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THE AGE OF MINILATERALISM

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BRICS and the Multipolar World

Milena Megre & Gustavo Castro Ribeiro

THE twenty-first century has witnessed the emergence of a multipolar global landscape, marking a departure from the bipolar dynamics of the Cold War era in the twentieth century and the unipolar influence exemplified by the pursuit of the American dream, which persisted into the 2000s. A prominent harbinger of this shift was the formation of the "BRIC" nations, consisting of Brazil, Russia, India, and China in 2008, which was expanded to "BRICS" in 2011 with the inclusion of South Africa. Notably, the origin of this group can be traced back to 2001 when the renowned economist Jim O'Neill coined the acronym "BRIC" to denote the growing economies that he anticipated would wield substantial influence within the global economy by the year 2050.

Contrary to some misconceptions, the formation of BRICS was not intended to oppose or antagonize existing international groups. Rather, its purpose was to offer an alternative within the prevailing global framework, which predominantly comprises developed economies of the Global North. Much like other regional associations like ASEAN and the African Union, BRICS aspired to actively engage in international decisionmaking processes, bringing their unique perspectives to the table, and contributing to the shaping of decisions in accordance with their local contexts. This approach reflects a commitment to inclusive participation in the international arena, where each member's voice is heard.

In recent years, BRICS has faced criticism from analysts who highlight the geographical dispersion of its member nations, each residing in different corners of the globe, and the relative limits in terms of shared history, culture, or language among them. Additionally, BRICS is not characterized by collective decisionmaking or the practice of overtly endorsing or censuring each other's foreign policies. However, this perspective may stem from a limited grasp of the fundamental dynamics underpinning BRICS and the evolving multipolar world.

Milena Megre *is a Consulting Co-coordinator for Energy Transitions at the G20, having accumulated years of experience in energy policy. She is currently a postgraduate at the University of São Paulo. You may follow her on X @milenamegre.* ***Gustavo Castro Ribeiro*** *is a Ph.D candidate in energy analysis and planning and a Research Fellow at the University of São Paulo, Brazil.*

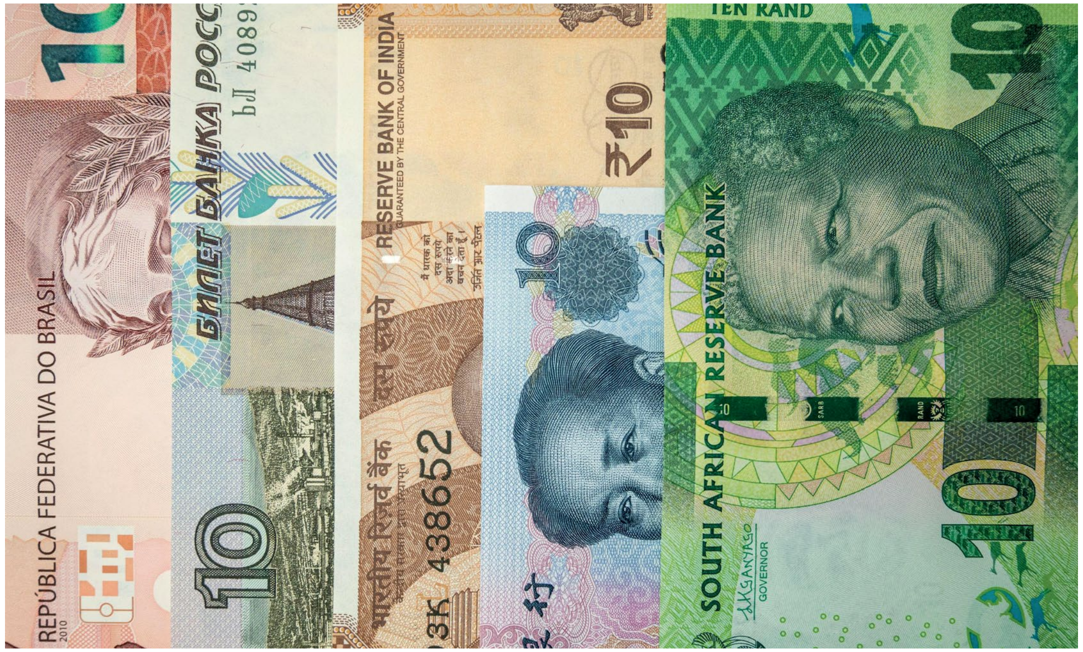

Photo: Guliver Image

Recognizing that "the dominance of the U.S. dollar in international trade favors developed nations with stronger currencies […] BRICS nations initiated discussions aimed at de-dollarizing intra-BRICS transactions."

This international group dynamic is undoubtedly distinct from conventional formats. The approach, rooted in the concept of multipolarity, represents a novel way of organizing a group of countries—a departure from traditional models—and may therefore be subject to initial misunderstandings. However, the uniqueness of this approach lies in its capacity to adapt to the complexities of a changing global landscape, where diversity, autonomy, and multipolarity are celebrated.

BRICS, at its core, is a coalition oriented towards fostering mutually beneficial partnerships, primarily within the realms of the economy and trade. Consequently, the bloc maintains a strong commitment to non-interference in each other's domestic affairs, allowing member nations the autonomy to pursue their individual objectives without the need for collective approval or judgement. It is within this framework that the geographical and historical diversity among the member countries not only fails to impede the group's cohesion but rather reinforces the values of mutual respect and diversity, and significantly amplifies the potential for economic growth. This approach aligns with the principles of a modern, interconnected global landscape, where the union of diverse nations can create synergy and prosperity without sacrificing individual sovereignty.

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The Bloc's Expansion and De-dollarization

Since 2011, when South Africa became a member, BRICS had not focused on expanding its membership. It was not until the 15th BRICS Summit held in Johannesburg, South Africa in 2023 that new countries were officially invited to join, ushering in the era of "BRICS+." These invented members include: Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates. Nevertheless, the intrigue lies in the fact that over 20 countries have expressed interest in BRICS membership since 2022, with 14 submitting formal applications, among them being Algeria, Bolivia, Indonesia, Cuba, the Democratic Republic of the Congo, Comoros, Gabon, and Kazakhstan, among others.

One might naturally wonder: "What prompted this recent surge in applications for BRICS membership?" considering that, for over a decade, BRICS had shown little inclination to expand, and few countries had expressed substantial interest in joining. So, what changed?

The answer to this question is multifaceted. It begins with the historical dynamics of international governmental organizations, which have predominantly featured developed countries as the main participants. These developed nations wield significant influence in most decisionmaking processes, predominantly consisting of North American and Western European states. Consequently, a substantial portion of the world, comprising developing and underdeveloped countries, has long been underrepresented in the critical deliberations that shape global agendas, trade regulations, and other consequential international matters.

This structural inequality closely mirrors Immanuel Wallerstein's 1974 theory of the Modern World System, which likens the international system to an onion with three concentric circles: the inner "core" of affluent countries with developed political systems, advanced economies, and cutting-edge technology; the middle "semi-periphery" of nations whose economies rely heavily on oil and gas; and the outer "periphery" of countries grappling with significant political, social, and economic vulnerabilities and disparities.

The overwhelming dominance of the U.S. dollar in international trade, followed by the euro, favors developed nations with stronger currencies. Recognizing this, BRICS nations initiated discussions aimed at de-dollarizing intra-BRICS transactions.

However, one can argue that a pivotal event that significantly boosted the interest of several nations in joining BRICS was the global COVID-19 pandemic. At its outset, nations worldwide were focused on vaccine development, with most progress occurring in developed countries. As the need for vaccines grew urgent, concerns emerged about the monopoly on vaccine supplies held by some nations. Not only were vaccines priced at a premium, but there was also a reluctance to share the proprietary formulas necessary for domestic vaccine production. In this context, countries already struggling with a long history of structural disadvantages saw in BRICS an opportunity to amplify their voices among like-minded nations and offset the prevailing international imbalances. In so doing, they were not aiming to overthrow the currently existing ones, but rather to present a new model and build a truly inclusive new multipolar world together.

An illustrative example is the issue of de-dollarization. The overwhelming dominance of the U.S. dollar in international trade, followed by the euro, favors developed nations with stronger currencies. Recognizing this, BRICS nations initiated discussions aimed at de-dollarizing intra-BRICS transactions. This does not entail the creation of a new currency; rather, it underscores a commitment to prioritize the use of the BRICS+ currencies over the U.S. dollar for intra-BRICS activities. Initially, with the five original members, the idea was to trade between the "R5," which denotes the currencies of the BRICS countries: the Brazilian Real, the Russian Ruble, the Indian Rupee, the Chinese Renminbi, and the South African Rand. With the inclusion of six new members, their currencies will similarly be added to the list and favored over the U.S. dollar in intra-BRICS transactions. This move aligns with the broader aim of enhancing financial autonomy and equity within the BRICS community.

BRICS+: New Members and the Evolving Global Landscape

The recent expansion of BRICS has rekindled debates among political scientists and analysts. With a considerable number of countries expressing their interest in joining, questions arose regarding the selection process and the criteria used to extend invitations to only six specific nations.

BRICS now has approximately half of the global oil production. This rise is a testament to the strategic incorporation of countries that are veritable powerhouses in oil production.

Among the six new members, three have been welcomed to augment representation within the existing BRICS regions. This is the case with the inclusion of Argentina from Latin America and Egypt and Ethiopia from Africa. These countries, among the most economically developed and influential in their respective regions, received support not only from their regional counterparts—Brazil and South Africa—but were also evaluated based on external relationships and additional considerations. For instance, both China and Russia have been cultivating their bilateral and multilateral relationships with African nations. One illustration of this engagement was the "Russia-Africa in a Multipolar World" conference convened in Saint Petersburg in July 2023. Furthermore, Egypt was the host of COP27 (27th Conference of the Parties) in 2022, and the headquarters of the African Union located in Ethiopia also factored into their selection.

Moreover, the remaining three new BRICS+ members not only expand the bloc's reach into a pivotal new region, the Middle East, but they also bring substantial oil and gas reserves to the group. Iran, Saudi Arabia, and the UAE possess some of the world's largest reserves of oil and gas. A comparative analysis of the original 5 members and the current 11 members underscores this shift, as BRICS+ countries now command a significant share, representing a leap from 8 percent to 40 percent of the world's oil reserves and from 27 percent to 53 percent of global gas reserves. Additionally, within the top 10 largest oil and gas producers, BRICS+ countries have seen their collective share rise from 20 percent to 40 percent and from 22 percent to 32 percent, respectively. Such data indicates that the expansion of the bloc toward the Arab world was a strategic move largely underpinned by the energy sector. This calculated approach reflects a desire to diversify and bolster the economic foundations of the BRICS+ partnership.

O&G and Petrodollar

The BRICS bloc, even before its expansion, had carved a niche for itself in the global oil landscape. Russia, with its formidable oil and natural gas reserves, was the primary contributor, followed by China and Brazil, both of which have been making inroads in the energy sector. However, 2023 marked a significant turning point. With the addition of six new members at the Johannesburg summit, the BRICS+ bloc has not only solidified its standing in the oil and gas sector but has also positioned itself as a force to reckon with. Recent data indicates a staggering fact: the bloc now has approximately half of the global oil production. This rise is a testament to the strategic incorporation of countries that are veritable powerhouses in oil production.

In the financial context of petrodollars, the lifeblood of oil transactions has always been a game-changer. For the BRICS+ nations, trading oil in this dominant currency not only bolsters their foreign currency reserves but also equips them with formidable bargaining leverage on the global stage.

Diving deeper into the oil market dynamics, the BRICS+ configuration offers a unique vantage point. The economies of China and India, bolstered by their teeming populations, are pivotal in shaping global energy trajectories. Their relentless industrial and domestic demands are setting new benchmarks in energy consumption. In parallel, countries like Brazil and Argentina in South America, and Egypt and Ethiopia in Africa, are emerging as significant regional energy demand hubs. This synergy within the bloc, where members' energy demands can be substantially met by intra-bloc supply, crafts an unparalleled strategic advantage.

In the financial context of petrodollars, the lifeblood of oil transactions has always been a game-changer. For the BRICS+ nations, trading oil in this dominant currency not only bolsters their foreign currency reserves but also equips them with formidable bargaining leverage on the global stage. However, a twist could significantly change this scenario for BRICS+: the potential shift towards trading in local currencies could redefine economic paradigms, posing a considerable challenge to the dollar's hegemony in the Global South.

The oil reserves within BRICS+ are a strategic treasure. The new entrants, Saudi Arabia, Iran, and the UAE, are traditional oil countries. Together, they are nearly 30 percent of the world's proven oil reserves. Their parallel function in OPEC adds another layer of strategic depth, offering them a dual platform for influencing global oil strategies. Russia, with its vast expanses, is not just an oil country but is also at the forefront of the natural gas revolution. Its ventures into liquefied natural gas (LNG) and transcontinental gas pipelines are reshaping energy geopolitics. Brazil's foray into pre-salt exploration and its potential ventures in the Equatorial Margin offer promising avenues for oil extraction. Moreover, with Argentina, where the Vaca Muerta formation is heralding a shale gas bonanza, such a reservoir might very well propel Argentina as a leading exporter in the coming years with its unconventional geological formations—especially if they harness the potential of LNG terminals.

However, the path ahead is not without challenges. As the world teeters on the brink of an energy transition, BRICS+ countries find themselves at a crossroads. The commercial viability of oil resources, while promising, is time-bound. The clock is ticking, and the window to capitalize on these reserves is narrowing. By 2050, as the world gravitates towards greener energy alternatives, hydrocarbons might lose their financial sheen. Recognizing this, it is imperative for BRICS+ nations to channel their oil and gas revenues into pioneering sustainable technologies, laying the foundation for an ecologically balanced and prosperous future.

Energy Transition

The twenty-first century has not been seeing only the rise of a multipolar world but has also faced the increasing urgency to address climate goals that have been constantly present in the international agenda. The Conference of the Parties in 2015 was an important landmark in this dynamic, by expanding the Millennium Goals to the 17 Sustainable Development Goals (SDG) and creating the Paris Agreement, ratified by all the 11 BRICS+ members. The document not only strongly advanced the compromise for energy transition through the Nationally Determined Contributions, but has universal access to clean energy now as a core mission for 2030.

Considering that the current global energy landscape is undergoing profound transformations, the BRICS+ nations stand at the epicenter of these shifts. Their influence stems not only from their abundant energy reserves but also from their combined demographic might, representing a significant portion of the global population. These intertwined factors amplify their sway on global energy dynamics and decisionmaking processes.

For these dynamically evolving nations, energy security and economic development remain paramount. While their fossil fuel reserves offer immediate economic benefits, there is an emergent global clarion call for sustainable energy. Therefore, they stand at a pivotal juncture: the pressing need to strike a harmonious balance between optimizing their rich fossil fuel endowments and steering towards renewables. Thus, an integrated approach where efficient and low-emission fossil fuels coexist and complement renewable sources will be necessary. The energy sector, particularly O&G, is already on the cusp of this transformative movement, with innovative solutions at hand.

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Diversity is a hallmark of the BRICS+ coalition. Each member state presents a unique blend of energy resources, technological capabilities, regulatory frameworks, and socio-economic conditions. A thorough exploration of their individual energy profiles can reveal distinct challenges but also unmask a myriad of opportunities. Collectively, the BRICS+ bloc emerges as a formidable force in the global energy transition narrative. Their collective and individual actions, decisions, and policies wield the potential to redraw global energy and environmental roadmaps.

At the heart of this discussion lies a compelling question: with their unparalleled energy resources, vast populations, and surging energy appetites, how can the BRICS+ conglomerate address their individual challenges while collaboratively sculpting a sustainable energy future? While each member has its unique trajectory towards energy transition, a vast reservoir of collaborative potential exists. This spirit of mutual knowledge exchange and shared strengths positions the coalition as pioneers in the global energy metamorphosis.

A comprehensive appraisal of the BRICS+ energy terrains requires pinpointing opportunities, outlining challenges, and identifying potential collaboration avenues to usher in a synchronized and sustainable energy transition. On the technological front, advancements that bolster carbon mitigation in the downstream sector are crucial. This involves delving into Carbon Capture and Storage technologies, energy conservation techniques, and exploring cleaner fuel alternatives like second-generation bioethanol, Sustainable Aviation Fuel, and Hydrotreated Vegetable Oil.

Clean energy sources such as wind, solar, hydro, nuclear, and geothermal, as well as optimization through electrification, energy efficiency, smart grids, and energy storage in batteries are essential pillars of this transition. Brazil and Argentina with their vast landscapes and favorable conditions, are primed to lead mostly in clean energy domains, especially solar, wind and hydro. Meanwhile, nations like Egypt, the UAE, Saudi Arabia, and Iran harbor the potential to harness green hydrogen production, leveraging abundant solar energy in their vast desert regions. While South Africa and Ethiopia can significantly advance their use of biofuels and nuclear, and further develop their solar and wind potential.

Despite having challenging weather conditions for solar power, Russia has vast experience and potential to further increase its nuclear share, expand its hydropower, and benefit from its geographical conditions to advance wind and geothermal power, as well as blue hydrogen.

China, Russia, and India can be the torchbearers in this transition, channeling substantial investments into research and crafting technological solutions. Their endeavors cater to their domestic landscapes but also set global benchmarks.

In short, the BRICS+ coalition, with its diverse challenges and strengths, is unified in its potential to redefine the global energy narrative. Through an integrated approach to energy transition, they stand poised to catalyze a sustainable, collaborative, and harmonized energy future.

Diversified Influence

As the twenty-first century unfolds, the emergence and evolution of BRICS+ stand as a clear testament to the transition from a unipolar world to a multipolar landscape, where power and influence are more dispersed and diversified. The implications of this development are not merely geopolitical but also hold deep ramifications in the energy sector, especially in the face of energy transition and sustainability imperatives.

The inclusion of new members into BRICS+ showcases the growing relevance of the bloc, not just as a counter to the traditional dominance of Western powers but as a collaborative force seeking innovative solutions to global challenges. The vast wealth of energy resources, paired with demographic demand, positions BRICS+ uniquely to influence the direction of global energy policy.

The energy transition, particularly the balancing act between fossil and renewable sources, is a challenge that every BRICS+ member grapples with. However, rather than being a mere matter of substitution, this is a multifaceted process involving technological innovation, policy reforms, and socio-economic adaptations. The bloc's ability to navigate these complex waters will not only determine its own future but will also carry significant implications for the world at large.

The oil and gas sector, while facing inherent challenges due to the energy transition, still remains pivotal for many BRICS+ members. The need to maximize efficiency and reduce emissions while simultaneously investing in clean technologies is an immense task. Yet, the bloc's commitment to energy diversification and the pursuit of sustainable solutions is evident.

In essence, BRICS+ is not just an economic bloc or a coalition of nations, it reflects the evolving global landscape and the need for a more inclusive and collaborative approach to tackle twenty-first-century challenges. As the world moves towards a greener and more sustainable future, the role of BRICS+ will be pivotal. The bloc's commitment to innovation, collaboration, and sustainability will not only benefit its own members but will also serve as a beacon for other nations seeking a path forward in the ever-changing energy landscape.