

10 myths about Brics debunked

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When the Brics summit convenes at the Xiamen International Convention Center on Sunday, the eyes of the world will once again focus on China. Since the first meeting of the foreign ministers of Brazil, Russia, India, and China in 2006, the Brics leaders have held nine official summits.

The grouping, which also includes South Africa, has progressively realised its development agenda and made a significant contribution to the steady and consistent growth of the world economy.

Despite the rapid evolution of the Brics, however, there are numerous sceptical voices in the international community to challenge the group. This year's summit will mark the beginning of a new decade of co-operation. At this critical juncture, there is a need for myth-busting to clear up common misconceptions concerning the Brics project.

Myth 1: the lacklustre Brics

In recent years, the decline of the Brics has been mentioned repeatedly following the overall decline of the global economy. Because commodity prices have entered a period of adjustment, energy-dependent countries such as Russia and Brazil were among the first to experience a growth-rate decline.

Meanwhile, China and others have been deepening reform and structural adjustment. According to 2016 IMF data, the Brics economic growth rate was 5 per cent, higher than developing countries by 0.9 percentage points and higher than developed countries by 3.3 percentage points. Brics countries accounted for more than 30 per cent of the global economy in overall size, and their contribution to global growth reached close to 60 per cent, far surpassing that of the G7 economies.

It should be emphasised that the Brics countries have strong capabilities for structural adjustment and adaptation. For instance, Russia has endured economic hardship over the past few years. The World Bank's official website recently released the latest Russia Economic Report, which notes Russian economic development is improving and it will gradually escape the economic recession that began in 2014. Russia's economic growth in 2017 is expected to be about 1.3 per cent and about 1.4 per cent in 2018 and 2019.

Clearly, the facts do not support the lacklustre Brics theory.

Myth 2: the hollow Brics

Since its emergence, doubts surrounding the economic foundation and growth potential of the Brics countries have persisted. Indeed, the Brics countries are facing domestic problems and challenges, but the fundamentals of the Brics countries are stable and there is enormous potential for development.

China's industrial and manufacturing capacity is the largest in the world. China's steel, machinery, chemical, high-speed rail, aerospace and other industries are among the world's best.

Russia has abundant oil and gas reserves, and its military industry and capabilities in higher education, science, and technology research and development are recognised globally. It is worth mentioning that the world leading telecommunications giant Huawei is establishing its first overseas mathematics institute in Russia.

India has significant advantages in scientific and technological innovation, with software, pharmaceutical, and other high-tech industries that have developed to advanced international levels.

South Africa benefits from substantial endowments of natural resources. As the largest economy in southern

Africa, it can spread benefits and promote development in Africa, which is beneficial to the co-ordination of the five Brics countries to address global and regional issues such as climate change, United Nations reform, human rights, food, and poverty.

Brazil has enjoyed a strong industrial system since the 1970s; it has abundant mineral resources, water resources, and the Amazon region is home to tremendous biological and ecological resources. Brazil's future has unlimited potential.

Myth 3: the Brics talking shop

Many in the western media have criticised Brics co-operation for having few achievements and they satirise it as an "empty talking shop". This neglects many of the Brics achievements since inception.

Since the first 2006 meeting, the Brics countries have started from scratch to become a strong force in global governance. Co-operation among Brics countries is not limited to the economic field alone, but has gradually expanded to cover sports, culture and other areas of dynamic co-operation.

In recent years, China has surpassed Japan to become Brazil's most important "football trade partner" in Asia. We all know that Brazil is a football superpower and the prospects of China-Brazil sports co-operation under the Brics mechanism are quite broad. In 2017, the first Brics National Games were held in Guangzhou in June. At the same time the Brics National Film Festival was also held in Chengdu.

The Brics summit in Xiamen this year will establish and improve pragmatic co-operation during the next phase, in areas such as investment, trade, humanities, tourism and currency. The existing mechanisms and projects will be further deepened in the future.

Myth 4: the dysfunctional Brics

Compared with other types of organisations, the Brics countries currently adopt a soft mechanism — but some sceptics believe that the Brics countries are disorganised in that they have no clear purpose, no statute and no permanent secretariat — thereby concluding that the Brics are "dysfunctional". However, this assessment is based on biased assumptions and thinking.

Over the past decade since 2006 when the first meeting of foreign ministers included Brazil, Russia, India, and China, in 2009, the leaders of the four countries held a meeting in Yekaterinburg, Russia; and in 2010, as the rotating president, China invited South Africa to become a member of the Brics.

In 2009, the joint statement issued by Brics leaders after the Yekaterinburg meeting included just 15 articles, which when translated into Chinese was only 1,500 characters long. By 2016 at the Goa meeting the statement included 109 articles, and the translated Chinese version reached 13,000 characters. The length of the statement is a clear indicator of proliferating Brics co-operation.

Today, there are more than 100 meetings related to Brics held each year, from the leaders' meetings, the ministerial meetings, to the relevant working groups and conference mechanisms in various fields, to specific projects and activities. The Brics mechanism is being developed and perfected and is increasing in vitality.

Myth 5: the schizophrenic Brics

There are many differences among the Brics countries' ideologies, political systems, and historical traditions. Therefore, some people criticise a lack of a clear understanding in Brics co-operation.

However, these people ignore the fact that Brics countries share the common value of reform and development. Reform is meant to improve global economic governance; to reform the unfair, unreasonable, and imperfect aspects of the old governance systems. Development is to promote developing countries in the global agenda, and establish a sustainable path so that economic globalisation can evolve in a more balanced way.

The Brics have achieved two firsts in human history. First, it is the first multilateral mechanism created and led by non-Western countries and developing countries. Before the Brics, all multilateral mechanisms were created by the great powers of Europe and the US. Second, it is the first time the collective rise of great powers have pursued the goals of peace and co-operation.

Throughout human history, there have been nine instances of great powers rising. From the Netherlands, Portugal, Spain, Britain, etc the appearance of these great powers saw the pursuit of hegemony and wars. Only the emergence of the Brics has clearly made peace and co-operation the first priority, which is a contribution to international relations and human development.

Myth 6: the China-dominated Brics

As the largest economy among the Brics, China's GDP is greater than the sum total of the other four members combined. It has been claimed that China "dominates" Brics co-operation. It is fair to say that China is the biggest economic player but the Brics are not a forum where economic size determines leadership.

The Brics stress democracy and pursue equality of voting rights. Compared with the US dominance in the G7 mechanism, the Brics mechanism is more equal.

History also proves that hegemony is not China's motive, nor does China have the capability to act as a hegemon. China's goal is to allow more countries to join in on China's economic development, to pursue mutual benefit and joint development, and in line with China's Belt and Road Initiative, construct "joint discussions, joint construction, and shared benefits".

Myth 7: the disruptive Brics

From the beginning of Brics co-operation, many have claimed the "Brics will destroy the G7", and the "the Brics will ruin the international economic order", giving rise to the myth that the Brics are disruptive.

The Brics countries are actively involved in the reform of the international order, active in the international arena, in the G20, and participate in climate change and other aspects of multilateral diplomacy. As new trends appear in the new era, when confronted by new challenges, the existing international order will be unable to meet the development needs of most countries in the world if they do not reform.

However, the Brics countries are not revolutionaries but reformers. The Brics countries do not intend to reinvent the wheel but are active supporters of the United Nations and staunch advocates of the G20. The Brics do not seek to replace the US, replace the West, or replace the existing international political and economic order but hope that the current international order can adapt to the new era through reform.

The Brics declarations have already stated this clearly. Article six of the Goa summit declaration in 2016 states the Brics "reaffirm that it is necessary for the Brics countries to uphold the spirit of solidarity, mutual understanding, and trust and strengthen the co-ordination and pragmatic co-operation in global affairs. We emphasise the common response to international issues, the importance of tackling controversial issues peacefully through political and diplomatic channels, and reaffirm our commitment to the principles of the charter of the United Nations."

This adequately reflects the Brics support for the existing international order.

Myth 8: the infighting Brics

In recent days, China and India experienced a confrontation along the two countries' border. With the Brics summit approaching, some media have said that there is internal conflict and disagreement among Brics. Indeed, internal differences and conflicts do exist but mutual interests, strategic co-operation, and collaboration are the main direction of the Brics.

In fact, struggles between member states within other international organisations are widespread. The G7 was

established more than 40 years ago but the contradictions between the US and the other six countries have never disappeared. In 1985, the Plaza Accord planned in advance for the 10 years of the Japanese bubble economy, which has persisted to this day.

In 2014, Russia was “dismissed” from the group after less than 10 years of membership. Compared with these conflicts, the Brics countries are much more united. There are many instances of Brics countries working together to resolve their differences. China and Russia solving their territorial issues through negotiations is the best example. The Brics mechanism is not a catalyst for conflict globally but provides a communication platform for countries, thus reducing friction.

Myth 9: the exclusive Brics

The Brics have not expanded membership since bringing in South Africa in 2010. Because of this, some have criticised the Brics for being “exclusionary”. Since its inception, the Brics as a group has existed for 10 years but the membership of the G7 has not changed in 40 years. Compared with the G7, the Brics is still in the developmental stage, and there is still room for greater development.

Compared with the G7 exclusive “rich country club”, the co-operation of the Brics countries is open and inclusive; it has even begun to expand, as manifested by the “Brics+” mechanism. First, the mechanism includes a dialogue between the Brics countries and large, rapidly developing countries, as well as other emerging ones. This means that more developing countries will join.

Indonesia, Turkey and Mexico could potentially join Brics co-operation in the future. More importantly, “Brics+” also represents the aims of the Brics mechanism in that it speaks for the majority of developing countries and seeks development assistance for them. Thus, it is impossible to believe the “exclusive Brics” myth.

Myth 10: the irrelevant Brics

Many people think that as an economic and financial co-operation mechanism, the Brics are impractical, only talking about strategy and rarely getting to details for implementation. Thus they have been called the “irrelevant Brics”.

The Brics mechanism has undergone a decade of development, successfully set up emergency foreign exchange reserves, established the Brics New Development Bank, and expanded into other types of practical co-operation. A new type of international mechanism for financial opening and macro-control is taking shape. The first batch of the Brics projects will focus on spreading the application of projects such as Shanghai’s new smart energy demonstration project, the Brazilian renewable energy transfer project, the Indian renewable energy power supply and loan project, South Africa’s transmission network and other new energy projects.

Meanwhile, renewable energy power generation and transformation projects will be a platform. In financing, after the issuance of renminbi bonds by the new development bank for the first time in China, these will also be made available in India, Brazil, and Russia.

In recent years, empty capital flows and derivatives are flooding into capital markets. The Brics’ plan to reform the global financial system will bring finance back into the service of the real economy and the interests of ordinary people around the world. In this sense, the Brics are trying to introduce more pragmatism to the international financial system and eliminate irrelevant and fictitious assets.

Due to the above 10 misconceptions about the Brics, many people misunderstand and have negative views of the Brics, assuming they don’t harbour intentional malice toward the group. These arguments are reminiscent of the half-baked “China collapse” theory and suspicions surrounding the Belt and Road Initiative. Some people argue that global trade is in decline and thus the Brics will decline as well due to the lack of a suitable environment. This is obviously flawed logic. Since the general atmosphere is not promising, the Brics countries should be more united to overcome the difficulties.