introduction. Understanding the Hegemony and the Dialectics of the Emerging World Order’, in L. Xing (ed.), *The BRICS and Beyond. The International Political Economy of Emergence of a New World Order*, Farnham: Ashgate, 2014, p. 13.

<sup>20</sup> *Treaty for the Establishment of a BRICS Contingent Reserve Arrangement*, 15 July 2014, Fortaleza, Brazil, <http://www.brics.utoronto.ca/docs/140715-treaty.html> (accessed on 10 January 2015).

<sup>21</sup> *Agreement on the New Development Bank*, 15 July 2014, Fortaleza, Brazil, <http://www.brics.utoronto.ca/docs/140715-bank.html> (accessed on 10 January 2015).

<sup>22</sup> *Media Note on the Informal Meeting of BRICS Leaders on the occasion of the G20 Summit in Brisbane*, Brisbane, November 15, 2014, <http://www.brics.utoronto.ca/docs/141115-brisbane.html> (accessed on 10 February 2015).

The G20 is a recurring theme in BRICS discourse. Marina Larionova and Andrei Shelepov underlined that while ‘the UN is the most frequently mentioned institution in BRICS documents (22% of all references in 2008–2014), the G20 comes second with almost 13% of all references’.<sup>23</sup> The BRICS members support the G20 as a premier global economic co-operation forum but also co-ordinate their positions on the G20’s priorities. The practice of harmonising the positions of BRICS on the sidelines of Gx meetings dates back to the G8 Hokkaido summit in 2008, where BRIC leaders agreed to further co-operation to address major global economic challenges and deal with issues in the financial sphere and food security. Since then the institution’s collaborative dynamics has been increasing steadily. Meetings of BRICS finance ministers and central bank governors have become the most frequent and regular format of co-operation. At the first meeting in Brazil on 7 November 2008, before the G20 finance ministers and central bank governors meeting, the finance ministers of the four countries (South Africa became the fifth member of the institution in 2012) discussed their policy responses to the financial crisis and proposals on reforming global financial architecture. They also committed ‘to continue to undertake all necessary steps to lessen the impact of the recent turmoil on economic activity, aiming to preserve medium and long-term growth’.<sup>24</sup> In 2009, finance ministers organised two standalone meetings to coordinate their positions in the G20 and met twice on the IMF sidelines. At the meeting in March 2009, they supported the G20’s position as the premier institution to lead international efforts responding to the global financial crisis, called for adequate regulation and supervision of systemically important financial institutions, shadow banks and rating agencies, and considered the reforms of international financial institutions, including the IMF, the World Bank, the Financial Stability Forum and the Basel Committee on Banking Supervision. Half a year later, at the meeting in London, BRIC finance ministers and central bank governors set a target of 7% and 6% for redistribution of quotas and shares in favour of developing countries in the IMF and the World Bank, respectively. Thereafter, BRICS established a practice of regular meetings of finance ministers aimed at preparation for the BRICS summits and the co-ordination of individual positions in the G20 and other international financial institutions has been established. Finance ministers and central bank governors traditionally consult in standalone meetings and on the sidelines of the spring and annual meetings of the IMF and the World Bank. As a result, by the end of 2014, 17 meetings had taken place and five documents had been adopted.<sup>25</sup>

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<sup>23</sup> M. Larionova, A. Shelepov, *Is BRICS Institutionalization Enhancing its Effectiveness?*, in M. Rewizorski (ed.), *The European Union and the BRICS: Complex Relations in the Era of Global Governance*, Heidelberg – New York: Springer 2015, p. 49.

<sup>24</sup> BRIC Finance Ministers, First Meeting of BRIC Finance Ministers Communiqué, <http://www.brics.utoronto.ca/docs/081107-finance.html> (accessed on 19 February 2015).

<sup>25</sup> M. Larionova, A. Shelepov, op. cit., p. 44.

Important systemic steps toward bringing the stances of the BRICS countries closer together were also observable in the Delhi Action Plan, devised at the Fourth BRICS Summit in March 2012 in India, where members of that group committed themselves to co-ordinating their positions at G20 Summits.<sup>26</sup> In the Delhi Declaration they stressed: ‘We approach the next G20 Summit in Mexico with a commitment to work with the Presidency, all members and the international community to achieve positive results, consistent with national policy frameworks, to ensure strong, sustainable and balanced growth’, but the Delhi Action Plan also declared that there would be ‘Meetings of Finance Ministers and Central Bank Governors on sidelines of G20 meetings/other multilateral (WB/IMF) meetings, meetings of BRICS Trade Ministers on the margins of multilateral events, or stand-alone meetings, as required [...] meetings of BRICS Ministers of Agriculture [...] the BRICS High Representatives responsible for national security [...] the BRICS Health Ministers, as well as a mid-term meeting of Sous-Sherpas and Sherpas’.<sup>27</sup> In line with these alignments, before the G20 Summit in Brisbane, the BRICS leaders met to ‘reach agreements on the main issues on the agenda of the G20 Summit’<sup>28</sup> and address international issues such as the intensification of the interaction between the BRICS countries in the settlement of regional conflicts, issues relating to the non-proliferation of weapons of mass destruction, counter-terrorism, the drugs threat, and international information security.<sup>29</sup> The BRICS leaders also decided to meet on the sidelines of a G20 summit in Brisbane, where they took on the issues of forging a strategy for co-operating within the framework of the G20, accelerating global economic growth and reiterated demands for IMF reform.<sup>30</sup>

Despite these and earlier efforts, the BRICS members’ capacity to co-ordinate their positions during the G20 Summits has been mixed. In some cases co-operation was possible, especially on the necessity to increase their weight in international financial institutions. Acting as more or less a united bloc, BRICS members achieved a significant success, increasing the emerging economies’ power on the Financial Stability Board and the Basel Committee.<sup>31</sup> In 2010, the year of the G8/G20 Dual-Summits in Canada and a further G20 Summit in South Korea, BRICS perseverance led to signing an agreement on a quota shift in the IMF by more than 6 per cent in favour of the large

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<sup>26</sup> *Fourth BRICS Summit: Delhi Declaration*, BRICS Information Centre, University of Toronto, 29 March 2012, <http://www.brics.utoronto.ca/docs/120329-delhi-declaration.html> (accessed on 16 February 2015).

<sup>27</sup> *Ibidem*.

<sup>28</sup> A. Korablinov, *BRICS leaders to hold talks before G20 summit*, Russia and India Report, 14.11.2014, [http://in.rbth.com/world/2014/11/14/brics\\_leaders\\_to\\_hold\\_talks\\_before\\_g20\\_summit\\_39743.html](http://in.rbth.com/world/2014/11/14/brics_leaders_to_hold_talks_before_g20_summit_39743.html) (accessed on 16 February 2015).

<sup>29</sup> *Ibidem*.

<sup>30</sup> *BRICS to meet during G20 Summit in Brisbane*, <http://www.theeventchronicle.com/news/oceania/brics-meet-g20-summit-brisbane/> (accessed on 16 February 2015).

<sup>31</sup> A. De Freitas Barbosa, R. Mendes, ‘Is there a Brazilian Strategy for the G-20?’, in T. Fues, P. Wolff (eds), *G-20 and Global Development: How Can the New Summit Architecture Promote Pro-Poor Growth and Sustainability?* Bonn: DIE, 2010.

emerging countries and the G20 consensus on reforming the composition of the IMF Executive Board. In Toronto (2010), the members of BRICS, acting jointly, opposed the banking tax, an idea strongly supported by virtually all members of the G7 except for Canada, as they considered ‘one size fits for all’ a bad solution. This issue became a bone of contention between Canada and the BRICS coalition, who stressed that their banks had not been at the root of the financial crisis and should therefore not be ‘hurt’, and the EU states striving to rescue their budgets by increasing their tax revenues.<sup>32</sup> Before the summit, the EU noticed that Canada sought support from the emerging G20 members led by China and Indonesia. Ottawa was trying to convince them that a unified tax regime does not fit all and that by giving way to that solution, emerging countries would have to pay for ‘Western’ banks, which had failed at home. Observing the dialogue between Canada and the emerging markets, Europeans began to fear that introducing such a tax in the EU may be *de facto* detrimental for the European economy.<sup>33</sup> The above-mentioned clash of interests between BRICS and the EU is worth recalling as it is one of very few examples of the heterogeneous emerging powers speaking with one voice.

More frequently, however, the members of BRICS were not able to align their positions and clashed on many occasions. Looking at their involvement in the G20 process since 2008, it becomes clear that they act as individual agenda setters, focusing on a diverse set of interests. While Brazil supports liberalising agricultural trade, Russia and India oppose the financial transaction tax, and China defends its monetary policy. An example of the severe differences between the members of BRICS is the ‘currency war’, which divided not only the United States and China during the G20 Seoul Summit but also China and Brazil.

Despite the increasing institutionalisation of the group, producing documents which express their collective stance towards the results of G20 deliberation, and occasionally uniting in order to achieve – or more often oppose – certain solutions, the BRICS members in the G20 Summits are far from acting as a bloc or coalition of like-minded, closely co-operating states. According to Robert O. Keohane, ‘co-operation occurs when actors adjust their behaviour to the actual or anticipated preferences of others, through a process of policy coordination’.<sup>34</sup> In other words, the precondition for intergovernmental co-operation is regarding the following of the policies by one government as facilitating the realisation of political objectives by its partners. Despite BRICS members slowly institutionalising their co-operation within this grouping, they are unable to maintain a firm and stable collective position in the G20. Subsequent

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<sup>32</sup> See K. Gnath, C. Schmucker, ‘The Role of the emerging countries in the G-20: Agenda-setter: Veto player or spectator?’. *European Yearbook of International Economic Law*, 2012, Vol. 3, pp. 667–681.

<sup>33</sup> J. Wouters, S. van Kerckhoven, J. Odermatt, ‘The EU at the G20 and the G20’s impact on the EU’, Leuven Centre for Global Governance Studies, Working Paper No. 93, p. 10.

<sup>34</sup> R. O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy*, Princeton: Princeton University Press, 1984, p. 51.

summits show that the emerging powers still lack the strength to shift the agenda of the G20 to focus on uneven global development, but they have become more and more efficient as veto casters. Thus, the nations of BRICS are likely to become ‘veto powers’ in the G20, a multilateral co-operation forum which keeps ‘the emerging powers tied to the core economic and financial institutions of the existing [Western – M.R.] order’.<sup>35</sup>

### Conclusions

The BRICS countries’ role in the global governance system is defined primarily by their increasing weight in world economy; however, their leverage in world politics is not a function of only one variable. Nevertheless, since their inclusion in 2008, the BRICS have gradually matured into a global governance actor. The strengthening co-operation of its members significantly contributes to BRICS rising influence. Presumably, however, increasing institutionalisation and more and more frequent attempts to harmonise positions will not lead to a block of emerging powers speaking with one voice in the G20, either currently or in the near future. The differences of interest seem to be too deep. Despite occasional co-ordination of positions and forcing reforms on the Western G20 members, in particular international financial institutions, at the moment we can hardly speak of a common agenda of the emerging powers. Interestingly, while rejecting the ‘Western’ vision of a global order, BRICS members participate in its centre – the G20 – referred to since the summit of leaders in Pittsburgh as the premier forum for international economic co-operation. Denying the liberal nature of global governance and aiming at its transformation, BRICS members are becoming a heterogeneous group of ‘veto powers’ capable of occasionally uniting in their resistance against the ‘G7 world’ but not necessarily of proposing something new. In this respect, they are deconstructing the existing international reality from within in a way which the Western countries, European ones in particular, relatively weakened in economic and political terms, are unable to prevent.

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<sup>35</sup> L. Hongyu, L. Xing, ‘G20 and C2: Sino US Relations as an Institutional Cooperation Game?’, in L. Xing (ed.), *The BRICS and Beyond. The International Political Economy of the Emergence of a New World Order*, Farnham: Ashgate, 2014, p. 117.