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The changing game of multilateralism

by Eva Gross

The 2014 World Cup may by now feel like a distant memory – except of course for the Germans and, alas, for the Brazilians. But diplomatic manoeuvres and meetings on the margins of the second major global sporting event of the year (after the Winter Olympic Games in Sochi) also reflected ongoing shifts in economic and political relations worldwide. These shifts, in part epitomised by the launch of the BRICS Development Bank, stand to reverberate on the international scene for some time to come, and will no doubt be felt at the forthcoming annual session of the UN General Assembly in New York.

BRICSonomics

The 6th BRICS summit that took place in Fortaleza and Brasilia on 14-16 July marked a turning point for the grouping: for the first time since its formation in 2009, the club adopted concrete measures to present an alternative to Western institutions, namely the New Development Bank (NDB). First announced at the 2013 BRICS summit in Durban, the new financial institution – reflecting an internal power-sharing agreement – is to be headquartered in Shanghai and headed by an Indian national. According to a joint statement by the BRICS, the Bank 'complements the existing efforts of multilateral and regional financial institutions for global growth and development'. Once operational – not before 2016 – the Bank will support public and private projects through a mixture of loans, guarantees, equity participation and other financial instruments. It will also provide technical assistance for projects implemented by the Bank, 'mindful of a context where emerging market economies and developing countries continue to face significant financing constraints to address infrastructure gaps and sustainable development needs'.

Alongside the New Development Bank, the BRICS also finalised a Contingent Reserve Arrangement (CRA) with an initial commitment of $100 billion – described by Russian Finance Minister Anton Siluanov as "a kind of mini-IMF". China will contribute $41 billion, Brazil, India and Russia $18 billion, respectively, and South Africa $5 billion.

However, whether this new bank will grow into a genuine alternative to established financial institutions, and what sort of operating model it may adopt, remains to be seen.

The additional Fortaleza Declaration and Action Plan – a non-binding list of the group's goals – highlights increased efforts to achieve political, in addition to economic, cohesion. But, to date, the BRICS continue to disagree on a host of issues, even if their refusal to openly condemn Russia's actions in Ukraine amply illustrates their collective divergence from the 'West' in general. Moreover, the differing economic strengths of the individual BRICS, along with their limited internal cohesion and external influence, cast doubts over the grouping's long-term sustainability, particularly with regard to matters related to international security.

That said, the 2014 summit attested to the club's growing attractiveness – in part through its specifically Latin American dimension. The BRICS-UNASUR summit that followed the Fortaleza meeting also showcased the desire to craft alternatives to the current global political and economic system. Argentina's looming default, for example, was discussed by BRICS leaders and Argentinian President Cristina Fernández de Kirchner, a special guest at the summit. And events since indicate that Buenos Aires will possibly emerge as the first concrete case of a debtor country breaking free of the 'Washington consensus' and, potentially, resorting to help from a different grouping.

Football diplomacy

The BRICS summit was a boon for Brazilian President Roussef on the eve of an increasingly difficult re-election campaign. But the Brazilian team's exit from the tournament again brought to the fore public disillusionment with the unequal distribution of wealth that had led to demonstrations in the run-up to the event.

Other BRICS leaders made use of their summer visit to Brazil to engage in bilateral talks. These were of particular significance given Russia's role in the Ukrainian conflict, Narendra Modi's emerging foreign policy agenda following his election in May, and President Xi Jinping's attempts to woo Latin American states. Already Brazil's biggest trading partner, China's increasing interest in Latin America is testament to the country's economic ambitions in a region to which it had previously paid relatively little attention.

Moreover, the date of the BRICS summit offered German Chancellor Angela Merkel an opportunity to both celebrate German football and represent Europe in informal bilateral meetings with other world leaders. The pictures of Vladimir Putin at the World Cup final sitting next to Merkel and German President Joachim Gauck spoke volumes about the current geopolitical game – as well as Western efforts to solve the ongoing crisis. Events since late July, namely the downing of Malaysian Airlines Flight 17 and a further escalation of violence in Ukraine, do not seem to have had an impact on BRICS solidarity. This reflects the difficulties experienced by the 'West' in finding allies to respond to Russia – but arguably also considerable cognitive dissonance on the part of the 'rest'.

For India's Narendra Modi, the summit provided the first opportunity to meet individual leaders of the five-country grouping. Modi's first 100 days in office have been marked by dynamism and the pursuit of multiple foreign policy trajectories. In particular, his recent visits to Japan and Australia questioned the primacy of the country's relations with the rest of the BRICS. Conversely, India's continued refusal to criticise Russia reveals the enduring strength of historical ties despite breaches of international conventions that should cause unease in Delhi. At a multilateral level, India's recent blockage of the World Trade Organisation 'Bali package' indicates a continued overarching focus on domestic concerns – from food security to the need to double-check commitments signed by the previous government.

Teaming up

In the end, rising global interest in football and the ongoing shift in international relations were not matched by the 'beautiful game' itself: in 2014 at least, football remained firmly in the hands of European and Latin American teams. Chinese football is still in its infancy and India hardly looks beyond cricket, but the BRICS are playing an important role in hosting its biggest event – South Africa (2010), Brazil (2014) and, next, Russia (2018). That said, current discussions over boycotting the next World Cup are reminiscent of an older, bipolar world order.

The upcoming 69th session of the UN General Assembly will bring diplomacy, not sports, back into focus – but fissures already visible this summer are likely to re-emerge. It will give further indication of whether, and with what tools, European countries and their transatlantic partners can engage not only with individual BRICS but, more broadly, the 'rest' in matters of common concern. And the G-20 summit in November will probably give further indication of the way in which different players will align themselves in the future: the BRICS, for instance, have rejected Australian foreign minister Julie Bishop's suggestion to ban Russia from the meeting. For now, all signs indicate that the BRICS will retain their current levels of solidarity and that the 'West' will remain a (ever more contested) rule-maker and enforcer.

Eva Gross is a Senior Analyst at the EUISS.

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