

EXPANSION OF BRICS: IMPLICATIONS FOR SOUTH ASIA

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This paper explores the implications of the expanded BRICS (Brazil, Russia, India, China, and South Africa) for South Asia, focusing on economic and political aspects. It analyzes the economic imperatives that brought India into BRICS and the aspirations of countries like Bangladesh to join. Despite economic opportunities, political constraints, such as historical rivalries and strategic alliances, shape the dynamics within BRICS. The essay examines how South Asian countries position themselves concerning BRICS, considering their diverse geopolitical and economic interests. Through case studies of countries like Bangladesh, Pakistan, Nepal, and Sri Lanka, it highlights the complexities and opportunities arising from the expanded BRICS framework.

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The expansion of BRICS, announced during the 15th BRICS summit in Johannesburg in August 2023, marked a significant moment in the global geopolitical landscape. The invitation for the membership of six new nations—Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates—alongside the original members (Brazil, Russia, India, China, and South Africa), effectively transformed BRICS into a more inclusive platform, heralding the rise of a multipolar world. This expansion has sparked considerable interest, particularly in regions like South Asia, which grapple with diverse economic, political, and geopolitical challenges.

South Asia, comprising countries such as India, Pakistan, Bangladesh, Sri Lanka, and Nepal, is characterized by its cultural richness, demographic diversity, and economic potential. However, it also faces daunting challenges, including poverty, political instability, and the impacts of global climate change. Against this backdrop, the expanded BRICS framework holds promise and opportunity for the region.

At the core of this analysis lies the exploration of how the expanded BRICS configuration influences South Asia's economic trajectory and political dynamics. India's pivotal role within BRICS, driven by its economic stature and geopolitical aspirations, underscores the region's significance in shaping the group's agenda. Bangladesh, an aspirant for BRICS membership, signals the nuanced interplay between economic imperatives and political constraints, especially Bangladesh's foreign relations beyond the region.

India's strategic considerations, particularly its historical rivalry with China and burgeoning ties with the United States, shape its stance within BRICS. The Quad, comprising India, the U.S., Japan, and Australia, represents a counterbalance to China's growing influence, reflecting India's alignment with Western powers. However, India's participation in BRICS also underscores its commitment to advancing the interests of the Global South, despite occasional tensions with China.

Bangladesh's aspirations for BRICS membership underscore its strategic positioning between India and China, two major BRICS players. While Bangladesh enjoys cordial relations with both countries, its exclusion from the expanded BRICS raises questions about regional dynamics and power politics inside the BRICS.

Pakistan's complex relationship with BRICS reflects its geopolitical alignment with China and historical tensions with India. Despite its strategic partnership with China, Pakistan's exclusion from BRICS underscores the region's geopolitical fault lines. Nepal and Sri Lanka navigate a delicate balance between India and China, reflecting broader regional dynamics shaped by economic interests and strategic considerations.

The expanded BRICS framework offers opportunities for enhanced economic cooperation, infrastructure development, and geopolitical dialogue within South

Asia. However, it also poses challenges, particularly in managing competing interests, resolving historical tensions, and navigating power dynamics within the group.

This paper seeks to analyze the implications of the expansion of BRICS for South Asia, focusing on economic and political aspects. The expansion of BRICS has a direct impact on evolving geopolitical shifts and their impact on the region. And in some crucial sense, beyond the region.

The main argument of this paper is to flesh out the contradictions between the economic imperatives that brought the major South Asian country, India, into BRICS and the aspirant in the wing, Bangladesh. The political constraints are manifold, bringing India and China on the same platform.

BRICS emerged in 2009, representing Brazil, Russia, India, and China (with the "s" indicating plurality). In 2001, Russia's GDP in Purchasing Power Parity (PPP) terms stood at \$1.12 trillion, ranking it as the world's 10th largest economy, while Brazil, with \$1.21 trillion in PPP terms, held the 9th spot. South Africa joined the group later, transforming "bricks" into "BRICS," a term coined by Goldman Sachs economist Jim O'Neill.

BRICS established the New Development Bank in 2015, and the following year saw the founding of the Asian Infrastructure Investment Bank (AIIB) in Beijing, with 57 founding members, including Bangladesh. AIIB aimed to balance the dominance of institutions like the World Bank and the Asian Development Bank in providing financial assistance to developing countries. Today, AIIB boasts 109 members, representing 81 percent of the global population, with Bangladesh as one of its founding members.

The original BRICS cohort comprising Brazil, Russia, India, China, and South Africa added substantial new financial firepower and geopolitical clout, including this month of new Middle East and North Africa (MENA) members Egypt, Ethiopia, Iran, Saudi Arabia, and the UAE. The BRICS bloc now represents more than 45 percent of the world's population. It accounts for a larger share (nearly 36 percent) of global GDP than G7 countries (30 percent) when adjusting for purchasing power parity (PPP).

The expansion of BRICs announced in the 15th BRICS summit in Johannesburg in South Africa on 22 – 24 August 2023 was a momentous occasion. The invitation for the membership of six other nations Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates, effective from January 2024 to the original four Brazil, China, Russia, and India plus South Africa created a lot of excitement in the Global South, especially in South Asia. The expansion signals the rise of a multipolar world.

The present paper examines the implications for the expansion of BRICS for South Asia, a region that is as diverse as it is populous. South Asia is also a region of exciting economic development, democracy, and reversal of democracy, as well as

geopolitical rivalry. Poverty is endemic in part of South Asia and part of this region is also faced with grave effects of global climate change and their fall outs.

This paper focuses on exploring the impact of the expanded BRICS on South Asia. South Asia, as a bloc, represented by the South Asian Association of Regional Cooperation (SAARC), is comprised of eight countries. The largest are India, Pakistan, Bangladesh, Sri Lanka, and Nepal. Despite Myanmar (Burma contiguity to Bangladesh, it is counted as part of Southeast Asia because of its for historical and cultural reasons Myanmar is a member of Southeast Asia represented by ASEAN with its cultural links with Thailand and common borders with China, Thailand, and Laos. Afghanistan, though considered as South Asia and is a member of SAARC has gone to self-isolation or recluse since the ascendancy of Taliban.

BRICS countries represent nearly half the world's population. The expanded BRICS region has overtaken the G7 in total gross domestic product. In both population size and population growth rate, BRICS has an advantage over G7.

From the point of view of the Global South including that of South Asia the expanded BRICS could be a platform for upholding the interests of the non-Western world. For example, BRICS-eleven can help reduce tensions between Saudi Arabia and Iran. And there are clear signs of tension reduction between these two powers in the Gulf region. Yet, from a Western perspective, especially from the U.S.-centered world this is not very comforting since the U.S. views Russia, China, and Iran as an anti-Western "axis" which is now nestled within the expanded BRICS.

Though BRICS has not presented itself as political bloc challenging the hegemony of the U.S.-led western world over time it could both be an economic bloc with growing political weight. While this could rattle the United States, it is a source of solace for South Asian countries that want to see a multilateral world.

A growing number of countries, including some of the South Asian countries, have expressed interest in joining the BRICS group. There is a general perception expressed in the media in Bangladesh that India has reservations about admitting many new members too quickly, while China is pushing for the expansion of BRICS bringing on board countries which China has strong relations.

India's concern has much to do with its historic, bitter border disputes with China and the current strength of India's bilateral relationship with the United States and the Western world. India's contribution in keeping BRICS from becoming outwardly anti-Western only strengthens the country's geopolitical importance for the United States. India, along with the U.S., Australia, and Japan are members of the quad which is ostensibly a bloc to desist China's growing influence in the Indo-Pacific region. The so-called quad was formed at the insistence of the then Japanese Prime Minister Shinzo Abe to counteract Chinese influence in the region in 2007. The Quad

was revitalized in 2017.

Some commentators who are aligned with India even suggest that India should leave BRICS, which they claim to be China-centric. “But BRICS+ is more political in focus, more China-centric in leadership, and more anti-West in motivation. Its composition is shaping its character. The question for India, then, is whether it still makes sense to belong to such a grouping”.¹

It is in the existing geopolitical context one must explore the implications of expanded BRICS in South Asia. Below we explore how the south Asian countries position themselves vis-à-vis BRICS.

One of the aspiring South Asian countries was Bangladesh. Its Prime Minister attended the BRICs meeting at Johannesburg, and it was no secret Bangladesh wanted to be a member of this bloc. When Bangladesh was not included in the additional six, it raised various speculations. Bangladesh in recent past, especially under the rule of Sheikh Hasina has maintained excellent relationship with both India and China, the two major players of BRICS. It was somewhat of a puzzle that even Indonesia too was not included. Jim O’Neill who coined the term BRIC back in 2001 was little surprised: “Why Indonesia was not asked, why Argentina and not Mexico, or Ethiopia and not Nigeria?”.² For O’Neill the expanded BRICS will grow in symbolic power.

One of the reasons for Bangladesh to be hopeful was because Bangladesh was one of the three additional members of the New Development Bank, the official bank of the BRICS. The other two members, Egypt and the United Arab Emirates were included in the expanded BRICS.

Some commentators in Bangladesh immediately pointed their fingers at India suggesting that India did not back Bangladesh, because India wants to retain its position of pre-eminence in the South Asia. Yet, India has seen Bangladesh under Prime Minister Hasina more favorably and as a trusted friend. Bangladesh earned that trust by not allowing separatist forces to operate from the territory of Bangladesh. The past government of Bangladesh allowed separatists forces to operate against India at the instigation of Pakistan. Bangladesh, as such, has no interest in destabilizing the border regions with India and only doing the bidding of Pakistan, a mortal enemy of India who wants India to be engaged in its eastern border tackling the separatists.

Bangladesh saw itself as a logical choice for membership to BRICS, because Bangladesh has excellent relationships with the three major BRICS countries:

1) Arvind Subramanian and Josh Felman, “India Should Quit BRICS,” *Project-Syndicate*, 7 September 2023. <https://www.project-syndicate.org/commentary/india-should-quit-brics-by-arvind-subramanian-and-josh-felman-2023-09>

2) Jim O’Neill, “Does an Expanded BRICS Mean Anything?” *Project-Syndicate*, 25 August 2023. <https://www.project-syndicate.org/commentary/brics-expansion-potential-and-limitations-by-jim-o-neill-2023-08?barrier=accesspaylog>

India, China, and Russia. India supported Bangladesh's independence from Pakistan diplomatically and militarily to the displeasure of the United States and Pakistan's other Western allies.

Pakistan officially asked to join BRICS but failed in its bid. India's position on Pakistan's request is a plain no. While Pakistan has maintained friendly relations with China since 1960s, yet its relationship with India has not improved in all these years. Rather the relationship took a dive down in 1971 when India backed Bangladesh's independence, which Pakistan saw as dismemberment of its nationhood.

Pakistan's relationship with China grew out of their common enmity with India. Pakistan's relationship with China grew stronger with China's Belt and Road Initiative, especially the China Pakistan Economic Corridor (CEPA) that would link to the Gwadar port which China itself took upon itself to build at the cost of over 1 billion USD. India never viewed Pakistan's closer economic and military collaboration with China too kindly. As such Pakistan is caught in between in a triangular relationship with two of the original four. Pakistan's relationship with Russia has been fraught, especially in the days of the Soviet Union.

Sharply divided over Afghanistan when Pakistan sided with the U.S. while the USSR was a strong backer of Afghanistan. In 2022, newly elected Pakistani Prime Minister Imran Khan was tilting towards Russia as a counterweight to U.S.'s bullying. It so happened that on the day of Russian invasion of Ukraine, Prime Minister Khan was in Moscow.

Nepal too has to navigate between India with whom it has a border free access and China which is trying to build a closer relationship with China as a counterweight to India's hegemony. To make matter complex, the U.S. has granted a huge infrastructure development project in Nepal.

Sri Lanka has had good relations with Pakistan to balance India's regional influence. Relationship in recent years has improved with India with the latter's economic success. Also, to balance India's domination, Sri Lanka cultivated a friendly relationship with China and under the Belt and Road Initiative invited China to build a major port. The deal went sour, and as Sri Lanka defaulted on the loan payments, China was given control over the Hambantoto International port to the displeasure of China's rival India.

Pakistan has excellent relationship with both UAE and Saudi Arabia, both countries have provided crucial financial aid to Pakistani in times of need to help avoid defaulting multilateral loans. In that regard expansion of BRICS will benefit Pakistan.

O'Neill (2023) wishes, "if China and India could resolve their border disputes and develop a closer constructive relationship, both countries would benefit, as would

world trade, global economic growth, and the BRICS' effectiveness.³ China and India could cooperate in many areas, and in ways that would influence the other BRICS and many others throughout the Global South.”

On a positive note, despite geopolitical tensions, “economic relations between China and India. Total bilateral trade volume tripled in the space of 15 years, from \$38 billion in 2007 to \$113.8 billion in 2022. Since 2013, China has sat alongside the United States as India’s biggest trade partner”.⁴

The implications of the expanded BRICS for South Asia are multifaceted, reflecting the region's diverse interests, challenges, and opportunities. By examining the economic and political dimensions of BRICS expansion, this paper underscores the need for nuanced analysis and strategic engagement to harness the potential benefits while addressing the complexities inherent in regional dynamics. As South Asia navigates its role within the evolving global order, BRICS serves as both a platform for cooperation and a catalyst for geopolitical realignments, shaping the region's future trajectory in an increasingly multipolar world.

As South Asian countries position themselves within the evolving BRICS landscape, they must reconcile economic imperatives with political realities, fostering inclusive dialogue and cooperation for mutual prosperity.

3) Jim O'Neill, 25 August 2023.

4) Kasai Ryohei, “Collaboration and Confrontation: Geopolitics, Global Affairs, and the India-China Relationship,” *Nippon*, 12 March 2024. <https://www.nippon.com/en/in-depth/a09503/>