
The Illusion of Convergence—Russia, China, and the BRICS



Bobo Lo
March 2016

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ISBN: 978-2-36567-491-1

Russia/NIS Center

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Abstract

Two narratives have dominated discussion of the BRICS (Brazil, Russia, India, China, and South Africa). The first asserts that this group of countries has become a major force in 21st century international politics, highlighting the shift of global power from the West. The second, by contrast, sees the BRICS as a charade, marked by the gulf between extravagant rhetoric and minimal achievement. The debate could scarcely be more polarized. Yet on one point there is convergence: the key to the viability of the BRICS framework lies in effective interaction between its two principal players, Russia and China.

Moscow and Beijing have assiduously promoted an image of likemindedness within the BRICS. But such efforts can hardly mask significant differences in attitudes and approach. President Putin identifies the BRICS as the foundation of a non-Western multipolar order in which Russia plays a central role. For the Chinese, however, it is a sideshow – only one among many instruments for advancing their interests in Eurasia and beyond. These contrasting perspectives severely limit the potential of the BRICS to offer an alternative model of global governance or act as an effective engine of international development. While the BRICS will remain part of the international landscape over the next few years, its relevance will come under increasing question.

Introduction

Two narratives have dominated the debate over the BRICS (Brazil, Russia, India, China, and South Africa). The first asserts that this group has become a major force in 21st century international politics. It may have originated as a marketing catchphrase for Goldman Sachs clients,¹ but over the past decade the BRICS process has generated serious momentum. Once abstract concepts have acquired genuine substance, while the rise of the BRICS countries highlights a larger trend—the shift of global power from West to East.² The US-led international system is giving way to a post-American multipolar order, and the Bretton Woods institutions established after World War II are being supplanted, slowly but inexorably, by new bodies for a new century.

Many skeptics, however, challenge this bullish view. They note that despite grandiose statements of intent, progress has been very modest. Differences in economic level, political culture, strategic aspirations, and policy goals have ensured that the BRICS remains a talking-shop. Individual member-countries, in particular China, are influential, but collectively the clout of the BRICS group is minimal. Its weakness has been underlined by recent events: the slowing of Chinese economic growth, the recessions in Russia and Brazil, the continuing backwardness of India, and the near-irrelevance of South Africa.³ The decision by Goldman Sachs to close down its BRICS

¹ J. O'Neill, "Building better global economic BRICs", *Goldman Sachs Global Economics Paper*, No.66, 30 November 2001, <www.goldmansachs.com/our-thinking/archive/archive-pdfs/build-better-brics.pdf>.

² K. Mahbubani, "The New Asian Hemisphere: the Irresistible Shift of Global Power to the East", *Public Affairs*, New York, 2008.

³ The lack of synergy among the BRICS is reflected in their modest economic ties—except when it concerns China. Among Russia's trading partners in 2014, China ranked second (11.3 percent of total) and India tenth (1.2 percent). In the case of China, only Russia (ninth with 2.2 percent) and Brazil (tenth with 2 percent) made the top ten. China was the number two trading partner for India (9.2 percent), Brazil (17.1 percent), and South Africa (12.8 percent). The other BRICS do not feature among the top ten partners of these latter three countries, with the exception of India in South Africa's external trade (fifth with 4.4 percent). By comparison, the EU is the top trading partner for each of the BRICS countries.

See: <http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113440.pdf>, <http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113366.pdf>, <http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113390.pdf>, <http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113359.pdf>, <http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113447.pdf>.

fund in favor of a more tailored and individualized approach reveals how far this construct has become discredited.⁴

The debate over the BRICS could scarcely be more polarized. Yet on one point these very different perspectives come together. However one views the BRICS process, as the basis of a new world order or an elaborate charade, it is clear that the Sino-Russian relationship holds the key to its future prospects. It is no accident that the increased profile of the BRICS in recent years has coincided with the growth of this “strategic partnership”. The nexus is likely to stay in place for some time. A positive scenario for future BRICS development is contingent on lasting economic, security, and geopolitical synergies between Moscow and Beijing. Conversely, any degradation of bilateral ties would expose the fragility of the BRICS construct.

The key issue, then, is the direction of travel. Will Moscow and Beijing cooperate in realizing an ambitious vision for the BRICS? Or are their goals and aspirations incompatible? Leaders on both sides take every opportunity to emphasize their likemindedness, but do such assurances point to an evolving reality or merely rehearse old platitudes? And even if we assume a sincerity of commitment, to what extent can this be translated into tangible achievement in the face of numerous obstacles? To answer these questions, we need to identify Russian and Chinese objectives in relation to the BRICS; examine the commonalities and contradictions between their respective policies; and evaluate the achievements and shortcomings of their interaction thus far.

⁴ J.-P. Lehmann, “The Rapid Rise and Fall of the BRICS: Meanderings in Global Fantasyland”, *Forbes*, 11 October 2015, <www.forbes.com/sites/jplehmann/2015/11/10/the-rapid-rise-and-fall-of-the-brics-meanderings-in-global-fantasyland/>.

The BRICS in Putin's Great Power Vision

Of the five member-countries, Russia is much the most committed to maximizing the BRICS' potential as an international institution. Already in 2013, Vladimir Putin called for the transformation of the BRICS "from a dialogue forum, which coordinates positions on a limited number of issues, into a full-fledged mechanism of strategic cooperation."⁵ Moscow has since exerted strenuous efforts to push the group in that direction—with a degree of formal success. This is reflected in the number of initiatives highlighted in the "Ufa Declaration", the communique of the 2015 BRICS summit. These included, most notably, the entry into force of the New Development Bank (NDB) and the Contingency Reserve Arrangement (CRA). But the Declaration also referred to other mechanisms, actual and foreshadowed: an Interbank Cooperation Mechanism; a Strategy for Economic Partnership; a Working Group on Anti-Corruption Cooperation; the Business Council; and a Network University.⁶ Although Putin has ruled out the early creation of a "bureaucratic structure" for the BRICS, he has confirmed that "to better coordinate our cooperation ... we will create a virtual or electronic secretariat."⁷

Moscow's enthusiasm for the BRICS and its institutionalization is well-motivated. First, the BRICS is one of the few global bodies not dominated by the West. Indeed, its very *raison d'être*—and principal attraction for the Kremlin—is that it is a non-Western framework. Russia plays a leading role there *by right* and acclamation. Unlike in the G-8 (where it was the only non-Western member before its suspension in 2014)⁸ and the G-20, it faces no struggle to be recognized as a great power; such 'respect' is freely given. This is not only of psychological comfort to Moscow, but has other dividends as well. Russia's influence within the BRICS is greater than in other

⁵ "Putin Says BRICS Should Focus on Key World Issues", *Sputnik*, 22 March 2013, <<http://sputniknews.com/politics/20130322/180174140/Putin-Says-BRICS-Should-Focus-on-Key-World-Issues.html>>.

⁶ "Ufa Declaration of the VII BRICS Summit", 9 July 2015, <<http://en.brics2015.ru/load/381158>>.

⁷ V. Putin, Press Conference Following the BRICS and SCO Summits, 10 July 2015, <<http://en.kremlin.ru/events/president/news/49909>>.

⁸ Despite its physical location in East Asia, Japan has long been part of the political and economic West.

international organizations, including the UN Security Council.⁹ It helps shape the agenda, determines the operating procedures, and exerts a critical influence over policy outcomes.

In this, Russia is helped by the fact that others appear happy enough to let it take the lead. China's main preoccupations lie elsewhere. India has assumed a deliberately low profile, mindful of strategic constraints (such as keeping the United States onside). Brazil's chronic weaknesses and the tyranny of distance have severely limited its influence beyond Latin America. And South Africa's presence is essentially to buff up the group's global credentials.¹⁰

Second, membership—or co-leadership with China—of the BRICS confers a success by association. This consideration has become especially pertinent in the wake of the global financial crash of 2008. Although Russia was the worst performing of the G-20 economies in 2009,¹¹ growth soon returned. For the Kremlin, the BRICS is emblematic of a new dynamism in international politics, in contrast to a decaying, complacent West, with its obsolescent institutions and hollowed-out norms.¹² Russia is part of this brave new world—or so it would like to believe.

Third, the BRICS serves Putin's counter-narrative in response to Western claims that Russia is internationally isolated following its annexation of Crimea. Not only is it an independent center of global power, but it also has influential friends in many parts of the world: China, India, South America, and Africa. The BRICS has become a symbol of Kremlin defiance—sending the message that it is up to the West to adapt to the new world order and a confident Russia, not the other way round.

Finally, Moscow sees the BRICS as a potential stimulus to Russian economic development. The imposition of Western sanctions over Ukraine has closed off trade, investment, and technology transfers across many sectors. The BRICS, with its emergent institutions such as the NDB, offers a framework whereby Russia can adapt to these changed realities and, in time, put its economy on a more promising and less vulnerable footing. It is also a means of facilitating large-scale investment—both to make up for the shortfall

⁹ Bobo Lo, *Russia and the New World Disorder*, Brookings and Chatham House, Washington DC, 2015, p.79.

¹⁰ M. Degaut, "Do the BRICS Still Matter?", *Center for Strategic and International Studies* report, October 2015, p.8, <http://csis.org/files/publication/151020_Degaut_DoBRICSMatter_Web.pdf>.

See also: "Why is South Africa Included in the BRICS", *The Economist*, 29 March 2013, <<http://www.economist.com/blogs/economist-explains/2013/03/economist-explains-why-south-africa-brics>>.

¹¹ Russia's GDP fell by 7.9 percent in 2009.

¹² Concept of participation of the Russian Federation in the BRICS, 2013, <<http://static.kremlin.ru/media/events/eng/files/41d452b13d9c2624d228.pdf>>.

from Europe post-Crimea, and to boost the development of Eastern Siberia and the Russian Far East.¹³

Ultimately, though, Russian interest in the BRICS is geopolitical. Although the Kremlin hopes for increased “south-south” trade and investment,¹⁴ this is a matter of secondary importance. For while economies go through cycles of prosperity and recession, a post-American global order is for the Kremlin a timeless project, one to which the BRICS is central.

¹³ A. Movchan, “Lozhnaya nadezhda. Pochemu BRIKS ne budet rabotat” [False hope. Why the BRICS Won’t Work], *Slon.ru*, 10 July 2015, <<https://slon.ru/posts/53884>>.

¹⁴ Putin Press Conference After the BRICS and SCO Summits <<http://en.kremlin.ru/events/president/news/49909>>.

One Institution among Many

In Beijing, by contrast, the BRICS ranks as a secondary priority. This is partly due to compelling preoccupations elsewhere: reinforcing Communist Party rule; the demands of economic modernization; China's global relationship with the United States; and strategic developments in East Asia. Historically, too, Beijing's comparative lack of interest in the BRICS owes much to its strong preference for bilateral diplomacy.

That said, over the past decade the Chinese government has shown a greater disposition toward multilateralism, recognizing that this may complement and assist its bilateral objectives.¹⁵ In addition to engaging more actively in UN bodies, above all the Security Council, it is a leading player in regional forums such as the Shanghai Cooperation Organization (SCO), the Asia-Pacific Economic Cooperation group (APEC), and the East Asia Summit (EAS). Its motivations vary depending on the institution, but one common denominator is a desire to portray China as a good regional and global citizen.

Viewed in this context, the BRICS is only one among an ever expanding array of international institutions in which China participates. Moreover, its value to Beijing is less than that of many others—the UN Security Council, the International Monetary Fund (IMF), the World Bank, the G-20, APEC, and the EAS. Unlike Russia, China sees no particular need to promote itself as globally influential, for this has become self-evident. The problem for Beijing is rather the reverse: it wishes to moderate expectations about China's capacity to contribute, and to counter the widespread view in the West that it is a free-rider on international public goods.

If the BRICS is hardly central to Chinese diplomacy, why then has President Xi Jinping devoted increased attention to it since assuming power in 2012? There are three main explanations. One is that he wishes to keep Moscow happy. Xi recognizes the significance Putin attaches to the BRICS, especially in light of the sharp deterioration of Russia-West relations. Although the real business of Sino-Russian partnership is done bilaterally, it is important to support this through multilateral mechanisms, such as the BRICS and the SCO. One notable difference between Chinese and Western approaches toward Russia in the post-Soviet period has been

¹⁵ Remarks by Chinese scholars at the Stockholm China Forum, October 2014.

Beijing's willingness to flatter Russian sensibilities. Talking up the BRICS is of a piece with praising Putin's personal achievements, declaring Russia a great power, and describing the state of bilateral relations—their “comprehensive strategic partnership of coordination”¹⁶—as the best in the two countries' history.

But Chinese interest in the BRICS is not simply a PR exercise. While Beijing wishes to keep Putin onside, it is also keen to signal to the United States and Europe that they need to be more responsive to Chinese interests. The long-time failure to give China a voting share in the IMF and World Bank commensurate with the size of its economy has been a particular irritant.¹⁷ More generally, Beijing is pressing for a greater say in global governance, even while it counts on the United States to remain the leader of the international community. Raising China's involvement in the BRICS, along with the creation of the Asian Infrastructure Investment Bank (AIIB), acts as leverage.¹⁸ It conveys the message that if the West and its institutions do not grant China the influence it merits, it will look to other multilateral mechanisms to get what it wants.¹⁹

Chinese interest in the BRICS is also motivated by a resurgent regional development agenda. Although the main engine of this will be the “One Belt, One Road” (OBOR) project, including the “Silk Road Economic Belt” (SREB) and the AIIB,²⁰ the BRICS can still play

¹⁶ “Xi Jinping Holds Talks with President Vladimir Putin of Russia”, *Ministry of Foreign Affairs of the People's Republic of China*, 5 August 2015, <www.fmprc.gov.cn/mfa_eng/topics_665678/xjpcxelsjnwgzsl70znqdbfelshskstbels/t1263258.shtml>.

¹⁷ In December 2015 after a delay of several years, the US Senate finally approved the raising of China's voting share in the IMF to 6.07 percent. Previously, this had stood at 3.81 percent, not only lower than that of the United States—16.74 percent—but also Japan (6.23), Germany (5.81), and the UK and France (both 4.29)—“IMF reforms clear last hurdle with US adoption”, *BBC News*, 19 December 2015, <<http://www.bbc.co.uk/news/business-35141683>>. In the World Bank, the imbalance has been less pronounced. China's voting share of 4.78 percent is well below that of the United States (15.96) and Japan (7.40), but greater than the shares of Germany (4.33), and France and the United Kingdom (both 4.05), <<http://siteresources.worldbank.org/BODINT/Resources/278027-1215524804501/IBRDCountryVotingTable.pdf>>.

¹⁸ The idea of the AIIB emerged in October 2013 as a complementary, but also potentially rival institution, to the Asian Development Bank (ADB). Subsequent US efforts to stymie the AIIB, including pressuring allies not to join, were in vain, and in June 2015 57 countries signed the formal Articles of Agreement in Beijing.

¹⁹ Mohammed el-Erian, “Don't Rule Out the BRICS”, *Bloomberg View*, 17 November 2015, <www.bloombergvie.com/articles/2015-11-17/don-t-rule-out-the-brics>.

²⁰ OBOR is Beijing's most ambitious attempt at an economic strategy for Eurasia. It comprises two main strands: the SREB which seeks to facilitate land-based trade across the continent, and the “21st century Maritime Silk Road” which is focused on expanding ties with Southeast and South Asia. The general notion of a “New Silk Road” has been around for many years, but was given real impetus by Xi's visit to Central Asia in September 2013. For more background, see F. Godement, “One Belt, One Road: China's Great Leap Outward”, *European Council on Foreign Relations*, June 2015, <www.ecfr.eu/page/-/China_analysis_belt_road.pdf>.

a useful role. The NDB could help finance infrastructure projects in Eurasia,²¹ notwithstanding its modest funding base (see below). And there is a vital political dimension as well. Beijing sees active participation in the BRICS as a means of securing the cooperation—or at least acquiescence—of others in its plans. This is not only intrinsically desirable, but also to realize specific objectives, such as consolidating security in its unstable Central Asian neighborhood.²²

²¹ F. Shaolei, “Implications of the Ufa BRICS and SCO Summits”, *Valdai website*, 20 July 2015, <<http://rus.ecnu.edu.cn/iv5020.htm>>.

²² A. Cooley, “New Silk Route of Classic Developmental Cul-De-Sac? The Prospects and Challenges of China’s OBOR Initiative”, *PONARS Eurasia Policy Memo*, No. 372, July 2015, <www.ponarseurasia.org/sites/default/files/policy-memos-pdf/Pepm372_Cooley_July2015.pdf>.

Russia, China, and the New World Order

The differences in Russian and Chinese attitudes toward the BRICS framework arise principally from their contrasting perceptions of the US-led international order. Putin, along with much of the Russian political elite, views this extremely negatively. According to the Kremlin's narrative of the post-Cold War era, the United States set out to impoverish Russia at home, humiliate it abroad, and exploit its weaknesses for geopolitical and economic gain. The current international system reflects these iniquities, depriving Russia and other non-Western powers of their rightful position and status.²³

Consequently, for Moscow the BRICS represents the foundation of a new world order, in which the United States no longer dominates, global governance centers on a revised Concert of Great Powers, and Western liberal internationalism has given way to the reassertion of sovereign norms and prerogatives. To put it in another way, the BRICS is a key instrument by which Russia hopes to overturn the existing order.

Chinese views are considerably more sanguine. Over the past three decades, China has profited hugely from US global leadership, Bretton Woods institutions, and trade liberalization. In the process, it has become transformed from a regional backwater into the next superpower. Understandably, then, the Communist Party leadership does not want to destroy the international system, but rather to "improve" it so that it better serves China's interests and reflects its rising status.

Beijing agrees with Moscow insofar as it wishes to mitigate US dominance, and to challenge the legitimacy of Western liberal universalism. But it is not interested in establishing a world order along the lines envisaged by Moscow. This is partly because it recognizes that global leadership is a thankless task, provoking envy, suspicion, and anxiety in others. It also doubts whether China is ready to assume such a burden, given its domestic challenges, lack of global experience, and backwardness in many respects. The occasional ship visit to the Mediterranean or peacekeeping

²³ D. Trenin, "Russia's break-out from the post-Cold war system", *Carnegie Moscow Center*, December 2014, <http://carnegieendowment.org/files/CP_Trenin_Putin2014_web_Eng.pdf>.

operations on behalf of the UN do not alter the fact that Beijing's *global* ambitions are, for the time being at least, comparatively modest.

More problematic still, Moscow and Beijing diverge fundamentally over how an eventual 'new world order' might look. Whereas Putin envisages a tripolar order based on the interaction between the United States, China, and Russia, the Chinese see the Americans as their only true global counterpart.²⁴ Their world-view is essentially bipolar, albeit with free-floating elements that make the global environment more complex and fluid than during the Cold War. The logical sequitur of such thinking is that Russia can be a partner to China, but never truly an 'equal' partner, all the more so given its relative decline.²⁵ Similarly, it can be only one of many partners, not *the* partner.

²⁴ Importantly, this view is common even among vocal critics of US foreign policy, such as the scholar Yan Xuetong—"Why a Bipolar World is More Likely than a Unipolar or Multipolar One", *The World Post*, 22 June 2015, <http://www.huffingtonpost.com/yan-xuetong/bipolar-world-likely_b_7104590.html>.

²⁵ "...at present Russia is declining at a very fast speed, and it will be a long process with lots of difficulties for it to rise again", Xing Guangcheng, "The Ukraine Crisis and Russia's Choices in 2015", *Russian Analytical Digest*, No. 168, 11 June 2015, p.7.

Managing the Contradictions

The strength of the BRICS format is that it is capacious enough to allow both sides to talk up their commonalities—a desire to restrain US ‘hegemonic’ power and change the rules of global governance—while downplaying or ignoring the differences. The weakness is that such fudging is not conducive to concrete decision-making. The public unity of the BRICS has until now been preserved because its members have largely confined themselves to declarations of principle, taking on few specific commitments. This, however, is not a sustainable course if the BRICS is to evolve into an effective multilateral body, let alone an alternative foundation for global governance.

The member-countries therefore face a difficult choice: do they risk potentially serious disagreements in the quest for policy relevance and influence, or do they keep going more or less as they are—maintaining solidarity for its own sake, establishing various organizational structures, and proclaiming ‘bold’ initiatives. In short, are the BRICS prepared to gamble?

An additional complication is that the risks are different for Russia and China. To the Kremlin, the main danger of such a gamble is that it could undermine its narrative about a consensus of the non-Western powers and the inevitable emergence of a multipolar order. Push too hard on issues where there are substantive disagreements among the BRICS—such as internet governance, support for Russia over its military interventions in Ukraine and Syria—and it could find itself isolated. Far from being able to use the BRICS as leverage against the United States and Europe, Moscow could find itself unwittingly boosting Transatlantic confidence.

By contrast, the priority for the Chinese leadership is to avoid confrontation with the West. Whereas Putin is not at all worried about upsetting the United States, Beijing is keen to ensure that its own relations with Washington remain broadly cooperative.²⁶ Policy disagreements, however serious, are one thing, but a rupture like the ongoing crisis in Russia-West relations is quite another. It is therefore a matter of some importance that the BRICS group does not become (or be perceived as) an anti-US and anti-Western coalition. In terms of practical policy, that means emphasizing development issues over

²⁶ Fu Ying, “How China Sees Russia”, *Foreign Affairs*, January/February 2016, pp.103-04

geopolitics—not only because this is less provocative, but also because it dovetails nicely with China’s regional priorities in Eurasia.

Development Versus Geopolitics

Although Russia and China have a common interest in regional development, closer examination reveals significant differences here as well. The most telling arises from the financial resources that each is able—or prepared—to put in. As the world's second largest economy, China is the BRICS banker in all but name.²⁷ Without Chinese economic leadership and financial guarantees, the BRICS would have no development agenda to speak of. It would also lack financial institutions; the recent establishment of the NDB has been made possible precisely because Beijing has underwritten the bank's operations as well as the CRA. This reflects a larger and implicitly recognized truth—that the BRICS carries no weight without China (notwithstanding the slowing of Chinese growth). As the indispensable power, it decides what areas to prioritize, how much effort to invest in particular ventures, and the tone of public pronouncements.

Russia, in comparison, is a supplicant in the BRICS' development agenda. Although Putin has talked up its role as an international aid donor, his priority is to attract large-scale funding for *national* infrastructure projects, particularly involving Eastern Siberia and the Russian Far East.²⁸ This is consistent with Moscow's 'turn to the East', which has become much more topical since Western sanctions and the precipitous decline in Western investment and technology transfers.²⁹ Although initial optimism that China would step into the breach has since been tempered, Moscow retains hopes

²⁷ V. Shikin, "Remnants of Bretton Woods or a New Brick in its Foundation?", *Russian International Affairs Council (RIAC)*, 5 August 2015, <http://russiancouncil.ru/en/inner/?id_4=6442#top-content>.

²⁸ V. Putin, "APEC: towards open and equal cooperation in the interests of development", 17 November 2015, <<http://en.kremlin.ru/events/president/news/50706>>. In 2013, China disbursed USD 7.1 billion in overseas development assistance (ODA)—sixth in the world after the United Kingdom, United States, Germany, France, and Japan (see Ph. Brant, "China's Foreign Aid: New Facts and Figures", *The Interpreter*, 8 July 2014, <www.lowyinterpreter.org/post/2014/07/08/China-foreign-aid-New-facts-figures.aspx?p=true>). By comparison, Russia's ODA in 2013 was USD 740 million. Although this represented a 48 percent increase from the previous year, it still amounted to only 0.03 percent of Gross National Income (GNI), <www.oecd.org/russia/russias-official-development-assistance.htm>.

²⁹ Bobo Lo, "Russia's Eastern Direction: Distinguishing the Real From the Virtual", *Russie/NEI Reports* No. 17, January 2014, <www.ifri.org/sites/default/files/atoms/files/ifrirnr17boboloeasterndirectionjan2014.pdf>.

that Beijing will channel some funding through the AIIB, NDB, and the Silk Road Fund.³⁰

This calculation is not necessarily ill-founded; the Silk Road Economic Belt has become a major priority under Xi, and there are indications that this will translate into tangible projects. Nor should it matter that China would be the donor and Russia the donee in development cooperation. After all, such asymmetry—or complementarity—has characterized Russia’s investment relationship with the West for more than 20 years. Until events in Ukraine, this proved remarkably resilient, surviving various financial crises and political downturns. Given the relative health of the Sino-Russian ‘strategic partnership’, Moscow and Beijing should be able to do as well, whether bilaterally or under the rubric of the BRICS. China may not be as technologically developed as the United States and leading European countries (Germany, France), but it still possesses serious expertise in key areas of Russian demand, such as infrastructure.

Unfortunately, economic issues are not so neatly separated from their geopolitical implications. Although their relationship is closer than it has ever been, Moscow is uncomfortable with the growing imbalance of influence between the two countries even if it is reluctant to say so publicly. This is not a matter of crude Sinophobia—a visceral fear of “invasion”—but rather of apprehension about the extent of Russia’s economic and strategic dependence on China. The Kremlin thus faces a dilemma. On the one hand, it sees close partnership with Beijing as critical to the formation of a post-American order, Russia’s legitimation as an actor of global standing, and in mitigating the effects of Western sanctions. On the other hand, it worries that relying so heavily on the Chinese will allow Beijing to dictate the terms of their economic cooperation, and accelerate the expansion of Chinese influence not just in Central Asia, but across the post-Soviet space.³¹

In theory, the BRICS could provide a useful framework within which Moscow and Beijing can mediate these contradictions, somewhat akin to the SCO in relation to Central Asia. The two sides have already agreed that, far from being incompatible, Putin’s Eurasian Union project and Beijing’s One Belt, One Road are complementary programs of development.³² But it will be challenging

³⁰ A. Gabuev, “Russia has a China problem, too”, *The Diplomat*, 4 September 2015, <<http://carnegie.ru/2015/09/04/russia-has-china-problem-too/ifmh>>. See also: “Sino-Russian Trade After a Year of Sanctions”, *Carnegie Moscow Center*, 11 September 2015, <<http://carnegie.ru/2015/09/11/sino-russian-trade-after-year-of-sanctions/ijyx>>. And “China’s Silk Road Challenge”, *Carnegie Moscow Center*, 12 November 2015 <<http://carnegie.ru/commentary/2015/11/12/china-s-silk-road-challenge/ilrj>>.

³¹ As well as visiting Moscow on the occasion of the 70th anniversary of Victory Day, Xi also saw Nazarbaev in Astana and Lukashenko in Minsk.

³² “[T]hese Two Projects Are Compatible and Not Contradictory”, *Putin Press Conference Following the BRICS and SCO Summits*, 10 July 2015 <<http://en.kremlin.ru/events/president/news/49909>>.

to realize such generous sentiments in practice. Having spent so many decades worrying about Chinese “expansion” in one form or another, the Russian elite is unlikely to suppress its geopolitical anxieties so easily.³³ Indeed, Xi’s intensive diplomacy since 2012 may turn out to have the opposite effect. It is evident that he envisages China eventually as a global actor, which suggests that the former basis for accommodation in Eurasia—Chinese economic primacy balanced by Russian geopolitical leadership—will come under increasing pressure.

³³ As Alexander Gabuev has put it, “[t]he imperial syndrome of Russia’s ruling class, particularly in the security community, may prevent Moscow from fully embracing a pragmatic strategy of accommodating China’s growing influence in what used to be exclusively Russia’s backyard”. “Eurasian Silk Road Union: Towards a Russia-China Consensus?”, *The Diplomat*, 5 June 2015, <<http://thediplomat.com/2015/06/eurasian-silk-road-union-towards-a-russia-china-consensus/>>. See also: K. Kirisci and Ph. Le Corre, “The Great Game That Never Ends: China and Russia Fight Over Kazakhstan”, *Brookings*, 18 December 2015, <<http://www.brookings.edu/blogs/order-from-chaos/posts/2015/12/18-china-russia-kazakhstan-fight-kirisci-lecorre>>.

Achievements, What Achievements?

Given that the BRICS has existed as a formal entity only since 2009,³⁴ it is unrealistic to expect landmark achievements at this stage. Indeed, one could argue that the BRICS has already developed faster than bodies such as ASEAN (Association of Southeast Asian Nations) and the SCO.³⁵ Such organizations, especially in their early stages, deal in general statements of principles, create largely nominal sub-structures, and sidestep issues where there are likely to be disagreements. Public unity is the priority, not breakthrough moments.

Neither a Foundation for Global Governance ...

Nevertheless, it is useful to take stock by examining some of the claims made by BRICS supporters and critics. The most important is the notion that the BRICS forms the basis of a new multipolar order. Thus, Putin used the occasion of the twin BRICS and SCO summits in Ufa in June 2015 to proclaim the emergence of a post-Western strategic and normative consensus.³⁶

This is an illusion. Even when one factors in the brevity of the BRICS' existence, it is apparent that there is no drive within the group to mount a concerted challenge to the West or institutions such as the IMF and World Bank. The idea of the BRICS as an alternative world order is so divorced from reality that none of its members, apart from Russia, vests any hopes in this. The public solidarity on show in Ufa could not hide the lack of substance to the BRICS agenda.³⁷ There

³⁴ The first formal summit took place in Yekaterinburg in June 2009.

³⁵ ASEAN was founded in 1967, and the SCO in 2001.

³⁶ "The BRICS countries ... are powerful states with a strategic prospect of development. They are leaders—the future leaders of the world and the global economy", *Putin Press Conference*, 10 July 2015, <<http://en.kremlin.ru/events/president/news/49909>>. The unkind observer might speculate that another reason for conflating the BRICS and SCO summits (as on the previous occasion Russia hosted the BRICS in 2009) is that, independently, each was somewhat lacking in policy substance.

³⁷ A. Borik, "What the Russian media thinks about the BRICS and SCO summits", *Russia Direct*, 13 July 2015, <<http://www.russia-direct.org/russian-media/what-russian-media-thinks-about-brics-and-sco-summits-and-patriotic-stop-list>>.

were no policy breakthroughs, and the overriding impression was of a choreographed routine. Revealingly, even Russian commentators emphasized that the BRICS was less an organization than a process, and a “very gradual process” at that.³⁸

Beijing’s formal position is that the BRICS and its offshoots can complement, but not supplant, existing international structures.³⁹ More significantly, Chinese actions indicate that its interest in the BRICS is limited and instrumental. Beijing’s multilateral diplomacy has instead prioritized two other directions: increasing its influence in Western-dominated organizations; and creating its own mechanisms. With the latter, it is investing far greater resources in the AIIB and OBOR than in the New Development Bank.⁴⁰ Indeed, China’s promised contribution to the NDB of USD 10 billion is less than its disbursed *bilateral* loans and investment to some individual countries, for example Kazakhstan.⁴¹

There is no sign that Beijing will shift the primary focus of its multilateral activity to the BRICS, much less view it as a model of global governance. It is one thing to be dissatisfied with the functioning of Bretton Woods institutions, it is quite another to believe that the BRICS and its sub-structures can fill the vacuum. The fact that Xi has opted for ‘made in China’ organizations such as the AIIB suggests that he has little faith in the efficacy of the BRICS.⁴²

³⁸ F. Lukyanov, P. Koshkin, “The BRICS may be non-Western but they are not anti-Western”, *Russia in Global Affairs*, 11 July 2015, <<http://eng.globalaffairs.ru/redcol/The-BRICS-may-be-non-Western-but-they-are-not-anti-Western-17578>>.

³⁹ This position is reflected in the Ufa declaration from the VII BRICS Summit: “South-South cooperation is not a substitute for, but rather a complement to North-South cooperation which remains the main channel for international development cooperation”, p.40, <<http://en.brics2015.ru/load/381158>>.

⁴⁰ According to one estimate, the Chinese will sink up to USD 300 billion in financing various infrastructure projects under OBOR. It has already committed to investing USD 100 billion under various multilateral schemes: USD 50 billion to the AIIB, USD 40 billion to the Silk Road Fund (part of the SREB), and USD 10 billion to the NDB. See: Godement and others, “One Belt, One Road”, pp.1, 3 <www.ecfr.eu/page/-/China_analysis_belt_road.pdf>. See also: Movchan, “Lozhnaya nadezhda. Pochemu BRIKS ne budet rabotat” [False hope. Why the BRICS Won’t Work], *Slon.ru*, 10 July 2015, <<https://slon.ru/posts/53884>>.

⁴¹ As of 2015, the level of Chinese investment in Kazakhstan was reported to be USD 17 billion. See: “Kazakhstan, China: Close Neighbours That Build Mutually Beneficial Ties”, *Astana Times*, 5 May 2015 <<http://astanatimes.com/2015/05/kazakhstan-china-close-neighbours-that-build-mutually-beneficial-ties/>>. See also: Sh. Tiezzi, “China, Kazakhstan sign USD 23 billion in Deals”, *The Diplomat*, 28 March 2015 <<http://thediplomat.com/2015/03/china-kazakhstan-sign-23-billion-in-deals/>>.

⁴² The Kremlin hopes that Russia will reap some of the benefits of China’s ambitious plans. But this is doubtful. The Silk Road Economic Belt largely bypasses Russia, instead going through Central Asia, west Asia, Turkey, and only then envisaging a diversion to western Russia. Russia is a branch line at best. Crucially, too, Chinese investment is unlikely to flow to those regions of the Russian Federation that need it most—the Russian Far East and Eastern Siberia.

The Chinese have also resisted Moscow's efforts to drive the group in a consciously anti-American direction. Not only do they wish to avoid provoking a strategic confrontation with Washington, as noted earlier, but they are also anxious to maintain control over their own foreign policy agenda. This means ensuring that the BRICS does not assume a geopolitical identity, and instead channeling its activities toward the somewhat less contentious—and more useful—area of international development. In this endeavor, it is supported by the other BRICS.⁴³ New Delhi's position is even more unequivocal. Whereas Beijing values a functional relationship with the United States, the Indians see the latter as their primary strategic partner, and vital in addressing their security and geopolitical concerns vis-à-vis China.⁴⁴ The thought, then, that they would countenance a vision of the BRICS directed against the West is absurd.

... nor an Engine of Economic Development

The second major claim made about the BRICS framework is that it promises a new type of development assistance, free from the intrusive political conditionalities that characterize IMF and World Bank programs. Proponents of this view point to the formation of the NDB and the CRA as compelling evidence of progress.⁴⁵

It is early days, and the NDB and CRA could gain momentum over the next years. But until now we have seen only promises, not results. The total funds envisaged—USD 50 billion and USD 100 billion, respectively—are small compared to the sums that China *alone* is expecting to invest in various Silk Road projects through OBOR.⁴⁶ And this raises questions about the NDB's future operations. Where will the money go? How will it be disbursed, and under what conditions? This is not nitpicking, but goes to the heart of whether the BRICS will be able to function as a development agency "of a new kind". The danger is that it could lapse into tokenism—allocating small amounts of money to a few minor projects here and there—while in the real world large-scale infrastructural programs are

⁴³ S. Tharoor, "Taking the BRICS Seriously", *Project Syndicate*, 19 June 2015, <www.project-syndicate.org/commentary/cooperation-major-emerging-economies-by-shashi-tharoor-2015-06>. See also "Brics Nations' Differences on Display as Club States Summit", *Financial Times*, 8 July 2015, <www.ft.com/cms/s/0/3300e35e-2560-11e5-bd83-71cb60e8f08c.html#axzz3ug08G5z5>.

⁴⁴ V. Sakhuja, "Ufa Summits. Understanding the Strategic Footprint", *Valdai website*, 17 July 2015, <http://valdaiclub.com/opinion/highlights/ufa_summits_understanding_the_strategic_footprint/>.

⁴⁵ F. Mielniczuk, "The BRICS' Economic Institutions and International Politics", *E-International Relations*, 18 August 2014, <www.e-ir.info/2014/08/18/the-brics-economic-institutions-and-international-politics/>.

⁴⁶ China has already committed USD 40 billion through its Silk Road Fund and a further USD 50 billion to the AIIB, compared to only USD 10 billion in the NDB.

financed by other bodies, from the World Bank to the Asian Development Bank (ADB) to the AIIB.⁴⁷

For the NDB and CRA to function properly requires a dramatic increase in levels of funding; little will beget very little. The BRICS members will also need to decide where their development priorities lie. Do they focus on projects that benefit them directly, or act more broadly and altruistically as a facilitator of international public goods? The former is obviously incompatible with the vision of the BRICS as an alternative lender instead of the Bretton Woods institutions. But the latter course is scarcely feasible without the funds to back it up. In that event, the BRICS' comparative advantage of offering (allegedly) untied assistance would be irrelevant. Applicants would be forced to turn to the IMF and World Bank as before, or deal with individual donors, such as China.

This raises a further issue. Since the global financial crash, China has ratcheted up its international lending and development assistance to many parts of the world, including Eurasia. Given its vast foreign exchange reserves⁴⁸ and success in projecting soft power, why would it voluntarily accept the constraints of multilateral action? Beijing might wish to pay lip-service in order to tout its international citizenship credentials (see above) and to share the financial burden, but there would need to be more persuasive reasons for shifting from an approach that has worked very well so far to one whose worth is unproven and whose premise is suspect.⁴⁹

The Logic of Strategic Accommodation

Paradoxically, the main achievement of the BRICS has been bilateral—as a mechanism for Sino-Russian accommodation. Although the two sides have contrasting priorities (and capabilities) in the BRICS context, they have contained these differences, largely by pretending to agree on most things. There is some disappointment in Moscow with Beijing's tepid support over Ukraine and Syria, and the mediocre levels of Chinese investment in the Russian economy.⁵⁰ However, these setbacks are less important to the Kremlin than the

⁴⁷ See comments by the Indian economist Rajrishi Singhal, in A. Katz, "BRICS Prospects Brighten, NDB Takes Shape", *Russia & India Report*, 19 October 2015, <http://in.rbth.com/economics/finance/2015/10/19/brics-prospects-brighten-ndb-takes-shape_484059>.

⁴⁸ As of November 2015, these amounted to a USD 3.43 trillion, <www.tradingeconomics.com/china/foreign-exchange-reserves>.

⁴⁹ 85 percent of China's foreign aid goes through bilateral channels. See: Brant, "China's Foreign Aid...", *Op. cit.* [28].

⁵⁰ Chinese direct investment actually contracted by 20 percent in the first seven months of 2015. See A. Gabuev, "Sino-Russian Trade After a Year of Sanctions", *Carnegie Moscow Center*, 11 September 2015, <<http://carnegieendowment.org/2015/09/11/sino-russian-trade-after-year-of-sanctions/hhte>>.

façade of strategic unity. BRICS diplomacy is seen as reinforcing the message of Sino-Russian convergence, amidst the wider narrative of the rise of the non-West.

That much of this image is bogus is not especially important to Moscow. What matters is that outsiders should credit the pretense. In this respect, it has been surprisingly successful. The trope of a Sino-Russian authoritarian axis remains popular in the United States, leading to calls for the West to go easy on Putin in order to confront the real “threat”—China.⁵¹ For the Kremlin, persuading others to believe in the intimacy of Sino-Russian relations improves the prospects of weakening and eventually removing Western sanctions over Ukraine. Meanwhile, Beijing is prepared to go through the motions—less because it needs Moscow’s active cooperation, than to avoid the possibility of a disruptive Russia.

⁵¹ D. Simes, “How Obama is Driving Russia and China Together”, *The National Interest*, 24 June 2014, <<http://nationalinterest.org/feature/how-obama-driving-russia-china-together-10735>>.

Looking Ahead

Just as advocates of the BRICS are wont to overstate its achievements, so critics are sometimes guilty of wishful thinking in predicting its early demise. The BRICS may not amount to much, but strangely this improves its chances of survival. Because it is a loose, non-prescriptive, and non-binding framework, members can make of it what they will. Thus, Moscow can promote the idea of the BRICS as the basis of a new world order, while Beijing can use it to allay Russian sensitivities about Chinese power, pressure the West to be more accommodating, and assist its regional development goals. If the positive outcomes remain underwhelming, then the negative consequences also appear negligible. Western policy-makers may have little time for the BRICS construct, but few regard it as a threat; compare, for example, Washington's insouciance over the NDB with its attempts to stymie the AIIB. In general, expectations of the BRICS are so low that it is under no pressure to develop quickly. It can grow gradually and consensually.

The future evolution of the BRICS may bear some similarities to the development of ASEAN during the 1990s, when it established various sub-structures and expanded its membership. In time, we could see the emergence of a BRICS secretariat, a BRICS parliament, BRICS universities and so on.⁵² Many of these bodies may turn out to be symbolic, but still help to sustain some institutional momentum. On a more substantive level, the NDB and the CRA could receive increased funding – not so large as to raise these bodies to the level of the AIIB or ADB, but perhaps sufficient to allow them to offer useful, if modest, support to selected projects.

Despite recent disclaimers,⁵³ it would be surprising if the BRICS did not, over time, expand its membership to include representation from other parts of the world: Spanish-speaking Latin America (Argentina, Mexico), North Africa (Egypt), West Africa (Nigeria), the Middle East (Turkey, Iran), and South East Asia (Indonesia, Vietnam).⁵⁴ Moscow might be concerned that such

⁵² Some of these ideas are foreshadowed in the UFA summit declaration, <http://mea.gov.in/Uploads/PublicationDocs/25448_Declaration_eng.pdf>.

⁵³ "BRICS Has No Plans to Add New Members at Present", *Sputnik*, 9 July 2015, <<http://sputniknews.com/politics/20150709/1024402584.html>>.

⁵⁴ This would roughly accord with Goldman Sachs' concept of the N-11—the "Next Eleven" emerging non-Western economies. See: J. O'Neill, D. Wilson, R. Purushothaman and A. Stupnytska, "How Solid Are the BRICS?", *Goldman Sachs*

expansion would dilute the exclusiveness of the BRICS and make decision-making even more difficult than it already is. However, a larger membership would have two important advantages for the Kremlin: it would promote the idea of a broader non-Western consensus; and it would dilute China's dominance within the BRICS. As for Beijing, it is unlikely to object strenuously to an enlarged membership, given the secondary importance of the BRICS in Chinese foreign policy. It would continue to prioritize key bilateral relationships; promote pet multilateral organizations, such as the AIIB; and pay formal homage to multipolarity.

The future of the BRICS, then, is fluid. There are opportunities for institutional and policy development, and the BRICS construct is likely to continue in some form over the next 15-20 years. Conversely, it is improbable that the BRICS will emerge as a cohesive power bloc in world affairs. With the exception of Russia, none of its members has an interest in such an outcome—nor will they anytime soon given the growing asymmetry of Sino-Russian partnership, geopolitical tensions between Beijing and New Delhi, and the strategic marginalization of Brazil and South Africa.⁵⁵

Global Economics Paper No.134, 1 December 2005, <www.goldmansachs.com/our-thinking/archive/archive-pdfs/how-solid.pdf>.

⁵⁵ In the event of Sino-American armed confrontation, it is far more likely that Beijing would lean toward Moscow rather than the BRICS.

Lessons for Western Policy-Makers

The most important lesson for Western policy-makers in dealing with the BRICS is to retain a sense of proportion. Individual BRICS countries may sometimes pose a threat to Western interests, but the BRICS *as a collective* does not. Even such a small group struggles to function on the basis of consensus, and the considerable differences between its members ensures that their capacity for coordinated action is very limited. It is important, therefore, to remain calm when BRICS statements criticize Western policy, inveigh against the injustices of the international system, or speak in lofty terms about an emerging multipolar order.

Equally, Western governments should understand that the BRICS framework is here to stay, and may even grow. There is little to be gained by treating it with contempt, even when its fortunes are at a low ebb as today. On the contrary, it would be sensible to develop channels of communication and even dialogue arrangements. The argument that this may somehow strengthen the BRICS does not hold water; the group's fortunes scarcely depend on whether Western countries have dialogue partner/observer status with it or not. And while such engagement may not lead to impressive outcomes, the West has little to lose by reaching out.

But perhaps the most important lesson for Western decision-makers is bilateral rather than multilateral: to distinguish between Sino-Russian cooperation and Sino-Russian *convergence* in the BRICS context and elsewhere. One of Beijing's more notable foreign policy achievements has been to advance Chinese interests in Eurasia, often at Russia's expense, under the guise of 'win-win' diplomacy. It speaks of the two countries' 'near-identical' positions on international issues and of shared aspirations for a more equitable world. Yet all the time it is pursuing its national agenda with a clear sense of purpose. As noted earlier, the two countries see the world, and their respective places in it, very differently. They cooperate because it serves their specific interests, not because of a deeper likemindedness. The sooner the West understands this, and the true nature of their interaction within the BRICS, the better served it will be.