

## BRICS Expansionism: Opportunities and Challenges

- *Ainun Nishat Chowdhury<sup>1</sup>*

### Introduction



*Source: Daily Sabah*

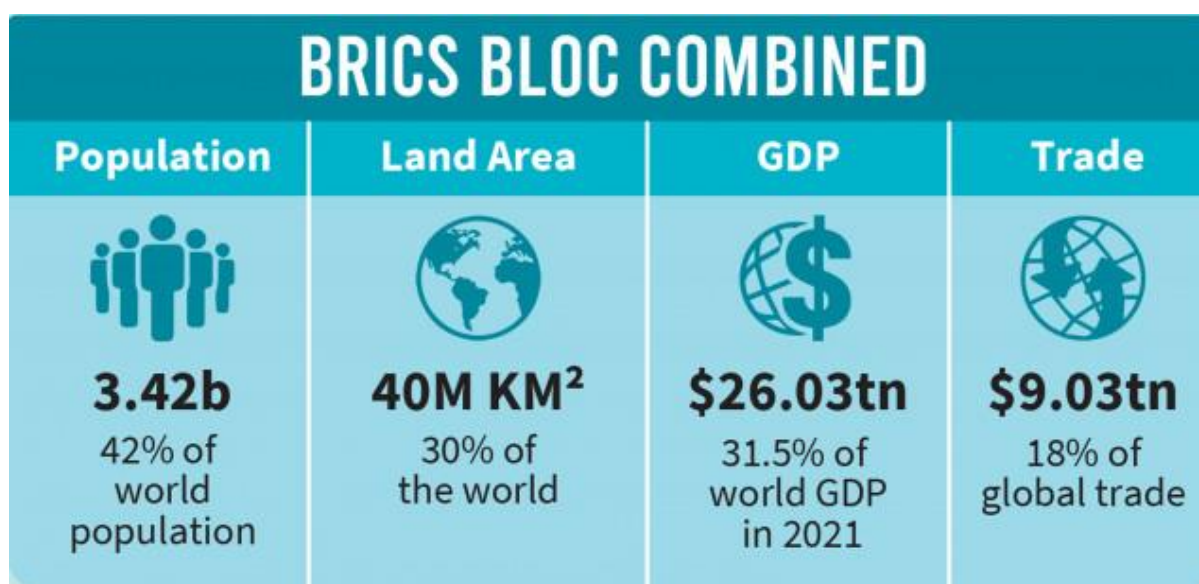
In the ever-evolving landscape of global geopolitics, BRICS has emerged as a formidable player, challenging the traditional power dynamics that have long defined the world order. Initially formed by Brazil, Russia, India, China, and South Africa, this alliance was intended to promote economic cooperation among its founding members. BRICS has undergone an unprecedented change, signifying its intention to play an integral part in determining the direction of future international relations and acting as a stimulus for economic growth. At the 2023 BRICS Summit in Johannesburg, a significant announcement was made that the BRICS family was growing,

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<sup>1</sup>**Ainun Nishat Chowdhury** is working as a Research Assistant at the Bangladesh Institute of Peace and Security Studies (BIPSS). She completed her BSS & MSS in International Relations from the Bangladesh University of Professionals (BUP). Her research interests are centred on the interdisciplinary field of human rights, security, terrorism, and contemporary issues.

more than doubling in size and embracing Argentina, Egypt, Ethiopia, Iran, the United Arab Emirates (UAE), and Saudi Arabia into its fold. This evolution was strikingly illustrated. BRICS has reached a critical turning point due to this sharp shift in membership. What was once a group of rising economies is now a larger, more varied alliance prepared to exercise its power on a global stage.

## A Short Glimpse of BRICS



*Source: The Business Standard*

BRICS comprised of five strong countries which are emerging national economies: Brazil, Russia, India, China, and South Africa. Jim O'Neill, a Goldman Sachs economist, first used the term "BRIC" in 2001.<sup>2</sup> BRICS has expanded to become a powerful player with enormous geopolitical and economic clout. With a population of 3.42 billion, it accounts for 42% of the world's population.<sup>3</sup> And roughly 27% of the world's geographic areas.<sup>4</sup> The BRICS countries also have a \$4.5 trillion total foreign exchange reserve.<sup>5</sup> In 2022, the combined GDP of the

<sup>2</sup> Korobi, Sadia Aktar. "How Far the Membership to BRICS Will Be Fruitful for Bangladesh?" *The Geopolitics*, June 29, 2023. <https://thegeopolitics.com/how-far-the-membership-to-brics-will-be-fruitful-for-bangladesh/>.

<sup>3</sup> Hossain, M A. "BRICS Membership: Boon or Bone for Bangladesh." *Modern Diplomacy*, June 26, 2023. <https://modern diplomacy.eu/2023/06/27/brics-membership-boon-or-bone-for-bangladesh/>.

<sup>4</sup> Hannan, Md. Badrul Millat Ibne. "Bangladesh and BRICS: A Potentially Game-Changing Partnership." *The Business Standard*, July 9, 2023. <https://www.tbsnews.net/thoughts/bangladesh-and-brics-potentially-game-changing-partnership-662482>.

<sup>5</sup> Hannan, "Bangladesh and BRICS: A Potentially Game-Changing Partnership."

BRICS group was over \$26.03 trillion, which is somewhat more than the US<sup>6</sup>, exceeding even the combined GDP of the G7 countries.<sup>7</sup> Notably, the BRICS countries account for 18% of total international commerce and play a crucial role in world trade.<sup>8</sup> This economic strength is anticipated to increase further, with projections indicating that by 2030, the BRICS group will account for 50% of global GDP.<sup>9</sup> Beyond its financial clout, BRICS has several important goals that are the foundation for their cooperation. The BRICS countries actively participate in multilateral initiatives to foster international collaboration and develop answers to urgent global concerns.

## Mapping BRICS Expansionism

Since its establishment, the BRICS bloc has significantly impacted the world economy. To strengthen its position as a representative of the "Global South" and challenge the dominance of the Group of Seven (G7) nations, notably in economic areas, BRICS has been considering growth in the past ten years.<sup>10</sup> With consequences for politics, trade, and international finance, this expansion has the potential to alter the global order fundamentally.

In light of recent developments involving the BRICS group, "BRICS Expansionism" takes centre stage. Over 40 countries expressed interest in joining the BRICS before its annual conference in South Africa, with 23 formal applications.<sup>11</sup> Notably, Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates (UAE) were invited to join as full members on January 1, 2024.<sup>12</sup>

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<sup>6</sup> ibid

<sup>7</sup> Korobi, Sadia Aktar. "How Far the Membership to BRICS Will Be Fruitful for Bangladesh?" *The Geopolitics*, June 29, 2023. <https://thegeopolitics.com/how-far-the-membership-to-brics-will-be-fruitful-for-bangladesh/>.

<sup>8</sup> Korobi, "How Far the Membership to BRICS Will Be Fruitful for Bangladesh?" June 29, 2023.

<sup>9</sup> ibid

<sup>10</sup> Economics Observatory. (2023, August 23). The BRICS countries: where next and what impact on the global economy? - Economics Observatory. <https://www.economicsobservatory.com/the-brics-countries-where-next-and-what-impact-on-the-global-economy>

<sup>11</sup> Ismail, Sumayya. "'A Wall of BRICS': The Significance of Adding Six New Members to the Bloc." News | Al Jazeera, August 24, 2023. <https://www.aljazeera.com/news/2023/8/24/analysis-wall-of-brics-the-significance-of-adding-six-new-members#:~:text=here%20to%20search-,%27A%20wall%20of%20BRICS%27%3A%20The%20significance%20of%20adding%20six,emerging%20economies%20in%20January%202024.>

<sup>12</sup> Ismail, "'A Wall of BRICS': The Significance of Adding Six New Members to the Bloc."

**Geopolitical Realignment:** Saudi Arabia, the UAE, Egypt, and Iran have been invited to join the BRICS, representing a significant change in global geopolitics. This growth demonstrates the BRICS countries' desire to ally themselves with significant Middle Eastern powers and extend their influence outside their usual domains of interest.

**Energy Dynamics:** Saudi Arabia and the UAE are both significant oil producers; therefore, their participation carries a lot of significance. This strengthens the role of BRICS in the world's energy markets. It also emphasizes the possibility of the BRICS having collective influence over energy regulations, output quotas, and prices, undermining Western nations' hegemony in this significant industry.

**Economic Diversification:** The BRICS economic bloc becomes more diverse and geographically vast with the addition of Argentina, Egypt, Ethiopia, and several Middle Eastern countries. This might result in new financial systems, trade agreements, and cooperative projects that could compete with or support current international organizations. Saudi Arabia and the United Arab Emirates' choice to join the BRICS aligns with their long-term strategic objectives of diversifying their economies. Both countries are actively working to transition away from more reliance on oil revenues and toward more diverse economic structures. Membership in the BRICS provides access to new markets and investment opportunities, supporting this diversification strategy.

**Resource Diplomacy:** Iran's participation, motivated by its substantial oil and gas reserves, highlights the significance of resource diplomacy in the BRICS. This action advances the interests of China, a significant oil consumer, and extends Russia's engagement in the Middle East. It also can emphasize the complicated geopolitical factors at play by heightening tensions with the United States.

Joining of Saudi Arabia and Egypt in BRICS will result in a group that controls around 42% of global oil production, a commanding position that might jeopardize the petrodollar's hegemony.<sup>13</sup> Iran, Saudi Arabia and Egypt comprise most of the Middle East's population,

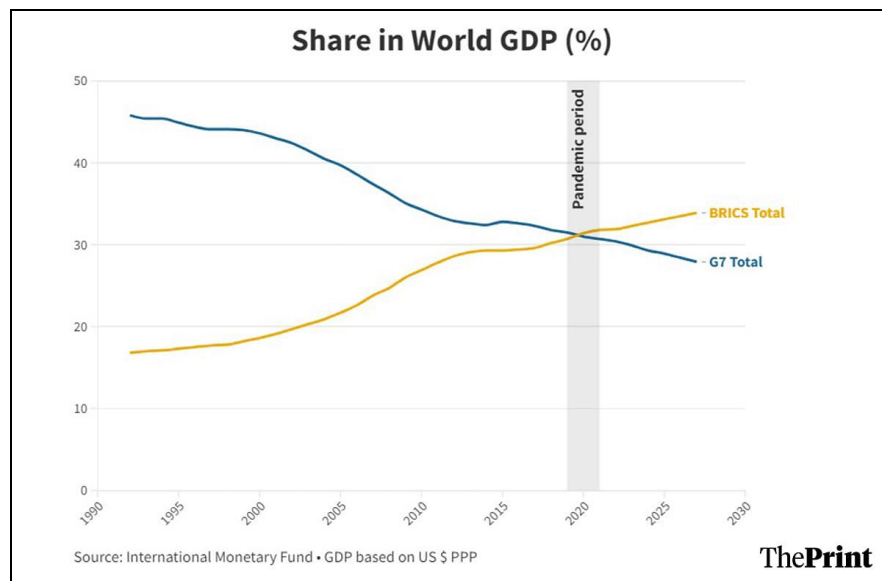
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<sup>13</sup> Hannan, Md. Badrul Millat Ibne. "Bangladesh and BRICS: A Potentially Game-Changing Partnership." *The Business Standard*, July 9, 2023. <https://www.tbsnews.net/thoughts/bangladesh-and-brics-potentially-game-changing-partnership-662482>.

accounting for about 40% of the region's total.<sup>14</sup> Because of their joining, BRICS will have around 40% of the global GDP and 60% of the global consumer market.<sup>15</sup>

## Analyzing the Rising Challenge to Western Dominance

The BRICS alliance is pursuing an expansionist policy to undermine the West, especially the United States, as the dominant player in the world's financial and economic systems. This analytical description examines how to challenge Western supremacy while considering recent accords, geopolitical changes, and possible repercussions for the Western-led international system.



## Getting over US Dollar Hegemony:

The challenge to the US dollar's hegemony in global trade is one of the main tenets of BRICS expansionism. The United Arab Emirates (UAE) and India have agreed to trade in Indian rupees and Emirati dirham rather than the US dollar, underscoring the BRICS' commitment to lessening

<sup>14</sup> Hannan, Md. Badrul Millat Ibne. "Bangladesh and BRICS: A Potentially Game-Changing Partnership." *The Business Standard*, July 9, 2023. <https://www.tbsnews.net/thoughts/bangladesh-and-brics-potentially-game-changing-partnership-662482>.

<sup>15</sup> Hannan, "Bangladesh and BRICS: A Potentially Game-Changing Partnership."

the dollar's hegemony.<sup>16</sup> The group has been outspoken in opposing the United States' use of "unilateral sanctions" against other countries.<sup>17</sup> This transition away from trading in dollars has the potential to build an international network of nations that improve the value of their currencies, lessening reliance on the US currency.

While a complete de-dollarization of global trade may not be imminent, it is noteworthy that two of the world's three largest economies, India and China, may increasingly trade with each other using their currencies within the BRICS bloc, potentially reducing the need for the US dollar in transactions between these economic giants and pointing to a gradual move away from dollar-based trade.

The usage of local currencies in commercial transactions is anticipated to rise as the BRICS countries seek economic independence and reduce reliance on the US currency. Additionally, there is conjecture regarding the potential for a single BRICS currency, which may threaten the US dollar's hegemony in international banking.

## **Challenge to Western-Led Financial Institutions:**

Western-led international financial institutions like the World Bank and the International Monetary Fund (IMF) may face a significant threat due to the expansionism of the BRICS. These institutions have come under fire from the BRICS countries, who claim they mostly represent industrialized Western countries' interests. The BRICS nations are united in supporting alternatives to these Bretton Woods institutions, which might reshape the world financial system.

The economic sway of BRICS is expanding. The BRICS group is anticipated to contribute 32.1 per cent of global GDP in 2023, above the G7's current share of 29.9 per cent, according to the International Monetary Fund (IMF).<sup>18</sup> The BRICS group of countries, which includes Saudi

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<sup>16</sup> Ismail, Sumayya. "A Wall of BRICS": The Significance of Adding Six New Members to the Bloc." News | Al Jazeera, August 24, 2023. <https://www.aljazeera.com/news/2023/8/24/analysis-wall-of-brics-the-significance-of-adding-six-new-members#:~:text=here%20to%20search-,%27A%20wall%20of%20BRICS%27%3A%20The%20significance%20of%20adding%20six,emerging%20economics%20in%20January%202024.>

<sup>17</sup> Ismail, "A Wall of BRICS": The Significance of Adding Six New Members to the Bloc."

<sup>18</sup> Guha, Seema. "BRICS Expansion A Significant Move In Post-World War World Order, West To Watch Closely." <https://www.outlookindia.com/>, August 25, 2023. [https://www.outlookindia.com/international/brics-expansion-a-significant-move-in-post-world-war-world-order-west-to-watch-closely-news-313332.](https://www.outlookindia.com/international/brics-expansion-a-significant-move-in-post-world-war-world-order-west-to-watch-closely-news-313332)

Arabia and the United Arab Emirates, which are significant representatives of the Middle Eastern countries, pose a serious threat to the supremacy of the West.

## **Navigating Complex Challenges**

The difficulties facing BRICS expansionism grow more complicated as the world changes. The one that follows examines the challenges of BRICS expansionism, notably focused on the relationships between its constituents, particularly Egypt, Saudi Arabia, and the UAE, and the struggle to balance their allegiance to the West with their desire to become a counterweight to it.

**Divergent National Interests:** A major obstacle to the expansion of the BRICS is that each member has different national interests. Due to their multiple allegiances to the West and the BRICS, Egypt, Saudi Arabia, and the UAE are comparable to India and South Africa. As certain members, such as China and Russia, desire to strengthen BRICS as a counterweight to Western dominance, especially that of the United States and Europe, this duality may cause conflict within the organization. The conflict between promoting BRICS unity and Western alliance is a major obstacle to expansionist attempts.

**Persistent Tensions:** The opposing aspirations of the BRICS members may cause ongoing problems between the organization's members. The United States and Europe remain important allies for some alliance members, but China, Russia, and Iran seek to forge a strong alternative to Western influence. These long-standing conflicts may make it difficult for the group to present a unified front in the pursuit of expansionist objectives.

**Dollar Dependency:** BRICS member states have had difficulty lowering their reliance on the US dollar despite frequent declarations of intent. This dependency threatens the group's goal of changing the world's financial system. It would take coordinated efforts to overcome this obstacle, and it might be necessary for the BRICS countries to build alternative financial systems as a group.

**Struggles of the New Development Bank:** The biggest accomplishment of the BRICS is the establishment of the New Development Bank (NDB). The NDB does, however, confront challenges, primarily due to sanctions against the founding shareholder, Russia. These

difficulties may limit the group's ability to affect the economy and discourage potential new members from joining.

**Different Expansionist Objectives:** While Brazil and India have simultaneously sought stronger connections with the West, China and Russia have constantly pushed for BRICS expansionism to counter Western dominance. Establishing a united worldwide voice and formulating a cohesive expansion strategy may need to be improved by these disparate expansionist aims inside the group.

## Concluding Remarks



*Source: Cryptopolitan*

The BRICS group's expansion marks a watershed moment in the evolving landscape of international relations. An alliance of five emerging economies that initially promoted economic cooperation has expanded to include new members with various economic, political, and geopolitical objectives. It is a bold step toward changing the dynamics of world politics and economics. It provides enormous possibilities for its member nations and the larger international community. However, the BRICS countries must handle the difficulties presented by Western powers with caution and diplomacy. The journey ahead for BRICS is complex, but their path may determine the course of 21st-century global governance.