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**Deconstructing the BRICs:
Bargaining coalition, imagined community or geopolitical fad?**

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Working Paper No. 5

October 2012

<http://www.polis.cam.ac.uk/CRP/research/workingpapers/>

ISSN 2046-8393 (Online)

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ISSN 2046-8393 (Online)





(Christian Brüttsch and Mihaela Papa | Centre for Rising Powers,
POLIS, Cambridge)


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Abstract¹

Can the BRICS (Brazil, Russia, India, China and South Africa) build on their momentum to transform the international order, or will they be remembered as a geopolitical fad? To assess the prospects of the figurehead for emerging power aspirations, international relations scholarship has focussed on three lines of inquiry: Is an investment label a useful category for political analysis? Can such diverse states really cooperate? And which ones are most likely to challenge the liberal world order? This paper follows an alternative path: instead of emphasizing the BRICS' differences, it examines the associational dynamics and practices that inform their collective journey. Drawing on the rationalist literature on bargaining coalitions and on the constructivist literature on 'imagined' communities, we develop an analytical framework to investigate whether states exploit their BRICS affiliation tactically, to rise in tandem, or strategically, to rise together. Our two case studies, which examine BRICS efforts to curb Washington's 'exorbitant privilege', and to develop a collective response to the climate crisis, respectively, suggest that even when the BRICS share soft revisionist goals, coalitional cohesion and community formation are tentative at best. In the absence of clear common objectives, the BRICS abandon all but the rhetoric of coalitional behaviour. We conclude that unless the five emerging powers agree on a coherent strategy to harness their relative strengths, the BRICS' geopolitical play will be defeated by their own tactical ploys.

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1. Introduction

The West's fiscal woes and protracted controversies over adjustments, reforms and rescues have reinforced hopes, and fears about the 'inevitable' rise of rest. But can emerging power alignments like the BRICS (Brazil, Russia, India, China and South Africa) really build on their economic momentum to transform international relations, or will they be remembered as a geopolitical fad? Supporters of the developing world's most coveted club have reason to be optimistic. Growth may be slowing in China, and Brazil, Russia, India and South Africa face huge structural challenges. Yet according to IMF estimates, the BRICS share of global GDP will still surpass that of the G7 around 2020, at least at purchase power parity (IMF 2012). At their April 2011 Summit in Hainan, moreover, BRICS leaders announced that they had reached a 'broad consensus' to improve coordination and strengthen cooperation 'on international and regional issues of common interest.' In a bid to move beyond the perfect communiqué, they also identified 14 cooperation programmes that would be enhanced, four new initiatives to be launched and five areas that might lead to future cooperation (BRICS 2011).

According to the some estimates, BRICS members complied with three quarters of their Hainan commitments, on average (BRICS Research Group 2012). The Libyan and Syrian crises also gave them ample scope to test whether their 'concurrent presence' in the Security Council would help them to find common ground 'on issues of peace and security, to strengthen multilateral approaches and to facilitate future coordination' (BRICS 2011). To the surprise of many, the BRICS took a common stance on Libya, and to the dismay of most, Russian and Chinese vetoes have been backed by Brazilian, Indian and South African abstentions. The new sense of BRICS cohesion also altered the topography of other multilateral arenas. At a December 2011 ministerial in Geneva, BRICS trade ministers agreed on common principles in WTO negotiations (Baracuh 2012). At the 2012 Delhi Summit, they unveiled plans to create a BRICS-led South-South Development Bank (BRICS 2012).

Nevertheless, doubts about the BRICS' political prospects persist. The 'original' BRIC's decision to underwrite a banker's wager may have muted debates about the analytical value of an investment label (Armijo 2007). But few observers believe that well-choreographed encounters, handpicked initiatives or lofty plans mean that diverse and potentially antagonistic states are either willing or able to translate their combined economic prowess into collective geopolitical clout. In international negotiations, BRICS delegations rely on distinct negotiation styles and repertoires (Narlikar 2010). In contentious UN votes, they are as likely to agree or disagree as

they were before their political inception (EP 2011). Alongside the BRICS, members maintain a range of more or less congruent arrangements, such as ‘regional’ Shanghai Cooperation Organisation (SCO), the ‘democratic’ IBSA or the ‘all but Russia’ BASIC group (Hurrell 2010). Despite burgeoning commercial and diplomatic ties, moreover, the nuclear ‘big three’ – Russia, India and China – continue to compete for central Asian influence and resources. Moscow and Beijing reportedly clashed over BRICS enlargement, and commentators fret that Russia’s failure to live up to its great power ambitions in the Asia-Pacific might derail the Sino-Russian rapprochement (Blank 2011).

At the policy level, the spectre of a cohesive BRICS alignment has prompted experts and advisors to highlight the members’ differences and to encourage Western governments to selectively engage with countries that ‘do not form a bloc and should thus not be approached ... as a coherent bloc’ (EP 2011:32). As reassuring as such a policy stance may appear to the paragons of the status quo, a *divide et impera* approach has a number of drawbacks. First, it ignores that the BRICS have been rising *in tandem*. Bloc or not, even the U.S. Secretary of Defence reckons that emerging powers ‘like China and Brazil and India, not to mention obviously Russia ... provide a challenge to us not only in trying to cooperate with them, but making sure that they don’t undermine the stability of the world.’² Second, *divide et impera* discounts the BRICS’ potential to overcome strategic rivalries to rise *together*. Just like Britain, Germany and France buried their hatches to unify Europe, however awkwardly and against a backdrop of U.S. carrots and Soviet sticks, Russia, India and China may find that they share a common destiny after all. Finally, *divide et impera* assumes that the BRICS are in it for individual gains rather than the ‘more equitable and fair’ global order of summit lore.

To address these tensions, this study re-examines the BRICS trajectory in light of the associational dynamics and practices that inform and underpin agency in international relations. It argues that the BRICS’ prospects and impact hinge not just on their ability to reconcile different endowments and aspirations, but on the spice and romance their interactions add – or don’t add – to their unlikely engagement. To explain how the BRICS affiliation affects member conduct, we develop an analytical framework that draws on the rationalist literature on bargaining coalitions and on the constructivist literature on ‘imagined’ international communities. To establish whether member states ‘merely’ exploit their BRICS membership to rise ‘in tandem’, or whether they underwrite a collective enterprise to rise ‘together’, we examine their efforts to curb Washington’s ‘exorbitant privilege’ and to frame a joint response to the climate crisis. We

² Panetta Assesses National Security Threats, American Forces Press Service, Sept. 7, 2011, at <http://www.defense.gov/news/newsarticle.aspx?id=65268>, accessed Nov. 16, 2011.

conclude with a discussion of the policy choices that will decide whether the BRICS will enter the geopolitical hall of fame or end in the dustbins of history.

2. Associational dynamics: An analytical framework

Unlike the BRICs economic promise, their political pedigree rarely makes headlines. Yet a decade ago, Jim O'Neil did not just bet on the next big investment opportunity. When others tried to make sense of 9/11, the British banker urged Western leaders to 'upgrade' the G7 to allow for 'more effective global [economic] policymaking' (O'Neill 2001). His case for reform was simple enough: The G7 could not afford to ignore the main engines of global growth forever, and even if the EU were to reduce its multilateral footprint, a revamped G7 posed no threat to the international status quo. Despite their revisionist instincts, the four 'original' BRICs were, after all, a motley bunch with little in common but their size, growth prospects and mutual animosities.

While the BRICs took the markets by storm, the G7 stayed put. When, in 2007, Goldman Sachs advised giddy investors to look beyond the then obvious (GS 2007), the G7 summoned the 'outreach five' – Brazil, China, India, South Africa and Mexico – to discuss intellectual property rights, investment climates, 'joint responsibilities for development' and measures to curb carbon emissions, all on G7 terms. BRIC diplomats played along, but decided that they deserved better. At a first formal meeting at the margins of the 62nd session of the UN General Assembly, the four foreign ministers announced that their ambassadors to UN cities would henceforth 'meet on a regular basis to examine the main issues of the international agenda' and brief deputy foreign ministers on 'possible agreements on specific areas of ... interaction' which foreign ministers would then discuss.³ Since then, the BRICS have become a fixture on the diplomatic parquet. According to Russian Foreign Minister Sergey Lavrov, the addition of South Africa, the 'leading African country', has also given the unlikely alignment 'a truly global dimension.'⁴

2.1. From BRICs to BRICS: The emergence of an unlikely alignment

Political scientists rarely bother with bankers' visions. Nevertheless, the BRICs attracted academic attention even before they took on a political persona. Predictably, much of the early literature sought to reassert the primacy of political analysis. On the eve of the global financial crisis, political scientists either dismissed the BRICs as a 'mirage' (Armijo 2007:40), or proposed alternative acronyms to designate what they considered more 'coherent' blocs (Antkiewicz and

³ *Transcript of Remarks and Replies to Media Questions by Russian Minister of Foreign Affairs Sergey Lavrov on the Sidelines of the 62nd Session of the UN General Assembly*, Sept. 25, 2007, at http://www.un.int/russia/new/MainRoot/docs/off_news/260907/newen2.htm, accessed Apr. 22, 2011.

⁴ *Russian Foreign Minister Sergey Lavrov Interview to China's Xinhua News Agency*, Apr. 13, 2011, at http://www.mid.ru/brp_4.nsf/0/9BC92B94F31CBFDEC32578720024E6ED, accessed Dec. 14, 2011.

Cooper 2008). Today, ‘never mind the BRICs, here come the ...’ accounts still get some mileage (Goldstone 2011). However, ever since the BRIC raised the diplomatic stakes, two more sympathetic strands of inquiry have emerged. The first examines why individual countries value their BRIC(S) affiliation. A sample of some of the most compelling case studies suggest, for instance, that whereas Moscow jumped on the BRIC band wagon to regain some lustre, and to balance China’s rise (Roberts 2010), China ducked behind its accidental allies to recast its efforts to stabilize its international environment as a collective reformist rather than individual revisionist enterprise (Glosny 2010). In stark contrast with Beijing’s preoccupation with ‘China threat’ scenarios (Deng 2008), Delhi used its BRIC cachet to exact the international respect it thought it deserved (Sinha and Dorschner 2010). And though joining the BRICs complicated Brasilia’s bid for global environmental leadership (Sotero and Armijo 2007), the stark contrast with the more assertive and nuclear ‘big three’ bolstered its ‘soft power’ credentials (Roberts 2010). South Africa rushed under the BRICS umbrella to compensate for the fading veneer of the Rainbow nation, and entrench its claim for continental leadership (Cooper 2011).

A second line of research is probing the BRICS’ revisionist instincts, posture and capabilities. Although most analysts concur that so far, ‘China and the BRICS’ have done more to reinforce than to subvert the liberal order (Glosny 2010), many worry that none ‘accede to a Western-centric order’ or ‘view themselves as beneficiaries of the liberal international system’ (Cooper and Alexandroff 2010). Others note that although the BRIC(S) combine considerable assets and ambitions, they lack the strategic posture and depth to challenge U.S. leadership or entrench a new world order (Cohen et al. 2010, Hart and Jones 2010). Some believe that the BRICS’ ‘emerging market’ potential has been exaggerated, and that they are more likely to end in the middle income trap than on the great power pedestal.⁵

Although such lines of enquiry might give solace to those worried about the distributional and potentially destabilising effects of a shift in international power and prowess, they gloss over some of the more intriguing questions raised by the transformation of Goldman’s ‘original’ BRICs into a five-member club of regional powers with global aspirations: If they’ve come this far, can we afford to ignore the associational dynamics created by their collective efforts to turn an investment label into a diplomatic tool? Should we dismiss the possibility that the ‘galvanization’ of the BRICS will redefine how (aspiring) great power coalitions conduct international affairs? More polemically, can we discard the BRICS potential to turn a tactical alignment into a more cohesive alliance, and that a sense of shared destiny might well redefine individual aspirations?

⁵ See, for instance, *BRIC wall*. The Economist, Apr. 14, 2011.

2.2. Conceptualizing associational dynamics: Two propositions

Associational dynamics are of course a staple in the ‘metaphors, myths and models’ IR scholarship has deployed to demystify the balance of power that overshadows the politics among nations (Little 2007). Generations of realists and their critics have debated the alchemy of alliance formation, or drawn up taxonomies to distinguish alignments on the basis of their resilience to in-group or intergroup strains and challengers. We put ourselves to a more modest task: we observe that in the context of multilateral negotiations, states enter bargaining coalitions to shorten the odds on their preferred outcomes (Dupont 1996). They may, and often do, leave it at that. But for a variety of reasons, some of which we discuss in more detail below, states sometimes develop ad hoc coalitions into more cohesive negotiating blocs, such as the Like Minded Group that fought to curb the WTO’s reach and remit (Narlikar and Odell 2006). Occasionally, states form partnerships that play across multilateral venues, along the lines of the G7, whose ‘steering club ethos’ helped redefine the liberal order after the demise of the Bretton Woods system (Cooper and Alexandroff 2010:5). A select few join fraternities, such as the North Atlantic security community, which played a key role in creating ‘the West’ as we know it (Deutsch et al. 1957). In the following, we develop two propositions that frame the BRICS reach and resilience in function of the coalition/community divide that cuts across this broader associational spectrum,

Proposition 1: A coalition to rise in tandem. States typically pool power and/or resources in bargaining coalitions to win negotiations or to gain leverage over parties outside their coalition (Hampson 1995). In theory, it makes little difference whether the members of these ‘deliberately constructed’ networks share the same interests, values, priorities or goals, as long as they agree on ‘general or limited common objectives’ (Dupont 1996). In practice, not every coalition works, and not every working coalition works for each member. Empirical studies show that a coalition’s impact and longevity depend both on the elasticity of its internal hierarchy and ideology and on its collective ability to amass ‘critical’ weight (Narlikar 2003). To be effective, coalitions must be able to capitalize on their members’ diversity and play off individual weaknesses and strengths to direct, deviate or derail negotiations. To survive, coalition members must be flexible enough to minimize intra-coalitional frictions and to react to potentially destabilizing counterstrategies.

Clearly, coalition success also depends on members’ commitment. From a rationalist perspective, the value of a coalition is determined by the premium joint negotiation payoffs add to the individual payoffs coalition members could expect by going it alone. Consequently, a coalition is deemed stable if and as long as its members perceive it not merely as an efficient tool

to achieve their preferred outcome, but as an effective means to increase their share of net benefits, either by increasing bargaining gains or by lowering bargaining costs. Faced with the permanent risk of defection and coalition breakdown, a state's decision to bet on a coalition thus hinges on the perceived likelihood that other coalition members have priced the cost of sustaining a joint endeavour into their 'best alternative to negotiated agreement' (Fisher et al. 1991). One problem is that the individual costs of sustaining a 'winning' or a 'blocking' coalition are hard to gauge, both in any particular and – even more so – across different multilateral negotiations. Numerous countries have therefore established value or identity-based groupings, whose members discount participation costs against the promise of substantial cohesion benefits (Narlikar 2001).

The common denominator of the different types of bargaining coalitions is that they serve self-interested actors who consider identity – or diversity – either as an obstacle or an opportunity to achieve a given objective. No matter how far coalitions move from their default *ad hoc* 'interest' position towards 'bloc-type' cohesion, members' give and take with allies and opponents remains predicated on the lack of better alternative arrangements.

Proposition 2: A community to rise together. The community proposition assumes that besides improving individual payoffs, coordinated bargaining *can* change actors' perceptions of their partners, of themselves, and of the nature of their endeavour. In a favourable environment, 'shared meanings, constituted by interaction' may, as Emanuel Adler points out, 'engender collective identities' that transform coalitions into 'imagined' communities (Adler 1997:258). To make this happen, states must re-invest part of their cooperation gains in the creation of a 'friendly' environment and shared institutions that can foster 'mutual trust and responsiveness'. More importantly, the putative members of an 'imagined' community must be prepared to include each other in their decision-making processes, to revisit criteria to distinguish friends and foes, to embark in collective enterprises and to address common challenges on the basis of a shared normative discourse (Adler and Barnett 1998:53).

So far, IR has focused mainly on the ascendancy of 'imagined' communities in regional organizations and collective security arrangements. There is, however, no compelling reason to consider geography a natural adhesive, or to assume that collective security is the only goal that can mould the expectation of 'diffuse reciprocity' into an inspiration for international solidarity. As Benedict Anderson's pioneering study on the 'imagined' nation points out, there are no 'genuine' images that sustain particular communities, only different styles of imagination (Anderson 1991:5-7). If imagined affinity, rather than observable proximity or similarity unlocks collective destiny, it follows that the political prowess of a political grouping like the BRICS depends neither on shared attributes nor on common aspirations, but on its members' inclination

to imagine and define their association either in ‘particularistic’ terms, i.e. as a kinship network of sorts, or as an expression of a ‘deep horizontal comradeship’.

Although states enter coalitions and communities for strategic reasons, bonded communities differ from calculation-bound coalitions to the extent to which they put their common destiny ahead of individual advantage. Tactics of course still matter, and the ‘post-colonial’ kinship of the G77 is less likely than the ‘true comradeship’ of OPEC to inspire quarrelling members to figuratively ‘die’ for the idea of their communion. Indeed, the point here is not that communities always cooperate across all issues, but that in cross-issue and multiple fora negotiations, partnerships and fraternities are more resilient, and possibly more effective than tactical coalitions. Whereas errant kin or straying brethren are typically welcomed back into the communal fold, at the coalitional end of the associational scale contenders are often able to capitalise on disagreements, incite defections and break up alignments. Whereas factious coalitions often neutralise their strengths, fraternities typically sacrifice the blameless to renew the communal bond (Girard 1979).

2.3. Methods and case selection

To assess whether the BRICS template ‘merely’ helps opportunistic coalition partners to paper over strategic rivalries and distrust, or whether it has the power to reconcile its long estranged members, we examine the behaviour and conduct of issue leaders and key stakeholders in two controversial domains that have been high on the BRICS agenda: financial stability and climate diplomacy. In both cases, individual ambitions chafe against collective aspirations, testing both BRICS cohesion and sense of direction. However, whereas efforts to curb Washington’s ‘exorbitant privilege’ peg the grouping’s revisionist resolve, the struggle for a response to the climate crisis probes their post-hegemonic potential.

To set the analytical stage for the case studies, we rely on the conceptual maps Adler and Barnett provide to study the emergence of security communities in response to ‘precipitating factors’ which encourage states to coordinate their policies, ‘structural elements’ which govern their transactions and engagements, and institutional ‘processes’ which contribute to the development of trust and collective identity formation. However, while we agree that international communities are path-dependent, we are less confident that they ‘exhibit an evolutionary pattern that follows the “arrow of time”’ (Adler and Barnett 1998:49). Hence, instead of tracing the BRICS’ progress from an ad hoc coalition to a nascent, an ascendant and a mature community, we use coalitions and communities as ideal types, outlined in Table 1, whose distinct renditions of typical behaviour and conduct allow us to chart how individual BRICS

countries adjust their strategic objectives and policy priorities in a continuous re-appraisal of the relative merits of pluralist coalitional opportunities and solidarist communal obligations.

Table 1: The Coalition/Community Divide

	<i>Strategic objective</i>	<i>Policy priorities</i>	<i>Overall behaviour/ conduct</i>
Coalition:	Improve member's bargaining position in international hierarchies	<ul style="list-style-type: none"> - Define coalition profile - Test coalition cohesion - Minimize coalition risk 	<ul style="list-style-type: none"> - Pluralist/competitive orientation - Revisionist or reformist posture
Community:	Make international hierarchies more responsive to members' collective aspirations	<ul style="list-style-type: none"> - Identify shared opportunities and threats - Articulate shared norms and narratives 	<ul style="list-style-type: none"> - Solidarist/communitarian orientation - Willingness to forgive and make sacrifices

To distinguish coalitions from communities, we adopt an analytic two step. In a first move, we examine how issue leaders define coalition profiles and how coalition partners position themselves to bolster their bargaining position. We derive our profile features from Narlikar's taxonomy of 'system challenging' and 'system conforming' types of negotiation behaviour, which posits that 'hard revisionist' coalitions form blocs to pursue distributive strategies aimed at equitable or fair outcomes at the margins of established multilateral venues, whereas 'softly reformist' coalitions confide in issue-based networks and integrative strategies to improve the efficiency and efficacy of existing multilateral processes (Narlikar 2010). To test cohesion, we identify behaviour that discounts coalition gains or highlights hedges against defection.

In a second step, we examine BRICS investments in a friendly environment, focusing on the cues they take from shared norms and narratives when they forego cooperation gains and forgive or forget others' transgressions. Since multilateral diplomacy has honed the art of rallying behind supposedly common heritages or objectives, the community dimension is, by its nature, elusive. Governments are typically aware that their ability to capitalize on a communal bond depends on the community's cachet, and that they have to show that they are willing to make some sacrifices in the name of cohesion. Moreover, just like protestations of undying commitments can be fronts for opportunistic bargains, estrangements may be temporary, and reflect a reluctant response to insufficient community heft, rather than waning affections. To gauge the BRICS' willingness to metaphorically 'die for each other' we therefore distinguish between the calculated bargaining behaviour that determines coalitional dynamics and the

conduct that informs their image of political communion. In short, to deconstruct the distinct associational *practices*, we observe not just what the BRICS do and aim for, but *how* they position themselves along the coalition/community divide.

3. The global financial crisis, Washington's exorbitant privilege and the battle over IMF surveillance

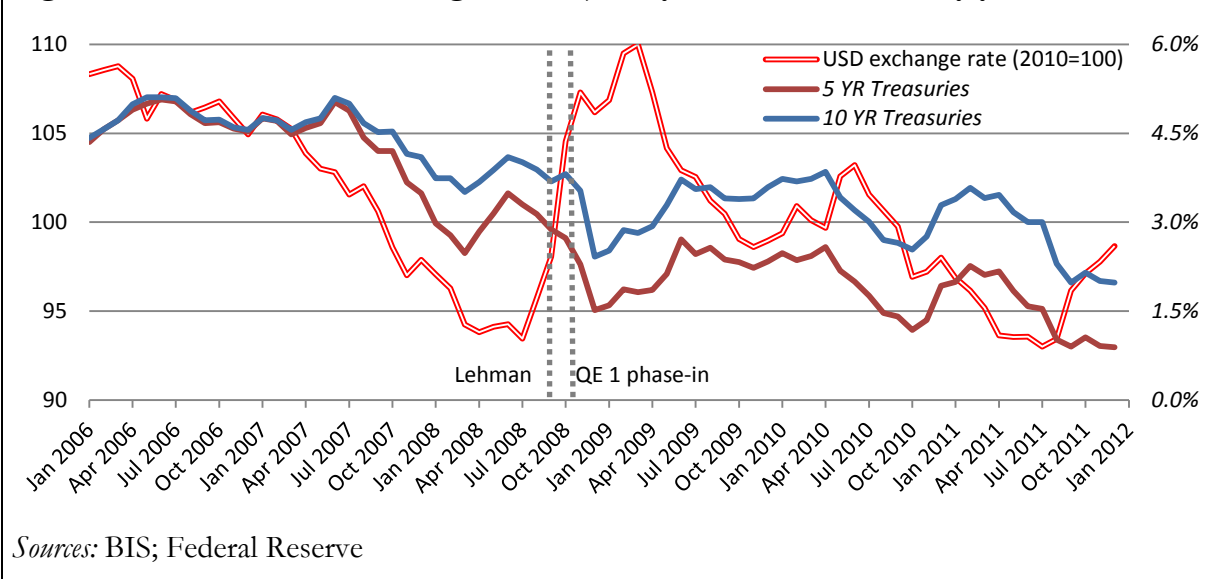
The global financial crisis did not merely crush hopes for easy prosperity, overleveraged bank balance sheets or public finances. It also shattered the developing world's confidence in Washington's stewardship of the global economy's main monetary anchor. The dollar is the tender of choice for international trade, as well as the main and most liquid store of value for private savings and the currency reserves central banks accrue to shield 'their' economies against external shocks. By combining loose monetary policies with massive purchases of government bonds ('quantitative easing', or QE), the Federal Reserve ('Fed') early on decided to spread the pain of resuscitating the U.S. economy to dollar holders around the world, though unlike others, it stopped short of blaming the credit boom, and bust, on the 'global imbalances' and 'excessive' foreign reserve accumulation that had fuelled the 'savings glut' (Bernanke 2010).

Despite the Fed's predatory posture – Figure 1 below illustrates the erosion of the dollar's effective 'external' value and nominal treasury yields – the structure of the international reserve currency system stood firm. Data compiled by the IMF suggest that while the share of emerging and developing economies' dollar holdings slipped from 62% to 58% of allocated reserves between 2006 and 2011, the dollar's post-Euro rate of decline actually slowed.⁶ International dollar reserves have stabilized well above the 41% threshold that, according to the IMF, reflects the greenback's 'relative importance ... in the world's trading and financial systems' (IMF 2010). Indeed, since the developing world's total reserve holdings more than doubled between 2006 and 2011, the 'emerging' rest actually raised their subsidies to the U.S. from \$820bn to – at least – \$1.5tn at current prices. As a deputy governor at the Bank of Russia wryly observed in late 2011, a lack of liquid alternatives meant that there were simply no 'good' opportunities to diversify reserves from dollar denominated instruments.⁷

⁶ Unless noted otherwise, statements on reserve holdings and compositions are based on the December 30, 2011, update of the IMF's Currency Composition of Official Foreign Exchange Reserves (COFER) database, at <http://www.imf.org/external/np/sta/cofer/eng>, accessed Jan. 25, 2012.

⁷ *Russia to keep forex reserves structure*. Interfax, Aug. 15, 2011, at <http://www.lse.co.uk/fx/fxnews.asp?ArticleCode=sg2mmyepj32rd6e>, accessed Nov. 16, 2011.

Figure 1: Effective dollar exchange rate trajectory and nominal treasury yields, 2006-2012



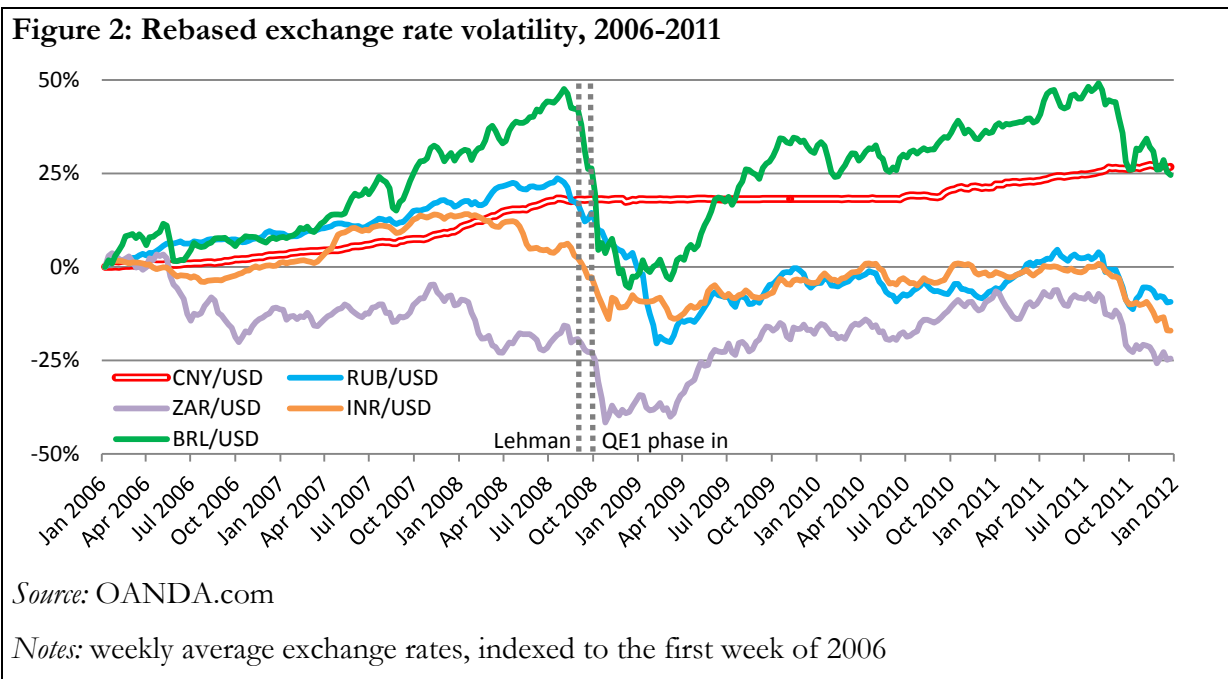
Nevertheless, at the multilateral level at least, the G-20 process provided the BRICS novel openings and opportunities to push for a more ‘developmental’ monetary framework. In the following, we discuss BRICS positions and stakes, trace coalition dynamics and gauge the community potential of their efforts to defend themselves against Washington’s ‘our currency, your problem’ approach to financial stability.

3.1. Slumping eagle, worried dragon: The BRICS and the reserve dollar

China first voiced its concerns about Washington’s stewardship of the ‘exorbitant privilege’ of issuing a reserve currency in the terse wake of the Asian financial crisis. At the 1999 meeting of the IMF’s shareholders, the governor of the People’s Bank of China (PBOC), Dai Xianglong, expressed ‘hope’ that the U.S. authorities would ‘take full account of the impact of their economic policies on the world economy and be especially alert to possible shocks in the crisis countries’ (Dai 1999). In 2003, his successor, Zhou Xiaochan, warned that the combination of loose monetary policies and fiscal profligacy was eroding the buffers the rich world would have needed to prop-up demand during a slump, and insisted that instead of passing the burden of stabilization to the developing world, the U.S. – with the EU and Japan – ‘should assume major responsibility for the global recovery and restructuring’ by implementing an array of overdue reforms and adjustments (Zhou 2003). Frustrated by Washington’s reluctance to lead by example, in 2006 Zhou argued that the upcoming review of IMF surveillance should aim to ‘enhance’ the Fund’s oversight over ‘the macroeconomic policies of countries issuing the major reserve currencies’ (Zhou 2006). Despite Chinese concerns that unregulated financial innovation in the U.S. was turning reserve fuelled liquidity into a threat to global financial stability, the Fund’s

main shareholders decided that what the IMF really needed was a more muscular mandate to monitor China's exchange rate policies.

When the U.S. debt bubble burst, Lehman went bust and the Fed opened the monetary floodgates, emerging economies faced massive reserve losses, price volatility, and disruptions caused by erratic capital flows and a collapse in trade finance. Still, depreciation, uncertainty and deleveraging affected the individual BRICS in different ways. Between 2006 and 2011, exchange rate volatility, illustrated in Figure 2, rattled all save China, which loosened but did not lift its controversial currency peg. Brazil had to resort to 'unconventional measures' to stem the inflow of 'hot' money that was pushing up the real. India, meanwhile, struggled to tame inflation, which it blamed in part on the liquidity-driven surge in commodity prices. Whereas a weakening rand wrecked South Africa's balance of payments, the weak rouble bolstered Russia's export earnings. Once again, the U.S. currency had become the world's problem. Although no other BRICS government official went to the Russian prime minister's rhetoric extremes, they concurred that Washington had been 'living like a parasite ... off the monopoly of the dollar' for too long.⁸



3.2. The untouchables: Bargaining as BRICS

When fear of a global financial meltdown prompted the Bush administration to finally move beyond the G7, China – which had overtaken Japan as the world's largest reserve holder in 2006 – was quick to set the terms for its cooperation. At the Washington G20, President Hu Jintao explained that Beijing expected a 'comprehensive, balanced, incremental and result-oriented'

⁸ *U.S. global economy 'parasite'*. RIAN, Aug. 1, 2011, at <http://en.rian.ru/russia/20110801/165504432.html>, accessed Nov. 16, 2011.

reform of the international financial system, and was prepared to back the G20 as a 'decision-making and management mechanism that will ... reflect, in particular, the interests of emerging markets and developing countries'. To prevent a relapse into a G7+ routine, Hu also insisted on 'enhancing' the IFT's ability 'to fulfil their responsibilities' and reiterated that the IMF should oversee the 'major international financial centres' and help 'improve the international currency system by steadily promoting its diversification' (Hu 2008).

Despite the looming crisis, China's endorsement of the G20 was a setback for those who had hoped for a concerted 'global' response to the 'American-made' meltdown. For many, the call to strengthen the IMF added insult to injury. Memories of harsh adjustments were still fresh, and even the Fund's advocates admitted that its harsh prescriptions had prompted many emerging economies to build up the 'excessive' reserves that had fuelled the creation of the ever more quixotic dollar instruments that had precipitated the crisis in the first place. Yet among the BRIC(S), neither the G20 nor the IMF was particularly controversial. Each of the five countries had a seat at the relevant tables, and despite misgivings about IMF governance and some lending arrangements, each recognised the Fund's usefulness. Brazil entered an 'unnecessary' IMF agreement to push through unpopular reforms in 2003. Russia, once the Fund's biggest borrower, opted for a 'friendly divorce' (Gilman 2010). Like China, South Africa had gone out of its way to make go without the Fund's financial assistance, and the Indian prime minister reassured a doubtful domestic audience that the 'global south' could use the Fund to finally settle scores with the developed world.⁹

At a diplomatic level, moreover, the BRICS had little to lose. Their efforts to strengthen the IMF could either flounder and expose western obstinacy, or succeed and entrench them more firmly in one of the prime sites of global economic governance. The resulting 'hard reformist' posture committed coalition members to work within the preeminent multilateral frameworks to overhaul an establishment institution, only to make it perform in a more even-handed manner. There was, however, a major complication. For Beijing, the Fund also represented an important line of defence against U.S. attacks on its currency peg. Under the 1988 Omnibus Trade and Competitiveness Act, the U.S. Treasury had to 'consult' the IMF to establish whether a trading partner 'manipulated' its exchange rate. Despite internal and external criticism, IMF staff never found evidence that China had kept the peg with the purpose of 'preventing effective balance of payments adjustments' or of 'gaining unfair competitive advantage'. And despite pressure from Capitol Hill, the Treasury did not insist. However, 'tension' over the implementation of the 2007 surveillance decision had led to a breakdown of the Article IV consultations with China (IEO

⁹ Singh, *Statement by Prime Minister Dr. Manmohan Singh to the Press*, London, Apr. 2, 2009, at <http://www.mea.gov.in/mystart.php?id=530114871&pid=&flg=1&sz=b>, accessed Nov. 16, 2011.

2009:16), and Beijing was only too aware that it had to tread carefully to regain room for manoeuvre.

China's vulnerable and more defensive bargaining stance tested both its diplomatic skills and BRIC cohesion. In 2007, Beijing had failed to convince developing countries – which at the time held roughly 32% of the Fund's voting rights – to block a U.S. amendment that instructed staff to determine whether a member's exchange rate results in 'external instability', broadened the definition of currency manipulation and included 'fundamental misalignment' among the triggers for an in-depth audit (IMF 2007). At the time, China's executive director, Ge Huayong, noted that while the new surveillance framework changed little for advanced economies, it put emerging countries 'under more pressure'.¹⁰ In a rare deviation from protocol, Ge complained that although China's reservations had received the 'understanding and support' of 'some of the developing countries', the board, 'which was perceived to be pushed by the IMF management and a few developed countries with a majority of voting power' had chosen to ignore that 'important decision[s] should not be made before the broadest consensus across the whole membership was reached' (Ge 2007).¹¹

Since records of executive board deliberations are confidential, it is impossible to verify how far the other BRICs had gone in supporting China's demands. The 11% of votes BRIC directors directly controlled at the time fell short of the 15% required to block the U.S. proposal. However, a cohesive BRIC position might have convinced other constituencies to close ranks. Members of the Africa One (3%) and Two (1.4%) groups were arguably too vulnerable to openly oppose Washington, but with the support of executive directors from Iran (2.4%), Argentina (2%) and possibly Indonesia (3.5%), a BRIC-led bloc could have blocked any deal that did not target reserve currency issuers, and prevented the Fund from dragging China into Washington's line of fire.

In early 2009, Beijing decided the time had come to see whether a crisis-emboldened and G20-hardened 'BRIC bloc' would hold and allow China to reverse the surveillance decision. On March 13, Premier Wen Jiabao remarked that he was 'a little worried' about the 'huge amount of money' China had lent to the U.S., and that he expected Washington to do what it took to 'maintain its good credit'.¹² In a joint communiqué issued the same day, BRIC finance ministers formally endorsed China's call to enhance the Fund's surveillance over 'advanced economies with major international financial centres and large cross-border capital flows'.¹³ The tide turned in

¹⁰ Voting and quota data reflect changes agreed upon in the 14th General Review of Quotas, see <http://www.imf.org/external/np/exr/facts/quotas.htm>

¹¹ Tellingly, Kudrin, Chidambaram and Mantega ignored the surveillance decision at the 2007 Annual Meeting, see www.imf.org/external/am/2007.

¹² <http://www.fmprc.gov.cn/eng/zxxx/t542929.htm> [own translation], accessed Nov. 16, 2011.

¹³ *BRIC Finance Ministers' Communiqué*, Mar. 13, 2009, Horsham, UK

China's favour two weeks later, when participants at the London G20 Summit agreed to 'support, now and in the future [a] candid, even-handed, and independent IMF surveillance of our economies and financial sectors, of the impact of our policies on others and of risks facing the global economy.'¹⁴ The breakthrough came in June 2009, when the IMF approved 'revised operational guidance' for the surveillance decision which removed, among other things, 'the requirement to use specific terms such as "fundamental misalignment"' that had prompted China to flex 'its' BRIC muscles in the first place (IMF 2009:3).

Overturning the surveillance decision did not come cheaply though. As proof of its commitment to the IMF, China promised to invest up to \$50bn in its 'first ever' promissory notes; Russia and India pledged an additional \$10bn each, though Moscow later backed down and let Brasilia pick up the tab. Nor did it give the BRICs a bigger say in the Fund's strategy, operations and lending decisions. There were token gestures, such as the 'accelerated quota reforms' agreed in 2010, which cut G7 voting rights from 43.4% to 41.2%, or the appointment of Zhu Min as deputy managing director in February 2010. However, unlike the BRICS, which are set control a mere 14.1% of IMF votes, the EU, the Eurozone and the U.S. all preserved their veto positions, with 29.3%, 21.2% and 16.5% respectively. The voting rights of Russia, India and Brazil also trade at a hefty 4% discount to their quotas, compared to an EU average of 3%. More importantly, though, the BRIC consultations and exchanges that lead to the U-turn on surveillance did little to defuse the emerging world's dollar reserve predicament.

3.3. The usual suspects: (Day-) Dreaming with the BRICS

If China's play on surveillance tested BRIC cohesion, its conduct on the reserve front can be seen as a bellwether for the BRIC(S) sense of communion. Beijing may have talked up the IMF's surveillance mandate to keep it out of the Sino-American currency spat, but it hardly expected the Fund to lecture or hector the Treasury and the Federal Reserve. The IMF's value in the reserve game lay elsewhere. While Chinese negotiators secured surveillance concessions for the London G20, the PBOC startled observers with a carefully argued case for replacing the reserve dollar with a revamped SDR – the IMF's synthetic accounting unit – and the claim that the Fund's 'universal membership', 'unique mandate' and expertise made it a 'natural candidate' to manage a much larger part of its members' reserves (Zhou 2009). The extemporary proposal challenged both reluctant reformers in China who forced the PBOC to hoard reserves, and the other BRICS, which would have to step out of the yuan's shadows.

¹⁴ *G20 Communiqué*. Apr. 2, 2009, London.

The communal stakes were high. Although the Kremlin ‘hoped’ that the Russian economy would one day command enough ‘prestige’ to allow the ruble ‘to play [the] role’ of a reserve currency, BRICS thinking was that for the foreseeable future, the yuan was the only credible reserve candidate, both on a standalone basis or as part of the SDR basket.¹⁵ Pressure to discard Zhou’s SDR proposal in favour of more tangible concessions mounted. Russia’s Finance Minister, Alexei Kudrin, insisted that the ‘shortest route to the creation of a new world reserve currency’ was for China to liberalize its capital account and let the currency float.¹⁶ But this was something Beijing was not (yet) prepared to do. During the surveillance debates, the Chinese authorities repeatedly stressed that, for emerging economies, ‘internal stability’ should take precedence over external stability. And as Zhou pointed out, they were only too aware that all reserve issuers faced the ‘dilemma between achieving their domestic monetary policy goals and meeting other countries’ demand for reserve currencies’ (Zhou 2009).

Although the PBOC’s SDR proposal was dropped, monetary relations continued to evolve at the multilateral side-lines. In 2011, BRICS leaders agreed that their state-controlled development banks should issue loans and grants in their respective currencies to bypass dollar conversions.¹⁷ Moscow toned down calls to liberalize the yuan in favour of a more ‘symbolic’ agreement to expand ‘the use of national currencies in mutual settlements.’¹⁸ The PBOC established bilateral currency swap lines with an array of more or less important trading partners; created a market for ‘dim sum’ bonds in Hong Kong and proposed London as a future offshore RMB market. In March 2012, Wen declared that the ‘yuan will inevitably become a unit of international exchange’, but cautioned that the timing for convertibility ‘cannot be easily judged’.¹⁹ At the Delhi Summit, BRICS leaders reiterated their demand for ‘a more representative international financial architecture... and the establishment and improvement of a just international monetary system that can serve the interests of all countries’ (BRICS 2012),^{and} on the eve of the ^{Los Cabos G20 in June 2012,} they tasked finance ministers and central bank governors to look into BRICS-wide swap arrangements and reserve pooling²⁰

¹⁵ Medvedev, *News Conference following Shanghai Cooperation Organisation Summit*, Jun. 16, 2009 http://archive.kremlin.ru/eng/speeches/2009/06/16/2220_type82914type82915_217999.shtml, accessed Apr. 22, 2011.

¹⁶ *Russia says yuan could be reserve currency in decade*, Jun. 6, 2009, at <http://www.reuters.com/article/2009/06/06/russia-forum-yuan-idUSL64476620090606>, accessed Nov. 22, 2011.

¹⁷ *BNDES signs agreement with BRICS development banks*, Apr. 14, 2011 http://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/Institucional/Press/Noticias/2011/20110414_BNDES_BRICS.html

¹⁸ *Russia, China to Promote Ruble, Yuan Use in Trade*, Bloomberg, Jun. 17, 2009 <http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aSTmuCr.RD88>, accessed Nov. 22, 2011.

¹⁹ *China’s Yuan to Go Global ‘at Right Time’*: Wen, Caijing, Mar. 20, 2012, at <http://english.caijing.com.cn/2012-03-20/111759812.html>, accessed Mar. 20, 2012.

²⁰ *Media Note on the informal meeting of BRICS leaders ahead of G20 Summit in Los Cabos*, MEA, Jun. 18, 2012, at <http://meaindia.nic.in/mystart.php?id=100519638>, accessed August 20, 2012.

Course set, then? To a point. Many of the monetary arrangements made economic sense in their own right, and inconsistent narratives about opportunities and threats, and the potential reserve role of the yuan highlight the BRICS' ambivalence over the costs of supposedly 'shared' endeavours. This might not hamper a BRICS coalition. But at the currency front, China's conduct will make or break the BRICS community. In an attempt to de-escalate tensions with Washington in early 2011, Beijing announced that the RMB would not be on the Sanya agenda. Yet in a barely veiled response to the 'currency war alert' Brazil's Finance Minister Guido Mantega had sounded at the 2010 Annual IMF and World Bank Meetings, Hu also felt the need to stress that BRICS cooperation should be based on the principles of 'solidarity, mutual trust, openness, transparency, and common development' (Hu 2011). The message was clear: if others wanted to use the BRICS to openly challenge the U.S., and thus provided Washington with a pretext to reopen the 'currency manipulator' front, China would walk away. The BRICS may have helped Beijing to overturn the Fund's surveillance decision, but China had no intention of taking on the hegemon, and was not (yet) prepared to pull BRICS currency cart on its own. To further complicate matters, the fleeting sense of fraternity created by the joint attempt to curb Washington's exorbitant privilege did not merely fail to soothe Chinese nerves; it also failed to temper Russian ambition, or to provide Brazil, India and South Africa tangible benefits for rallying behind a post-dollar reserve system.

4. The climate crisis and the battle over the future of the Kyoto protocol

Since the first global policy response to climate change – the 1992 UN Framework Convention on Climate Change (UNFCCC) – the seriousness of the climate threat has increased dramatically. In 2007, climate scientists concluded that warming of the climate system was 'unequivocal' and that most of the observed increase in global average temperatures since the mid-20th century is 'very likely' due to the observed increase in anthropogenic greenhouse gas concentrations (IPCC 2007). The negative impacts of climate change on ecosystem health and human well-being were well documented (IPCC 2007), and more recent reports found that the world had only about five years to make a dramatic turnaround in policies if it is to avoid dangerous climate change (IEA 2011). The increasing awareness of the problem and its effects, as well as rounds of climate negotiations, have not yet translated into an effective multilateral response under the UNFCCC framework, which is the focal point for global policy-making on climate change. The political momentum for renewed climate engagement emerged due to the need to ensure the follow-up to the Kyoto Protocol, whose legally binding emission caps were set to expire in 2012. BRICS countries have been at the centre of these debates.

Several factors led BRICS countries to gravitate toward each other in climate diplomacy, but the gravitational pull has historically been stronger among developing country members of BRICS than all the BRICS countries. In the early days of climate diplomacy, China, India, Brazil and South Africa negotiated within the larger bloc of developing countries, represented by the G77+ China, but several political processes led to their greater interaction and differentiation from other developing countries. China and India were used as scapegoats during US repudiation of the Kyoto Protocol in 2001, which enhanced their cooperation on pressuring the US to acknowledge its responsibility for cumulative emissions.²¹ The EU sought to get all the major emitters to negotiate future commitments, so it funded projects that facilitated emerging powers' climate cooperation such as a 2004 project that gave BASIC (Brazil, South Africa, India and China) governments and research bodies an institutional base to jointly analyse policy options and develop climate strategies (Yamin 2007). Small island states and other most vulnerable countries also exerted pressure on emerging powers. Parallel to such pressures, BASIC countries themselves found value in deepening their climate cooperation, which complicated the evolution of BRICS' climate agenda.

4.1. BRICS in climate cooperation: Different interests and priorities

BRICS countries' interests in the climate regime diverge: their vulnerability to climate change varies, and their political positions depend on their previous legal commitments and expected future emissions. Regarding their vulnerability to climate change over the next 30 years, a recent global ranking of 170 countries puts India at the second place as a country at extreme risk to detrimental impacts of climate change, South Africa and China are in high risk category, Brazil is below them and Russia is in a medium risk category (Maplecroft 2010). As far as their contribution to the climate crisis is concerned, the situation has changed from the early 1990s when the US was the major emitter of greenhouse gases. Emerging powers are now among the major emitters: based on 2009 rankings of major carbon dioxide emitters, China is the first, India the third, Russia the fourth, South Africa the twelfth and Brazil the fourteenth largest emitter.²² Yet although China now emits more carbon dioxide than the US and Canada put together - up by 171% since the year 2000, the US is still number one in terms of per capita emissions (18 tonnes emitted per person vs. China under six and India around 1.38 tonnes per person) (ibid).

²¹ Bush, G.W. 2001. *Letter from the President to Senators Hagel, Helms, Craig and Roberts*. Mar. 13, 2012, at <http://www.whitehouse.gov/news/releases/2001/03/20010314.html>, accessed Dec. 20, 2011

²² EIA International Energy Statistics, at <http://www.eia.gov/cfapps/ipdbproject/IEDIndex3.cfm?tid=90&pid=44&aid=8>, accessed Mar. 20, 2012.

Notwithstanding different stakes of these countries in climate negotiations, BRICS countries have a common interest in addressing climate change which is already affecting them, want to transition to low-carbon economy and ensure that climate change is not a barrier to development. However, since the start of BRICs cooperation, political leaders have diverged in their willingness to use BRICs for climate cooperation. Russia, the initial BRIC leader, did not have a developed climate policy during the BRIC formation: in 2009, its climate doctrine acknowledged climate science and documented the negative effects of climate change on Russia for the first time. Yet, as the head of Russia's delegation to climate talks Mikhail Zelikhanov observed, scientific circles in Russia 'still (did) not have a united opinion on the causes of global warming'²³ and Russia lacked committed leadership. On the contrary, Brazil was a natural climate leader due to its strong bio-fuels record, sharply reduced deforestation, Lula's assertive foreign policy and the government's willingness to consider legally binding emission cuts. However, the real climate superpowers, China and India, were not interested in aligning with Russia on climate change. Indian environmental minister Jairam Ramesh proclaimed that India and China were 'standing 100 per cent together'²⁴ on climate change, and both countries found BASIC to be a better match for deepening their cooperation. South Africa's Trade and Industry Minister Rob Davies was explicit that South Africa planned to use its invitation to join BRIC to intensify the global campaign on climate change, but this later proved to be unrealistic in the BRICS context.²⁵

BRICS countries' positions in the current deadlock over global climate cooperation reflect their different legal commitments under the Kyoto Protocol because the key issue in the debate is whether to renew the Protocol preserving the old structure or pursue global climate cooperation in a different format. The Kyoto Protocol was designed to implement the UNFCCC and incorporates the principle of common but differentiated responsibilities, which acknowledges that the accumulation of greenhouse gases was principally the responsibility of developed countries and expects that industrialized countries take action first and agree to mandatory and legally binding emissions cuts before developing countries. Russia's ratification of the Kyoto Protocol enabled the Protocol's entry into force, but it also positioned Russia 'in the club' of developed countries with formally binding commitments to reduce emissions. On the other hand, BASIC countries like other developing countries do not have formal commitments to reduce emissions under the Protocol and share developing countries' demands for responsibility for cumulative emissions, technology transfer and funds for mitigation and adaptation. Now that the second commitment period is being negotiated, BASIC countries are staying true to the principle

²³ *Russia Still Dragging Its Feet on Climate Change*, Time, Nov. 4, 2009.

²⁴ Quoted in Neeta Lal, *India, China Warm Up to Each Other on Climate Change*, World Politics Review Sept. 1, 2009.

²⁵ *SA to use Bric to punt green aims, fair trade*. Business Day, Jan. 13, 2011.

of common but differentiated responsibilities and want to renew the Protocol, while Russia wants a format where BASIC countries significantly cut their emissions.

4.2. Mission impossible: Ambition to bargain together and the BRICS Reality

BRICS has not yet emerged as a bargaining coalition that would act together or submit joint proposals in official climate negotiations. However, the idea of using BRIC(S) for climate cooperation has been present since BRIC's creation. When foreign ministers of BRIC countries met in 2008, they spoke in favour of strengthening international cooperation to address climate change in the context of the UNFCCC and the Kyoto Protocol and working closely together (BRIC 2008). In 2009 they reaffirmed their support for dealing with climate change 'based on the principle of common but differentiated responsibility, given the need to combine measures to protect the climate with steps to fulfil our socio-economic development tasks' (BRIC 2009). This support for the UNFCCC and the Kyoto Protocol was again reaffirmed in 2010 and in 2011. Before the 2011 BRICS summit, there had been a political momentum to build consensus on joint action on climate change in support of the UNFCCC Conference of the Parties (COP) in Durban. As Russian presidential aid Arkady Dvorkovich pointed out before the summit, climate change was one of the key but divisive issues since the very first meeting of BRIC and the 2011 BRICS summit presented an opportunity to find common ground.²⁶ Yet the vague wording of the BRICS joint statement that BRICS countries will 'intensify cooperation on the Durban conference' and 'enhance our practical cooperation in adapting our economy and society to climate change,' as well as the absence of climate change from BRICS Action Plan highlighted the lack of consensus (BRICS 2011).

While BRICS has been divided on climate change, BASIC countries deepened their cooperation. Their ministers in charge of climate change have been engaged in quarterly meetings since 2009 UNFCCC COP in Copenhagen, which was the first time they had a unified position. BASIC cooperation at the conference was a result of India and China's efforts to consolidate their positions in order to resist pressure to commit to legally binding targets, and Brazil and South Africa joined. BASIC increased these countries' bargaining power: before the conference they agreed to collectively exit if developed nations tried to force their own terms. However, BASIC cooperated with the US to drive the negotiations to its desired outcome. The resulting Copenhagen Accord was low on substance in terms of targets for cutting emissions, but important for establishing the Green Climate Fund and providing a basis for the continuation of

²⁶ *BRICS to tackle climate change*, RT.com, Apr. 12, 2011, at <http://rt.com/politics/brics-tackle-climate-change>, accessed Mar. 13, 2012.

climate negotiations with all the key emitters within the UN process. After Copenhagen, BASIC ministers said that ‘BASIC was not just a forum for negotiation coordination, but also a forum for cooperative actions on mitigation and adaptation including exchange of information and collaboration in matters relating to climate science and climate-related technologies’ (BASIC 2010). Its further evolution enabled BASIC countries to operationalize the Copenhagen Accord according to their interests, jointly clarify their expectations from developed countries and conceptualize equitable access to atmospheric space, as well as highlight the fact that their voluntary pledges to reduce emissions were at least as ambitious as, and generally considerably more ambitious than comparable developed country pledges (Karthi and Erickson 2011).

A major test of BRICS’ cohesion was the 2011 UNFCCC COP in Durban, which is the latest attempt to formulate a coherent multilateral response to the climate crisis. The conference challenged BRICS’ ambition to cooperate on climate change and reaffirmed BASIC’s internal cohesion. BRICS wanted to intensify climate cooperation before Durban, but Russia did not want to sacrifice its goals in order to align its policy with other BRICS. Instead, it joined Canada and Japan in order to block the extension of the Kyoto Protocol beyond 2012 unless other major economies accepted binding targets. India’s Environment Minister Jayanthi Natarajan reflected on India’s contrary position: ‘I am happy to say, that at Durban, we were able to save the Kyoto protocol. Of course ... It is a fact that immediately after the Durban, Canada jump shifts and refuse to continue to honour its obligation. Japan is threatening to do the same, Russia is threatening to do the same.’²⁷ While BRICS were unable to cooperate in Durban, BASIC countries first struggled with their commitment to a unified position and then reaffirmed their coalitional strength. BASIC countries initially made the unconditional continuation of Kyoto Protocol central to Durban talks and demanded that talks for a new deal begin only after the developed countries have fulfilled their existing commitments under Kyoto Protocol. However, South Africa, as the host of the summit, was under pressure to strike a balance between the BASIC group’s position and the West, and China indicated that it was willing to discuss binding emission cuts after 2020 and agree to a new deal right away. However, when South Africa and China were confronted about their divergence from BASIC, their negotiators reaffirmed their support for the shared BASIC position.²⁸ This was not a fall-back position that required great sacrifice because it reinforced the lowest common-denominator agreement. Overall, the best

²⁷ *US, West continue to pollute, still unapologetic: Natarajan*, OutlookIndia.com, Feb. 17, 2012, at <http://news.outlookindia.com/items.aspx?artid=751725>, accessed March 13, 2012.

²⁸ South Africa’s lead climate negotiator, Alf Wills, quoted in *BASIC countries show united front ahead of Durban meet*, The Hindu, Nov. 1, 2011, at <http://www.thehindu.com/news/international/article2589530.ece>, accessed Mar. 1, 2012. On China’s divergence see *Durban talks: China scorches rumours of rift with India*, The Times of India, Dec. 5, 2011, at http://articles.timesofindia.indiatimes.com/2011-12-05/developmental-issues/30477411_1_kyoto-protocol-climate-talks-new-deal, accessed Mar. 1, 2012.

alternative to negotiating climate change through BRICS is high, BASIC is well-established, and BRICS have not yet identified mutual gains of coalitional bargaining in the climate context.

4.3. Somewhere over the rainbow: Dealing with climate-relevant cooperation together?

BRICS is a platform for countries transitioning to powers, but this transition requires identity change in climate diplomacy. Assuming a joint new power identity is difficult given the wide political gap between Russia as a major exporter of fossil fuels with lowest climate vulnerability among BRICS and India, the most vulnerable country strongly against all binding emission cuts and identifying itself as a developing country victim. Coalitional efforts to obtain developing country support for reforming global governance further enhance the developing country coalition within BRICS. For example, Brazilian foreign minister Antonio Patriota stressed that the BRIC countries would not repeat the mistakes of the past and will pay attention to the needs of the countries that do not belong to the G-20, and Chinese president Hu Jintao's argued that 'China will always be a member of the developing world, and strengthening solidarity and co-operation with other developing countries is the cornerstone of China's diplomacy.'²⁹ Yet when BASIC puts this rhetoric into practice, invites other developing countries to all of its meetings, and uses the grouping to reinforce the equity argument and pressure historical emitters to exert political and financial leadership, it does not distinguish its agenda clearly from developing country agenda and reinforces its divide with Russia.

An issue area that has the potential to generate action based on common interests of all BRICS countries and help BRICS identify and articulate shared norms is access to clean energy services. This is where BRICS and BASIC can find common ground, especially given that renewable energy cooperation has been an evolving item on the BRICS agenda and all of the BRICS countries have been promoting new renewable energy regulations and investments. Already in 2008, BRIC ministers emphasized the need for supporting energy programmes, such as programmes to increase access to energy, energy efficiency as well as the development and use of new and renewable sources of energy, including biofuels (BRIC 2008). BRICS has portrayed renewable energy cooperation as a means to address climate change, whether through summit events like the 2011 BRICS summit or lower-level meetings like the recent 1st BRICS Friendship Cities and Local Governments Cooperation Forum in China, where officials from the BRICS countries extensively discussed wind and solar energy cooperation opportunities. While Brazil, South Africa and China have been eager to 'green' BRICS through both climate and renewable

²⁹ *BRIC - think tank summit starts in Brasilia*. Xinhua, Apr. 15, 2010. Hu Jintao quoted in J. Qin, *Hu urges Asia-Africa strategic partnership*. China Daily, Apr. 23, 2005.

energy cooperation, Russia and India might not find this forum adequate for deepening energy cooperation given their engagement in energy partnerships elsewhere.

The analysis of BRICS in climate negotiations finds that BRICS countries do not operate as a coalition in this format. While there is a clear intention to cooperate, Russia and BASIC diverge in their approaches to the problem, which is a major barrier to coalitional cohesion. Instead of operating through BRICS, emerging powers use BASIC coalition to improve members' bargaining position in international hierarchies, and display communitarian orientation in their approach. BASIC is useful for identifying shared opportunity and threat perceptions and the evolution of shared norms and narratives given these economies' changing status from victims to polluters. In practice, it allows countries to engage in policy experimentation and review of developed country policies. While it can be argued that BRICS is trying to articulate principles for renewable energy cooperation, its collective aspirations to revise climate change negotiations and assume a major global policy-making role are modest, and the evolution of community behaviour in this realm is unlikely.

5. Conclusions: Turning BRICS into a community

Academic scholarship and policymakers have been divided on the nature and prospects of the BRICS. This study has added new insights by charting the associational dynamics of BRICS membership along a coalition/community divide. It analysed BRICS behaviour in two contentious areas of global governance: financial stability and climate change.

The currency case suggests that shared concerns about the U.S. stewardship of the global economy, and an awareness of the collaborative efforts needed to establish a more developmental international reserve system can produce shared narratives and inspire effective bargaining coalitions. However, while China's strategic use of its BRICS affiliation helped it to overturn the IMF's 2007 surveillance decision, disagreements about the urgency of strengthening the reserve role of the yuan reveal cracks in the burgeoning BRICS brotherhood. Russian balancing, Brazilian alarmism and China's reluctance to make sacrifices to socialise the benefits of its regained room for manoeuvre cast doubt over Beijing's ability to play on a sense of community to maintain coalition cohesion in less defensive endeavours.

In the climate case, the BRICS aspired to collectively address the climate threat and to ensure that climate change does not derail their rapid development, but they never managed to operate as a bargaining coalition. The main obstacle to a BRICS climate bloc was the different approach the BASIC group and Russia took to addressing climate change and in particular to revising the Kyoto Protocol. By intensifying and deepening cooperation, BASIC members

managed to exert greater policy influence than they would have had individually, but they also deepened the divisions and distributive dynamics between the BASIC and Russia.

From a policy perspective, there are nevertheless clear silver linings. At the currency front, the BRICS retain their ability to shape the reform of the global financial system. However, if they want to play a transformative role, governments would have agree on a blueprint for change that, unlike the PBOC's previous plans, includes a realistic timetable for the internationalization of the RMB, a commitment to controversial domestic reforms and, perhaps most importantly, clear sense of the division of roles, and labour. BRICS countries also have the potential to use their coalition strategically to address climate change if they find a way to bridge the gap between BRICS and BASIC. While this is difficult in climate negotiations, which are focused on distributing responsibilities for emissions, Russia and BASIC can shift the climate debate by developing a shared narrative around access to clean energy services and technologies, and they can pursue mutual gains from renewable energy cooperation. To conclude, our study suggests that although the BRICS' pursuit of compatible revisionist goals can inspire coalitional cohesion for soft reformist targets, the prospects for community building remain elusive. If revisionist goals are absent, the BRICS struggle to operate as a coalition, their rhetoric notwithstanding. Nevertheless, the BRICS can still make the leap of faith needed to transform an illusory into an imagined community. They even have a choice: they can either embark on an Anderson-inspired communal trajectory and exploit a shared temporal dimension and a common developmental momentum to build a multipolar order. Or they can get their act together, align behind a responsible leader, and exploit the West's relative decline to drive a hard coalition bargain. Yet if they end up doing neither, they – and perhaps the developing world at large – will soon lament the early demise of another promising attempt to globalise the international order.

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