tension when the energy sector is already experiencing disruptive change on a variety of levels—from unconventional oil and gas development, the declining cost of solar, decentralization and digitization of energy systems, slow and uneven growth, and rising investment costs—could dampen or accelerate investments by location. During periods like this, some countries will seek to shore up energy trade flows through the erection of new trade deals or by making infrastructure investments that tie countries together. Other countries and companies will start to question the costs and benefits of being tied to the international financial system and start to explore the feasibility and limitations of alternative systems and arrangements to underpin their energy investments. And nearly everyone, from private companies to state-owned enterprises and sovereign governments will reevaluate the political risk exposure in their portfolio and their approach to managing resource development. 2015 promises to be both an uncertain and opportunistic time.

Divergent Perspectives of the Democratic BRICS

A Conversation with Carl Meacham, Jennifer G. Cooke, and Richard M. Rossow moderated by Amy Studdart

The BRICS grouping has emerged over the last year as one of the most significant gatherings of economic power in the world. No longer just a talk shop, the most recent summit in Brazil saw the creation of the BRICS Bank, the first concrete institution formalizing future cooperation. The success of the grouping has been surprising. The BRICS members have fundamentally different economies, politics, and, presumably, reasons for wanting to be associated with the BRICS framework. Arguably, the three democracies in the group—Brazil, India, and South Africa—share more with the West in terms of political systems and values than they do with China and Russia. In the interview that follows, CSIS experts tease out the reasons why the BRICS framework has been so successful in those three countries.

Carl Meacham, director of the Americas program talks about Brazil’s approach; Jennifer Cooke, director of the Africa program, addresses South Africa’s role; and Rick Rossow, director of the India program, explains what the BRICS has meant to India in the past, and how that might change under a new government.

Amy Studdart: What is the significance of being a part of the BRICS to Brazil, India, and South Africa?

Carl Meacham: In many ways what the BRICS countries share is their individual incomparability. Within its own regional or subregional context, each BRICS member clearly stands out. But unlike its fellow BRICS, Brazil is not an undisputed leader in its region—a region it shares with the United States. But it is the largest, most promising, and fastest-growing developing country in the Western Hemisphere, and that isn’t to be taken lightly. In a region accustomed to U.S. leadership and dominance, Brazil is a rising star—and one that increasingly demands to be taken seriously on its own terms.

Richard M. Rossow: For India, creating the BRICS as an alternative to the Bretton Woods institutions made sense when the Congress Party was leading the country. Congress’ commitment to “nonalignment,” while perhaps a bit weaker than when Jawaharlal Nehru was prime minister, remains
an overriding principle of the Party’s foreign policy. They prefer to spread their chips across the table, instead of placing heavy bets on any individual partnerships. Supporting alternative development institutions made sense.

So far the Modi government’s foreign policy is a mix of shoring up relations with immediate neighbors, and courting larger countries to make critical investments into India. The support for the creation of the BRICS institutions in July 2014 does not appear aligned with the primary objectives of the Modi government’s overall foreign policy. It remains to be seen if the July summit was merely following through prior commitments while the government carved out its own foreign policy goals, or if support for BRICS remains strong. Prime Minister Modi’s own statements on the need for BRICS refer to weakness in major economies, the need for people-to-people exchanges, and a concern about the impact of developed nation’s monetary policy on the Indian market.

**Jennifer G. Cooke:** South Africa is an odd choice for inclusion in the BRICS grouping. The country’s infrastructure and financial service base are relatively sophisticated compared to much of Africa, but with a GDP of just $351 billion in 2013 and a population of 50 million, it is not exactly poised to become a driver of global economic growth. Nigeria, with a bigger and faster-growing economy and triple South Africa’s population would arguably have been a better African candidate. But being the grouping’s sole African member may give South Africa a boost in global prestige, burnish its credential as a representative of “African” interests in global forums (a notion that other African countries might dispute), and perhaps most important, afford it greater and more frequent access to investment and borrowing opportunities with Chinese and Indian counterparts. It also fits with a popular ideological rhetoric within segments of the ruling African National Congress of a South Africa that stands up to the overweening influence of Western powers.

**Studdart:** How do India, Brazil, and South Africa view their relationship with China within the BRICS framework?

**Rossow:** It has been surprising to see the Narendra Modi-led BJP government maintain the nation’s support for the BRICS institutions. The BJP [Bharatiya Janata Party] leans more toward a “realpolitik” foreign policy, and views China as the country’s long-term strategic and economic competitor. While aligning with China on BRICS activities provides some important positive connectivity, it is difficult to envision India playing anything but a junior role in this “partnership,” which will create pressure in New Delhi to withdraw.

**Meacham:** China is, at this point, pivotal to the Brazilian economy—and it is this economic closeness that forms the lion’s share of the Brazil-China relationship. China is, without a doubt, a strategic partner for Brazil in economic terms, though the two countries differ on many fundamental issues. But those issues aside, China is Brazil’s largest trading partner. Trade flows have grown over tenfold since 2003, making the two the biggest partners within the BRICS. Brazil is among China’s largest destinations for foreign direct investment, with Chinese cash fueling construction and development projects across Brazil. So, in short, Brazil’s relationship with China—both within the BRICS and outside that framework—is fundamentally an economic one focused on the two countries’ overlapping interests and growth trajectories.

**Cooke:** Views within South Africa about its burgeoning relationship with China are mixed. The South African leadership has been very open to partnership with the Chinese, and President Zuma has assiduously cultivated the diplomatic and commercial relationship, which plays well within nationalist, far-left factions of the ANC [African National Congress]. But the whole-hearted embrace of China has not been without controversy,
with some critics arguing that in its rush to find alternatives to traditional Western partners, South Africa risks becoming overly beholden to a new great power. The Dalai Lama has been refused an entry visa into South Africa three times in the last three years (once after receiving a personal invitation to celebrate the birthday of anti-apartheid hero Bishop Desmond Tutu), leading some critics to paint Zuma as a new lackey of the Chinese. The import of inexpensive Chinese goods, particularly textiles and clothing, has hit local manufacturers and the textile industry hard. And President Zuma himself voiced concern over the lopsided nature of the relationship, calling the supply of raw materials to China without benefit of local value addition unsustainable.

**Studdart:** Each of the BRICS countries is also a member of the G20. What do South Africa, India, and Brazil hope to achieve through the BRICS framework that they cannot through the G20?

**Cooke:** Aside from an occasional rhetorical flourish, South Africa under President Jacob Zuma has not shown much real interest in trying to reshape the global rules through the G20 or any other global forum. For the most part, BRIC membership is seen less as a vehicle to advance a global strategic vision than as a means to advancing South Africa’s national commercial and economic interests. Membership in the smaller group gives South Africa greater global cachet, and a more exclusive relationship with China. In time, however, and with more focused intention, South African leadership may calculate that it will have greater influence in a smaller, South-South grouping than the more diffuse G20, and that the grouping could potentially serve as a vanguard for a broader constituency for global governance reform.

**Rossow:** India shows habitual concern about the development of global economic pacts and standards where it does not exhibit sufficient influence alone. The World Trade Organization is the most obvious example, but India has voiced concerns about developments in other areas such as Internet governance, global taxation regulation, patents, and more.

**Meacham:** In many ways, the flexible BRICS format is the best-case scenario for Brazilian engagement in the world, given the country’s preference for nonbinding interactions on the global stage. The summit-style arrangement and its inherent malleability are what make the forum so appealing to Brazil. Through the summits, Brazil is empowered to identify those areas in which cooperation would best suit its own needs. In many ways, Brazil’s engagement with the BRICS reflects Brazil’s increasing tendency to look to the global economy to address its own development goals. The BRICS framework complements Brazil’s more established partnerships in innovation and research, providing a low-risk but potentially high-reward alternative to the existing order.

The BRICS summit in Brazil this summer demonstrated an as-yet unseen coordination among the member states for the future of the alliance—a future that probably could extend beyond complementing the present world order. But it would likely be difficult to align the objectives of the five members on a broad range of economic, geopolitical, and security issues, given their asymmetrical interests.