The BRICS and the Emerging Order of Multipolarity

Clingendael Policy Report

Raoul Bunskoek
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Executive Summary

The BRICS group – originally consisting of Brazil, Russia, India, China, and South Africa – has expanded exponentially in 2024-2025. Four new official members – Egypt, Ethiopia, Iran, and the United Arab Emirates (UAE) – joined on January 1, 2024, and Indonesia did so a year later. Saudi Arabia is listed on the website of the BRICS as a full member, but has yet to formally accept the membership. Moreover, the BRICS invited a grand total of thirteen new 'partner countries' (of which nine accepted the invitation) to join the group during the most recent BRICS Summit in Kazan, Russia in October 2024. Finally, some 40 more countries have voiced their interest in joining the group.

The BRICS: Ambitions, Achievements, and its Characterisation

The BRICS was officially founded in 2009 with the aim of translating their economic growth into agency on the global stage. Its official ambitions are therefore to reshape the global economic order to better represent the interests of emerging and developing nations, by promoting cooperation, development, and sovereignty. The BRICS pursues these ambitions in two main ways: first, by fostering mutual economic growth between BRICS members and other developing countries. Second, by seeking the reform of global Western-led institutions such as the United Nations Security Council (UNSC), the World Bank, and the International Monetary Fund (IMF).

To operationalise these ambitions, the BRICS established three alternative mechanisms:

(1) The New Development Bank (NDB): established to meet the specific financial needs of emerging economies, although its global scale and usage remain relatively limited to date (USD 39 billion for 120 projects).

(2) The Contingent Reserve Arrangement (CRA): created with a capacity of USD 100 billion to provide emergency liquidity support, though it has not yet been activated.

(3) BRICS Pay: introduced as a payment system designed to bypass US dollar dominance and enhance financial sovereignty.

In addition to such concrete results, the BRICS has been very successful in its ability to bring together countries with fundamentally different values, worldviews, and political and economic systems based on shared utility rather than shared values. This pragmatic approach makes it an attractive option for emerging economies seeking agency, partnership, and informal stability in a multipolar world.

On the basis thereof, the core appeal of BRICS membership can be said to lie in its economic pragmatism, strategic autonomy, and inclusive multilateralism. Key advantages include:

(1) The provision of a seat at the table for participating countries – i.e. having the ability to make clear their wishes and preferences.
(2) The advantage of choice or alternatives, most notably regarding financial security mechanisms. Through the NDB and the CRA members gain access to infrastructure funding and emergency liquidity support – critical for nations facing sanctions or currency instability.
(3) A decrease of (perceived) overreliance on western-led institutions and organisations and the US dollar.
(4) The participation in initiatives aimed at exploring and experimenting with alternative ways of conducting multilateralism, development and coexistence; ways which developing countries might feel to be more suitable for their particular situations.
(5) A way for countries (most notably China) to show (or claim) – in the way in which they interact and operate within the BRICS – that they are not purely self-interested powers and can responsibly engage in international cooperation.

Together, these benefits make BRICS membership an increasingly attractive option for emerging economies seeking agency, partnership, and informal stability in a multipolar world.

In this way, the group differs significantly from other regional or global blocs like the OECD, G20, and NATO. Unlike the OECD, which requires countries to align their legislation and policies with its standards, BRICS membership does not impose such conditions, reflecting a preference for non-interventionism. BRICS countries aim to shift global power towards the Global South and influence the G20 agenda, despite occasional absences of key leaders. Furthermore, the BRICS is not a military alliance like NATO, but its expansion is strategically important because it offers what may be called a ‘refuge’ for countries unwilling to choose between China and the US.

Despite internal differences, what unites the BRICS is their joint opposition to a western-led liberal international order, aiming instead for a post-western world order that accommodates a wide variety of perspectives.

Both the Netherlands and the EU currently engage with individual BRICS countries but lack a unified policy for the group as a whole. The EU primarily interacts with BRICS countries through the G20, while the Netherlands participates via the EU and as a guest at G20 summits. Additionally, the Indo-Pacific and Africa Strategies – published by both the Netherlands and the EU – deal with many of the BRICS countries, and emphasize economic development, poverty reduction, and human rights. Moreover, the Netherlands has a partnership with ASEAN and an ‘enhanced engagement’ policy that aims to intensify relations outside Europe.

Key Implications of BRICS expansion for the EU and the Netherlands

For the EU, BRICS expansion matters for two reasons. First, in combination with recent shifts in US foreign policy, it speeds up the emergence of a multipolar, post-western world. This requires the EU to rapidly diversify its strategic and economic partnerships to remain a relevant and effective global player. Second, the ‘shared utility’ on which the BRICS bases itself reflects the interests and priorities of developing, or non-western, countries in general. In a multipolar world that forces the EU to diversify its partnerships, the EU is prompted to base its offer to the Global South on precisely that same ‘shared utility’.

Effective diversification must include successful engagement with the BRICS: its members and partners make up some 45 percent of the world’s population and 41 percent of global GDP (PPP), and these numbers are only set to increase with further expansion. More specifically, the report highlights the following three implications for the EU and its member states:

1. Enhance the Ability to Embrace Different Worldviews
In an increasingly multipolar and post-western world, the EU is well advised to focus on shared utility rather than shared values. This requires, among others, the acceptance of non-western modes of development and cooperation.

At the same time, being one of the ‘poles’ in the emerging multipolar reality, the EU should remain confident in its liberal values and convincingly protect them on the European continent. By accepting other worldviews, the EU can in a reciprocal manner demand other powers – including the BRICS countries – to respect its own.

2. Rebalance Transactionalism and Values in Foreign Policy
In the emerging multipolar reality, diversification of strategic and economic partnerships is essential. However, as many countries pursue this diversification, the number of available partnership options increases, creating an *à la carte* world where, amongst others, developing countries can pick and choose from a menu of possibilities. Therefore, the EU and its member states are well advised to convincingly listen to and engage with the wishes and needs of BRICS countries, both through bilateral and multilateral channels. In many circumstances, it will be unavoidable to strike a better balance between transactionalism and values.

3. The EU as Beneficiary of Diversification in a Multipolar Order
The BRICS countries are actively diversifying their strategic partnerships and economic ties to reduce overdependence on Western-led institutions and the US dollar. With uncertainty now dominating US foreign policy, these efforts will only increase, similarly enhancing the attractiveness of the BRICS grouping as a platform for diversification. Therefore, in order to position itself well in a diversified world, the EU could (1) improve its own attractiveness as a viable direction of diversification (thereby also benefiting itself), as well as (2) embrace a restructuring in global governance to better reflect the interests of newly developed or still developing countries. If not, the EU risks being left out from newly emerging structures in global governance, and traditionally western-led institutions will lose their relevance and legitimacy.

Conclusions and Policy Recommendations

While the implications above can be considered generic recommendations, the following policy recommendations provide concrete points of departure for the EU and its member states to engage with (potential) BRICS countries and adapt to the emerging order of multipolarity.

1. **Establish the EU as a Stable and Accessible Development Financier:**
   - Develop an instrument to combat debt-distress to support developing countries facing financial challenges.
   - Increase funds for development finance to provide alternatives to China- or BRICS-led development projects.
   - Improve the accessibility of development finance by reducing conditionalities, red tape, and increasing visibility.
   - Enhance the participation of private capital to mobilise more investments in emerging markets.

2. **Increase Participation of BRICS Countries/Global South in EU Policymaking and Global Governance:**
   - Engage in early consultation with stakeholders to ensure policies reflect the needs of partner countries.
   - Maintain a strong local presence to better understand and address local conditions and needs.
   - Support larger roles for selected BRICS countries in international organisations to reflect their growing influence on the global stage.
   - Diversify global currency power to reduce dependency on the US dollar and strengthen the euro.

3. **Policy Coordination:**
   - Adopt a "whole-of-government" approach within the Dutch government to unify strategies for international engagement.
   - Coordinate bilateral partnerships between EU member states and third countries with overall EU objectives to ensure cohesive foreign policy.
   - Establish frameworks for European-wide foreign policy discussions to gather comprehensive geopolitical insights.
   - Consult with European businesses operating in emerging markets to align foreign policy with competitive needs.

4. **Train a Future Generation of Well-Informed Diplomats:**
   - Invest in area studies to cultivate expertise to inform policymaking.
   - Ensure a pipeline for students to move into diplomacy and policymaking more broadly by promoting career potential in area studies.

Introduction

For the BRICS group – originally consisting of Brazil, Russia, India, China, and South Africa – 2024 has been a year of enormous and sudden expansion. First, the BRICS welcomed four new member countries – Egypt, Ethiopia, Iran, and the United Arab Emirates (UAE) – in its midst on January 1, 2024. Then, the group announced the adding of ten new 'partner countries'[1] during its most recent Summit, held in Kazan, Russia in October 2024. According to Russian presidential aide Yury Ushakov, the term 'partner countries' is meant to evaluate "how ready [countries] are for full-fledged or any other BRICS membership."[2] Indonesia then joined as full member on January 6, 2025, bringing the group's official number of members to ten. Additionally, Saudi Arabia is listed on the website of the BRICS as a full member, but has yet to formally accept the membership.[3] There is yet more potential for expansion, since some 40 more countries have voiced their interest in joining the group.[4] The rapid expansion of BRICS prompts the need to address several key questions.

First, what are the key driving forces behind this relatively sudden BRICS expansion, and how is this reflected in BRICS ambitions and achievements? Second, what are the advantages of BRICS membership? Third, how should one characterise the BRICS grouping vis-à-vis other groupings? Fourth, what are current policy positions of the Netherlands and the EU on the BRICS and fifth, what are the key implications of the BRICS expansion for the Netherlands and the EU, as well as for the future world order? Finally, what are the policy recommendations to successfully relate to BRICS countries?

1 Originally thirteen countries, but Algeria abandoned the pursuit of BRICS membership, and Vietnam and Türkiye have not yet formally accepted. The other countries are: Belarus, Bolivia, Cuba, Kazakhstan, Indonesia, Malaysia, Nigeria, Thailand, Uganda, Uzbekistan.

2 Ushakov, Yury quoted in Dhesegaan Bala Krishnan, "Malaysia is officially a Brics 'partner country' now — why, and what does this mean?," *Malaymail*, October 26, 2024.

3 Pesha Magid, Maha El Dahan & Manya Saina, "Saudi Arabia sits on fence over BRICS with eye on vital ties with US," *Reuters*, May 8, 2025.

4 Of these, present at the Kazan summit were Armenia, Azerbaijan, Bahrain, Bangladesh, Congo, Kyrgyzstan, Laos, Mauritania, Mongolia, Nicaragua, Palestine, Saudi Arabia, Serbia, Sri Lanka, Republika Srpska (Bosnia and Herzegovina), Tajikistan, Turkmenistan, and Venezuela. Source: "What is BRICS, which countries want to join and why?," *Reuters*, August 22, 2023.

Methodologically, the report answers the questions above based on a combination of desk research, interviews and conversations with experts and policymakers, and a closed-door scenario workshop in which fifteen experts on the BRICS and individual BRICS countries participated.[5]

5 The authors would hereby like to thank the fifteen anonymous experts for their participation in the scenario workshop. They would also like to thank Vera Kranenburg (who worked at the Clingendael Institute until January 2025) for her role in organising the scenario workshop and her assistance in the writing of a preliminary version of the report, as well as Tobias Koster for his help with the visuals.

1 BRICS Ambitions and Achievements

Since its establishment in 2009, the BRICS group has been rather consistent in voicing its ambitions: reshaping the global economic and political order to better represent the interests of emerging and developing nations, while promoting cooperation, development, and sovereignty.[6] To achieve this, the core idea informing the BRICS' narratives and policies is the establishment of a multipolar world order, in contrast to a unipolar one. Whereas the latter represents for the BRICS the US-centric world order stemming from the 'unipolar moment' in which the US has a dominant, if not hegemonic, say in global decision making, in the former emerging economies would have a greater influence on global decisions.

There are two main ways in which the BRICS attempt to achieve such a multipolar world. The first is through the fostering of mutual economic growth between BRICS members and other developing countries. The idea here is that through increased bilateral and multilateral interdependence between BRICS members, as well as the broader Global South, BRICS countries would become less dependent on developed, western countries, thereby becoming more autonomous and sovereign. From the perspective of the BRICS, western countries have increasingly started weaponizing both the US dollar and sanctions to try and constrain or contain the BRICS countries.[7] Therefore, the BRICS are vehemently opposed to "unilateral coercive measures", including sanctions, which they refer to as "illegal."[8] The usage of "unilateral" in this context is an implicit referral to the conduct of the United States.

Increasing and intensifying South-South relations and interdependence between Global South countries hence constitute ways of 'de-risking' away from the

6 The below is based on a discourse analysis of BRICS statements and summit declarations over the years, e.g. XV BRICS Summit Johannesburg II, "BRICS and Africa: Partnership for Mutually Accelerated Growth, Sustainable Development and Inclusive Multilateralism," August 23, 2023.

7 Saleha Mohsin, *Paper Soldiers: How the Weaponization of the Dollar Changed the World Order* (New York: Portfolio 2024).

8 XVI BRICS Summit 2024, "Kazan Declaration: Strengthening Multilateralism for Just Global Development and Security," October 23, 2024.

West as well as diversifying cooperation portfolios to avoid isolation in case of sanctions. In a way that is reminiscent of the Non-Alignment Movement (NAM) of the 1960s, new BRICS countries are displeased with having to choose sides between different countries or blocs (e.g. USSR and the US during the Cold War, and now China and the US) and mostly seek economic development and autonomy for themselves.

Second, in line with this development, the BRICS also seek the reform of global western-led institutions such as the United Nations Security Council (UNSC), the World Bank, and the International Monetary Fund (IMF). The BRICS' goal is a better representation of the interests of emerging economies and developing countries – amongst others through providing more inclusive decision-making and better geographical representation – within these institutions. As such, the Johannesburg Declaration-II endorses UNSC reform "support[ing] the legitimate aspirations of emerging and developing countries from Africa, Asia and Latin America, including Brazil, India and South Africa."[9]

Yet, there is no consensus on exactly how this representation should be shaped. For instance, China has previously implied that it might support India's bid only if it is not associated with Japan's aspirations.[10] Moreover, amongst African countries there also exists disagreement on who should represent Africa in the UNSC. For instance, during a recent meeting in September 2024 between the BRICS foreign ministers on the sidelines of a UN General Assembly meeting, Egypt and Ethiopia refused to sign a communiqué because, so they believed, no consensus had been reached on which country should represent Africa in the UNSC (even though supporting South Africa's bid for joining the UNSC had apparently been a condition for Egypt and Ethiopia to join the BRICS).[11]

In the BRICS' attempts to build a multipolar world, they built upon concerns of developing countries that have existed since the Bandung Conference of 1955. Then, twenty-nine Asian and African developing countries, many recently independent, came together to promote economic and cultural cooperation, resist colonialism, and avoid having to choose sides between the Soviet Union

9 XV BRICS Summit Johannesburg II, "BRICS and Africa," August 23, 2023.

10 Akhilesh Pillalamarri, "China Should Back India for a Permanent UN Security Council Seat," *The Diplomat*, February 13, 2015.

11 Igor Patrick & Khushboo Razdan, "Brics impasse at UN: Egypt and Ethiopia reject joint statement over Security Council bid," *South China Morning Post*, September 27, 2024.

and the US during the Cold War. Furthermore, it builds upon the proposal by developing countries of the 1970s for a New International Economic Order (NIEO), which called for "trade not aid" and for which a declaration was adopted by the UN General Assembly on May 1, 1974. Another inspiration for the BRICS are the Structural Adjustment Programs (SAPs) of the 1980s, when developing countries – for lack of alternatives – felt they essentially had no choice but to accept the conditionalities of the IMF and World Bank.[12]

However, striking about the BRICS' ambitions is the extent of vagueness about exactly how countries should go about implementing these. Although western[13] observers often use this argument to claim that the BRICS is weak, this report argues that this in fact constitutes one of the core strengths of the BRICS. Indeed, since reaching a consensus is tough with the BRICS' high level of heterogeneity, the resulting consensus will necessarily be vague, just as the guidelines for policy implementation. In short, although the BRICS deliberately presents itself as a multilateralist organisation,[14] what sets it apart from other regional or global blocs (e.g. OECD, G20) is exactly this room for improvisation and experimentation at the bilateral level. An elaboration will follow below, but first it is important to look at four concrete results of the BRICS grouping.

1.1 The New Development Bank

The first concrete result is the establishment in 2014 of the New Development Bank (NDB), which is significant for two reasons: (1) its institutional infrastructure and (2) its operational model. The institutional infrastructure of the NDB theoretically reflects the BRICS' aim for inclusive decision-making by providing an "equal voice to all five founders in the institution"[15] even though economic sizes differ significantly. As such, no one member has veto power. Additionally,

12 Alexander E. Kentikelenis & Sarah Babb "The Making of Neoliberal Globalization: Norm Substitution and the Politics of Clandestine Institutional Change," *American Journal of Sociology* 124, no. 6(2019): 1720-1762.

13 What we mean with 'western' are the trained perspectives of theories based on primarily European and US experiences and the resulted practice of using them to explain the world.

14 Yet, some would dispute the extent to which the BRICS actually configure an intergovernmental organisation, as they have no founding treaty, established secretariat, etc.

15 Bert Hofman & P.S. Srinivas, "China's Changing Role in Multilateral Development Banks," in: Henry Huiyao Wang & Mabel Lu Miao (eds.) *Enhancing Global Governance in a Fragmented World. China and Globalization* (Singapore: Springer, 2024).

the Presidencies and Vice-Presidencies are "allocated according to a preordered rotation among all its member countries."[16] This contrasts sharply with the workings of both the World Bank and the IMF, in which the US holds 16.73% (International Bank for Reconstruction and Development) and 17.42 percent of total votes respectively. Since an 85 percent majority of total votes is needed for major policy decisions, this gives the US a de facto veto power. Furthermore, the World Bank President has always been a US citizen and the IMF managing director always a European.

On top of this, the NDB's operational model markedly differs from existing Multilateral Development Banks (MDB) in four aspects. (1) The NDB promises a speedy (within six months) approval of projects. (2) it uses the 'country systems' of the countries in which it finances projects "to deal with the environmental and social aspects of, as well as procurements related to, the infrastructure projects it finances."[17] In doing so it removes the need for its borrowers to navigate the systems of an additional external institution. (3) The NDB is willing to provide local currency loans. These tend to "reduce the foreign exchange risk that borrowers face in the event that their currencies decline in value relative to that of currencies such as the US Dollar or Euro."[18] (4) The NDB has a lean management and staff structure, which is cheaper but also means there is less room for "sectoral analysis, economic research, and provision of global public goods."[19] This is also in line with the often heard criticism of the World Bank that its projects become more expensive due to the amounts of consultants needed. These are all elements that make the World Bank (in)famous. Finally, to maintain low operational costs, the NDB claims to put "technology at the forefront of its operational model and has developed information technology systems that are almost entirely cloud based."[20]

Although the establishment of the NDB constitutes a concrete result for the BRICS, the extent to which it has been a success is debatable. For example, in terms of size, the NDB is significantly smaller than the World Bank, having

16 Bert Hofman & P.S. Srinivas, "New Development Bank's role in the global financial architecture," *Global Policy* 15, no. 2 (2024): 451-457.

17 NDB paraphrased in Bert Hofman & P.S. Srinivas, "New Development Bank's role in the global financial architecture," *Global Policy* 15, no. 2 (2024): 451-457.

18 Ibid, 453.

19 Ibid.

20 Ibid.

cumulatively approved USD 32.8 billion for 96 projects at the end of 2022.[21] To compare, the World Bank approved a total of USD 157 billion over just the April 2020-June 2021 period.[22] Furthermore, while projects should be approved within 6 months, the NDB website lists some projects that have been proposed more than six months ago and have still not been accepted or rejected.[23] Former Vice President of the NDB Paulo Nogueira even argued that the NDB's disbursement of funds has been notably sluggish, hindering the timely implementation of development projects.[24]

Nevertheless, the NDB recognises that scaling up is its biggest challenge, as the title of its General Strategy for 2022-2026, "Scaling Up Development Finance for a Sustainable Future," underscores.[25] However, scaling up will not be easy, especially in a scenario where the US continues ramping up financial sanctions on China, and US investors lose interest in NDB bonds.[26] Moreover, the use of the US dollar as core currency, as is currently the case, would then also become a liability. This is a prime reason the NDB has started promoting the use of local currencies. Another big problem for the NDB is Russia's invasion of Ukraine and the resulting downgrade of Russia's sovereign rating to 'junk' status.[27] Nevertheless, through the adding of five new members – the UAE, Bangladesh, Egypt, Uruguay, and Algeria – the NDB has up to now successfully managed to navigate its difficulties and maintained its AA+ rating and a stable outlook even into 2025.[28]

21 New Development Bank, "Annual Report 2022," 2022.

22 World Bank Group, "The World Bank Annual Report 2021 : From Crisis to Green, Resilient, and Inclusive Recovery," October 1, 2021.

23 E.g. all projects in Bangladesh are still listed as "proposed."

24 Eric Toussaint, "Are the BRICS and their New Development Bank offering alternatives to the World Bank, the IMF and the policies promoted by the traditional imperialist powers?," *Committee for the Abolition of Illegitimate Debt*, April 24, 2024.

25 New Development Bank, "General Strategy: Scaling Up Development Finance for a Sustainable Future," accessed January 2025.

26 Gregory T. Chin, "Geopolitics and Hong Kong as International Financial Centre: A Dynamic IPE Perspective," accessed April 15, 2023.

27 "Fitch, Moody's slash Russia's sovereign rating to junk," *Reuters*, March 3, 2022.

28 S&P Global, "New Development Bank 'AA+/A-1+' Ratings Affirmed; Outlook Stable," May 10, 2024.

Still, criticisms of the NDB abound, for instance on its lack of transparency,[29] geopolitical challenges in the form of strategic competition among its member countries,[30] and a concentration of lending within the five original BRICS countries.[31]

What the NDB does do, however, is provide an alternative institutional infrastructure and operational model that illustrates the seriousness of the BRICS' attempt to aim for development financing. Such an infrastructure and model could potentially serve as inspiration to reshape the global financial architecture. Moreover, the fact that developing countries have been able to establish such a bank as well as receive a credit rating of AA+ is a testament to their capacity.[32]

1.2 The Contingent Reserve Arrangement

Next to the establishment of the NDB, the BRICS' 'alternative' to the World Bank, the BRICS also established the Contingent Reserve Arrangement (CRA), which serves more as an alternative to the IMF but has not yet been activated as of April 2025. With a capital of $100 billion, the CRA can provide emergency aid to BRICS countries in case of liquidity problems in their international reserves. Put differently, "if a country finds itself with a low level of foreign currency reserves (in reality, dollars), which poses a short-term risk to its international trade operations or the payment of its debt services, CRA provides for the disbursement of the necessary resources to avoid the suspension of its international trade or even a default on foreign debt services."[33] Nevertheless, since the $100 billion in swap lines connecting the monetary authorities of the five countries can only be activated by trading through the dollar – the

29 Manuela Andreoni, "The NDB promised to revolutionise development finance – what happened?," *Dialogue Earth*, November 11, 2019.

30 Filipe Porto & Genevieve Donnellon-May, "Shaky foundations for the New Development Bank," *Lowy Institute*, April 27, 2023.

31 "Fitch Revises New Development Bank's Outlook to Stable; Affirms at 'AA'," *FitchRatings*, May 16, 2023.

32 AA+ is just one step lower than the AAA rating of established development banks.

33 Marco Fernandes, "BRICS and the IMF Debt Traps. What Can the Contingent Reserve Arrangement Do for the Global South?" *Valdai Discussion Club*, August 6, 2024.

cornerstone of the system – the CRA has been ineffective in easing Russia's economic difficulties.[34]

Whereas some observers argue that the CRA has not been too successful, it does serve as a mechanism that can potentially "respond to an economic or financial crisis between BRICS countries [...] [and] is an important effort [...] to build a collective financial safety net."[35] Such a safety net is up till now severely lacking in developing countries, especially on the African continent. Still, the CRA does not seek to replace the IMF. As the 2024 Kazan Declaration states, the BRICS reaffirm their "commitment to maintaining a strong and effective Global Financial Safety Net with a quota-based and adequately resourced IMF at its center."[36] Therefore, the goal is to provide more alternatives where none (or very few) were available before and, by extension, to expedite IMF reform to make it more inclusive for developing countries.

Indeed, while most western countries can go to the Federal Reserve or to regional financial institutions for currency swaps or financial pinches, the IMF is the only option for African countries. This is problematic not only because there is only one choice, but also because getting a currency swap from the Federal Reserve, the US Central Bank, or the European Central Bank (ECB) has very different implications than getting it from the IMF. In the case of the former, countries are allowed to be expansionary, meaning that they can spend more money to get their economy going during a difficult period. For an African country like Kenya, however, "the way the IMF works is that they require a country to tighten up and go in the reverse, which can have some significant social and economic impacts."[37] Currently, the People's Bank of China (PBC) steps in to provide currency swaps for African countries, but the CRA could potentially start playing a larger role here in the future, adding to the attractiveness of BRICS.

34 David Marsh & Lewis McLellan, "Russia frozen out of BRICS countries' reserve-sharing," *OMFIF*, May 23, 2022.

35 International Press Center, "Press Briefing of the Press Center of the Chinese Delegation—— Official of People's Bank of China Briefs on BRICS Financial Cooperation," August 24, 2023.

36 XVI BRICS Summit 2024, "Kazan Declaration: Strengthening Multilateralism for Just Global Development and Security," October 23, 2024.

37 Kevin Gallaghar in Eric Olander, "Beyond Railways and Ports: China's Evolving Lending Strategy in Africa (interview with Kevin Gallaghar and Diego Morro)," *China Global South Project*, October 8, 2024.

1.3 BRICS Pay

A third, more recent achievement is the unveiling of BRICS Pay during the 2024 BRICS Summit.[38] BRICS Pay is deliberately designed to overcome the US dollar dominance of SWIFT and to bypass future sanctions or embargoes (thereby enhance sovereignty), which is a core concern for several BRICS (partner) countries (e.g. Russia, Iran, China, Cuba).[39] It is based on blockchain technology, which is claimed to be "a decentralized digital ledger that securely stores records across a network of computers in a way that is transparent, immutable, and resistant to tampering."[40] As a result, BRICS Pay transactions cannot be altered or deleted after they are verified, making them (presumably) more secure than traditional financial architecture.[41] Moreover, BRICS Pay also experiments with digital currencies, such as the e-CNY, which would for example allow Ethiopia to buy things from China without first having to exchange its currency into US dollars. Should digital currencies take off – which, although government policy is moving in that direction,[42] is still a question for the e-CNY – this has could potentially help to streamline global trade. More importantly, however, BRICS Pay serves as a defence mechanism against the dominance and weaponisation of the US dollar.

1.4 Bringing Together Countries Based on Shared Utility

Lastly, an important achievement of the BRICS is its ability to bring together countries with fundamentally different values, worldviews, and political and economic systems. Examples include the March 2023 re-establishment of diplomatic relations between Saudi Arabia and Iran, mediated by China, and the subsequent joining of the BRICS by Iran in January 2024, with the potential joining of Saudi Arabia in the future. But consider also the most recent rapprochement between India and China right before the 2024 BRICS Summit.

38 Marwa El-Shinawy, "BRICS unveils game-changing payment system to challenge Western financial hegemony," *Daily News Egypt*, October 22, 2024.

39 Felix Richter, "U.S. Dollar Dominates Global Payment Network SWIFT," *Statista*, October 22, 2024.

40 Haroon Ahamed Kitthu, "What is Blockchain Technology & How Does It Work," last accessed December 18, 2024.

41 We Love Africa, "BRICS New Payment System 'BRICS Pay' Successfully Tested & Launched!," October 19, 2024.

42 Roger Huang, "A 2024 Overview Of The E-CNY, China's Digital Yuan," *Forbes*, July 15, 2024.

This ability to bring together countries based on 'shared utility' rather than 'shared values' tends to constitute a core strength of the BRICS.

Shared utility – referring to something being mutually profitable or beneficial – points here to prioritizing mutual (economic) benefit without necessarily needing to share the same opinions, beliefs, or values. Therefore, unlike "shared values," which implies agreement and similar viewpoints, "shared utility" suggests an acknowledgment of the ability to find mutual benefit, irrespective of each other's perspectives, experiences, or contexts.

Illustrations of this are, for instance, the BRICS Think Tanks Council (BTTC), established in March 2013, the BRICS Academic Forum (BAF), established in 2009 and from which recommendations often feed into the BRICS Summit, and the BRICS Network University (BRICS NU), which constitutes a consortium of higher education institutions from member states. Others are the BRICS Science, Technology and Innovation (STI) Framework Programme, Young Scientists Forum, BRICS Young Energy Agency, etc. Key objectives of these cooperations are policy coordination, knowledge sharing, joint research projects, and people-to-people interactions. Topics include discussions on the reform of global financial institutions, de-dollarisation and local currency trading, and multilateralism.

2 Advantages of BRICS Membership

The ambitions and achievements of the BRICS highlighted above are closely connected to the advantages provided by BRICS membership. Although a high degree of heterogeneity exists amongst the BRICS countries – even to the extent that there are many lingering conflicts between them – a key characteristic of cooperation between BRICS countries is the focus on cooperation, thereby shelving possible tensions. They do this in a process which is reminiscent of the Chinese saying, 'seeking common ground while holding back differences' (求同存异). Or, put differently, the BRICS countries cooperate based on shared utility rather than shared values. The shared utility on which the BRICS membership is based includes the following advantages.

Figure 1 Current BRICS members and their share in % of global GDP (PPP)

						Original BRICS						BRICS members
2010	3.11%	3.25%	5.81%	13.76%	0.74%	26.68%	1.00%	0.10%	2.29%	0.73%	0.64%	32.24%
2015	2.65%	3.13%	6.38%	16.16%	0.67%	29.00%	1.04%	0.15%	2.33%	0.55%	0.54%	34.21%
2020	2.41%	3.34%	6.99%	18.13%	0.55%	31.42%	0.99%	0.23%	2.32%	0.31%	0.44%	36.64%
2023	2.42%	3.50%	7.93%	18.81%	0.52%	33.19%	1.00%	0.27%	2.36%	0.38%	0.43%	38.12%

Percentages represent each country's PPP-adjusted GDP as a share of world PPP-adjusted GDP.
World Bank, GDP, PPP (current international $), NY.GDP.MKTP.PP.CD, retrieved April 10, 2025.

Figure 2 Current BRICS partners (confirmed) and their share in % of global GDP (PPP)

										BRICS partners	BRICS members and partners
2010	0.16%	0.06%	*	0.42%	0.83%	0.88%	0.99%	0.08%	0.17%	3.58%	35.82%
2015	0.15%	0.07%	*	0.41%	0.67%	0.99%	0.99%	0.07%	0.19%	3.54%	37.75%
2020	0.17%	0.08%	*	0.41%	0.67%	0.82%	0.97%	0.08%	0.20%	2.39%	39.03%
2023	0.15%	0.07%	*	0.42%	0.69%	0.91%	0.91%	0.08%	0.22%	3.47%	41.59%

Percentages represent each country's PPP-adjusted GDP as a share of world PPP-adjusted GDP.
World Bank, GDP, PPP (current international $), NY.GDP.MKTP.PP.CD, retrieved April 10, 2025.
*data for Cuba is not available

2.1 A Seat at the Table

First, BRICS membership provides countries with the opportunity to frequently engage with other BRICS countries at several levels (e.g. political, policymaking, think tank, academic). In doing so countries seek to strengthen relations between them, to attract or find destinations for Foreign Direct Investments (FDI), and in doing so increase their interdependence. This underscores the idea that the "Global South has embraced globalization at the moment industrialized democracies are having second thoughts."[43]

For instance, India, which proposed the acceptance of the African Union into the G20 in 2023, has the ambition to increase its investments on the African continent significantly. To illustrate this ambition, four Indian conglomerates have recently pledged to invest $14bn in Nigeria and the goal is to increase total investments in the African continent to $150 billion by 2030.[44] For India, annual trade with the continent has now reached $100 billion. For China, these numbers are even higher, with trade surpassing $250 billion in 2023[45] and Chinese FDI capital stock reaching approximately $42.1 billion in 2023.[46]

Brazil is also serious about increasing its investments on the African continent, but with $1.9 billion in FDI (in 2021) and $22 billion in annual trade is still lagging behind India and China.[47] Another massive investor is the UAE, which is one of the world's wealthiest countries due to its huge hydrocarbon reserves. The UAE possesses two sovereign wealth funds. The government-owned Abu Dhabi Investment Authority (ADIA), which manages slightly under $650 billion in assets (in 2021), and the Mubadala Development Company, which manages about $232.2 billion in assets and "has a mandate of economic diversification and creating sustainable financial returns for Abu Dhabi."[48] Türkiye's trade (relevant

43 Daniel W. Drezner, "Never mind hypocrisy, the West faces another challenge," *Chatham House*, February 2, 2024.

44 Danielle Myles, "India's ambitions for Africa trigger mounting FDI wave," *fDi Intelligence*, September 18, 2023.

45 SAIS China Africa Research Initiative, "China-Africa bilateral trade data overview," accessed January 2025.

46 C. Textor, "Total stock of Chinese foreign direct investments (FDI) in Africa from 2013 to 2023," October 2, 2024.

47 Stephen Williams, "Brazil-Africa: A partnership renewed?" *African Business*, November 8, 2024.

48 Andrew F. Cooper & Brendon J. Cannon, "The United Arab Emirates and the New Development Bank: Mutual interests and first-mover advantages," *Global Policy* 15, no. 2 (2023): 400.

here because the country still seeks full BRICS membership and has been offered BRICS-partnership[49]) with the African continent should also not be forgotten; it exceeded $40 billion in 2022, which constituted an upward trend from slightly over $5 billion in 2003. Moreover, Türkiye's contractors are engaged in construction projects worth around $85 billion.[50]

Interestingly enough, whereas it is the case that these countries are competing for projects, they are also cooperating. For instance, the UAE and China have established a Joint Investment Cooperation Fund in 2015, and "have pursued numerous joint ventures and projects, particularly in free trade zones and industrial projects."[51]

This model of both competing and cooperating is reminiscent of the trajectory China followed for its own development and for the Belt and Road Initiative (BRI) projects. Chinese Development Finance Institutions (DFIs) tend to "lend in extraordinarily large lines of credits and loans for bundles of infrastructure and energy and other overseas national developmental projects, and do so in a coordinated fashion – with a number of different (Chinese) bank and non-bank corporate actors taking part in creating […] 'coordinated credit spaces'."[52] Former chief economist at the China Development Bank (CDB) Zou Lixing, for instance, highlights the fact that the CDB played such a "coordinating" role in China domestically.[53] Drawing from Rosenstein-Rodan, the goal here is to provide a "big push" to deal with certain "coordination failures" in economies which cannot be solved through market mechanisms alone. China developed through a mixture of cooperation and competition between companies, consortia of companies and policymakers, and institutions. Such a 'model' now serves as an inspiration for development in BRICS countries and the Global South more broadly too, adding to the attractiveness of the BRICS.

49 Jennifer Zabasajja & Beril Akman, "EU Stalemate Fuels Turkish Ambition to Join BRICS, Minister Says," *Bloomberg*, February 21, 2025.

50 Harry Clynch, "The Ankara Consensus: How Turkey is boosting influence in rising Africa," *African Business*, February 6, 2024.

51 HSBC, "UAE-China Trade & Investment Profile," May 31, 2024.

52 Gregory T. Chin & Kevin P. Gallaghar, "Coordinated Credit Spaces: The Globalization of Chinese Development Finance," *Development and Change* 50, no. 1 (2019): 247-248.

53 Zou Lixing, *China's Rise: Development-Oriented Finance and Sustainable Development* (Singapore: World Scientific Publishing, 2014).

That said, China does not provide the only development model for countries within the BRICS. US and EU models of development continue to play a role, but more recently also those of the UAE, Saudi Arabia, Türkiye and others.

2.2 Alternatives

A second reason for joining the BRICS is that it plays an enabling function, first of all providing ways to bypass sanctions or embargoes (e.g. for Russia, Iran, China, Cuba). For instance, for Russia and Iran the BRICS anti-sanctions position has allowed them to redirect their oil flows to Saudi Arabia, Türkiye, and India, who all buy Russian oil and resell it on the world market at a markup, often to Europe.[54] China is also a major buyer of Russian and Iranian oil and gas, although mostly for its own consumption. For Iran, Russia, and Cuba the BRICS also serves as "an important aid in engaging it in normal and open exchanges with a diversified community."[55]

Joining the BRICS – either as full member or as partner country – furthermore provides access to loans through the NDB and potential financial help in the future through the CRA (at the moment access is still limited to its founding members). Although the efficacy of these two institutions is still relatively small for BRICS countries, the fact that the BRICS countries are working toward the provision of a financial safety net (when there was only the IMF available before) is particularly relevant on the African continent, as many countries tend to deal with liquidity issues and debt distress.[56]

The enabling function also becomes apparent when looking at Argentina's recent vicissitudes. Whereas the BRICS invited Argentina to join during the 2023 Johannesburg summit, Argentina's then new President Javier Milei, assuming office on December 10, 2023, decided in the end not to join because he would not work with "communist regimes" such as China and Brazil.[57] One slight problem,

54 Emil Avdaliani, "Saudi Arabia and Russia: The 2023-24 Tarde and Investment Dynamics," *Middle East Briefing*, August 29, 2023.

55 Renato G. Flôres Jr, "Kazan," *FGV International Intelligence Unit*, November 26, 2024.

56 Economic Commission for Africa, "Despite challenges, Southern Africa has improved financial inclusion with adoption of digital financial services," June 18, 2024.

57 Juan Manuel Harán, "From Tension to Understanding: Argentina-China Relations Under Milei," *The Diplomat*, November 16, 2024.

however, was the fact that China and Brazil were Argentina's main trading partners. Thus, not long after, Milei became more pragmatic and less ideological and decided he needed to reactivate a much-needed RMB 35 billion ($5 billion) currency swap that previous Argentinian governments had signed with China.

2.3 Decrease Overreliance on Western-led Institutions and US Dollar

A third reason, related to the above, for countries to join the BRICS is to decrease overreliance on western-led institutions and organisations and the US dollar. The BRICS and NDB dependencies on the US dollar are high, which has increasingly become a problem due to the US's weaponisation of the US dollar. The February 2022 freezing of Russian foreign exchange reserves "is certainly the most aggressive weaponization of the dollar to date, following similar (but much smaller) assaults on the central banks of Libya, Iran, Venezuela and Afghanistan."[58] Nevertheless, this does not mean that the BRICS countries seek to de-dollarise entirely, with the exception of Russia, which has started de-dollarising as early as 2014 and has even dumped the US dollar from its foreign currency reserves.[59] Nevertheless, these Russian initiatives are received lukewarm by other BRICS members.[60]

Instead, most BRICS countries are simply interested in diversifying their (local) currency uses to increase their strategic autonomy.[61] As such, in response to US President Trump's threat to impose 100 percent tariffs on countries seeking de-dollarisation, Reserve Bank of India Governor Shaktikanta Das highlighted: "There is no step which we have taken that specifically wants to de-dollarise."[62] Instead, India is interested in "local currency-denominated trade agreements" as a way of de-risking since "dependence on one currency can be problematic

58 David Lubin, "US dollar dominance is both a cause and a consequence of US power," *Chatham House*, last updated October 2, 2024.

59 Maria Shagina, Western financial warfare and Russia's de-dollarization strategy: How sanctions on Russia might reshape the global financial system (Helsinki: Finnish Institute of International Affairs, May 2022), 1-8.

60 Gleb Bryanski, "Top BRICS economic officials stay away from Moscow meeting," *Reuters*, October 14, 2024.

61 See also the China Kowledge Network Cosmolab session on Multicurrency Mercantilism, available here.

62 "De-dollarisation not an objective for India: Das," *Times of India*, December 6, 2024.

at times because of appreciation or depreciation."[63] Das also compared the geographical spread of BRICS countries to those in the Eurozone, in which the latter has geographical continuity whereas the BRICS does not.

2.4 Alternative Ways of Multilateralism, Development and Coexistence

A fourth reason for countries to join the BRICS is the willingness of the BRICS countries to explore and experiment with alternative ways of conducting multilateralism, development and coexistence. This does not only become apparent through the distinct characteristics of the NDB, which have been highlighted above and which are in line with longstanding criticisms of existing MDBs, but also through the BRICS being seen (mainly by non-western countries) as a non-hostile group by countries wanting to join. For instance, a senior scholar in Hanoi argued that "Vietnam will not be joining a club that is hostile to others [because this] would contradict its '4 Nos policy' – a steadfast non-aligned stance against military alliances and coercive tactics."[64]

Similarly, Indian officials have stated before the 2024 Kazan summit to be against further expansion of the BRICS, but in favour of a new category of 'partner countries' without voting rights "because it wants to steer the group away from becoming an anti-US body dominated by China and Russia."[65] UAE officials even said they "completely reject[...] any attempt to present BRICS membership as a sign that the Global South is in opposition to the West" and that the UAE has "very good relations" with western countries, the US included.[66]

India, for example, would be highly concerned if the BRICS would come to function as an anti-western platform, which is why Indian President Modi has portrayed the BRICS as "non-western" rather than "anti-western" group.[67] In a

63 Ibid.

64 Maria Siow, "Vietnam's 'sweet spot' strategy balances Brics engagement with Western ties," *South China Morning Post*, October 30, 2024.

65 Henry Meyer & S'thembile Cele & Simone Iglesias, "Putin Hosts BRICS Leaders, Showing He Is Far From Isolated," *Bloomberg*, October 22, 2024.

66 Ibid.

67 "'Not anti-western but ...': Putin borrows PM Modi's words to describe Brics," *Times of India*, October 18, 2024.

perhaps conciliatory move, Russian President Putin even repeated these words during the recent Kazan Summit. Moreover, Modi's wish for the category of partner countries was granted. Furthermore, India participates in the Quadrilateral Security Dialogue (Quad) alongside Australia, Japan, and the United States, which, together with the signing of several foundational agreements with the US (such as the Basic Exchange and Cooperation Agreement for Geospatial Intelligence (BECA) in 2020), highlights its good relationships with the West.[68]

Modi's hope was that American companies would subsequently relocate from China to India. This, however, never materialised to the extent that India hoped for because of the current US' "protectionist industrial and international trade policies, which favour bringing manufacturing back to America."[69] Therefore, India started seeking investments from China and other BRICS members instead. Whereas some argue that this means that Modi – now in his third term – is shifting from a pro-US course to a pro-China course,[70] it is more likely that this is a sign of India's unwillingness to pick sides between the US and China. This corresponds to the attitude of most BRICS countries and constitutes an alternative way of coexistence.

2.5 Responsibility on the Global Stage

A final fifth reason is applicable in particular, but not solely, to China – the largest economic powerhouse within the BRICS. China can show (and claim) through the way in which it interacts and operates within the BRICS that it is not a purely self-interested power. Since 'selflessness' and 'the ability to self-restrain' are key elements of proper conduct in Confucian morality,[71] exhibiting these values within a multilateral context allows China to illustrate its own morality. This is related to the fact that in a Confucian just world, it is morality that leads to power rather than vice versa.[72] Thus, for China, the BRICS is of key importance.

68 Press Information Bureau: Government of India, "Press Statement by Raksha Mantri Shri Raj Nath Singh following India- USA 2+2 Meeting in New Delhi on 27 October 2020," October 27, 2020.

69 Bhim Bhurtel, "Why Modi's shifting India away from US toward China," *Asia Times*, October 24, 2024.

70 Ibid.

71 Chih-yu Shih, *China's Just World: the Morality of Chinese Foreign Policy* (London: Lynne Rienner Publishers, 1993).

72 Lucian W. Pye & Mary W. Pye, *Asian Power And Politics: The Cultural Dimensions Of Authority* (Cambridge, Belknap Press Of Harvard University Press, 1985).

Through the BRICS it becomes possible to create a world order in which not China but the BRICS is the centre. Through merging China into the BRICS, China seeks to make itself less of a threat to the world. In a world in which China has, either negatively or positively, become the focal point of nearly all countries, the only sensible approach to survival from the Confucian perspective is to exercise "proper conduct and improvise gift giving everywhere, including in distant lands, so that no such target called China can be possible."[73] Nevertheless, a big challenge for China in this regard is how to avoid being seen as self-interested in case Chinese products are overflowing the markets of other BRICS countries.

Table 1 Reasons for and advantages of joining the BRICS

Reasons	Advantages
A seat at the table: have the opportunity to frequently engage with other BRICS countries at several levels (e.g. political, policymaking, think tank, academic)	Joint problem solving (e.g. infrastructure, poverty etc.), attract FDI or business opportunities, increased economic interdependence
Enabling function through the provision of alternatives	Bypassing sanctions or embargoes, access to loans through NDB and a potential financial safety net through the CRA
Decrease overreliance on Western-led institutions / organisations and the US dollar	Decreased vulnerability to weaponisation of the US dollar, local-currency use
Join in efforts to experiment with alternative ways of conducting multilateralism, development and coexistence	Non-alignment, embracing non-western rather than anti-western modes of multilateralism, development, and coexistence, no need to pick sides
Showcasing responsibility on the global stage	Be seen as a responsible player instead of a threat or subversive actor in global politics

73 Raoul Bunskoek & Chih-yu Shıh, "'Community of Common Destiny' As Post-Western Regionalism: Rethinking China's Belt and Road Initiative from a Confucian Perspective," *Uluslararası İlişkiler Dergisi* 18, no. 70 (August 2021): 90-91.

3 The BRICS in Comparison to Other Regional or Global Blocs, and its Characterisation

3.1 Comparing the BRICS

There are several important characteristics of the way in which the BRICS group, as well as its individual countries, relates to existing regional or global blocs. First, when it comes to the Organisation for Economic Co-operation and Development (OECD), the OECD has been selecting countries based on specific criteria that align with Western values and standards. In this light, it made China, India, Indonesia, South Africa, and Brazil Key Partners in 2007. Since the 1990s Brazil has been actively involved in the OECD, more than any other non-member,[74] and has therefore become an OECD accession candidate in 2022, alongside Argentina, Bulgaria, Croatia, Peru, and Romania. Yet, under Brazilian President Lula da Silva, who took office on January 1, 2023, Brazil seems less motivated to join the OECD.[75] Nevertheless, to officially become an OECD member, these countries will need to follow an individualized 'Accession roadmap,' which contains reviews that require "changes to the candidate countries' legislation, policy and practices [...] to bring them into line with OECD standards and best practices."[76]

The requirement or conditionality for joining the OECD is exactly where the difficulty lies for many postcolonial developing countries. Inherent in the requirement to change "countries' legislation, policy and practices" lies an assumption of superiority of those OECD's "legislation, policy, and practices" and, by extension, western superiority vis-à-vis the developing world or the Global South. This clashes with the non-interventionism favoured by many of these

74 For more details, see: "Brazil and the OECD," January 2025.

75 Informal talk with OECD official in Beijing, December 2024.

76 Brazil, China, India, Indonesia, Russia, Saudi Arabia, South Africa, Türkiye. Source: OECD, "OECD and enlargement," January 2025.

countries. Rather than looking at the specific needs and contexts of specific nations, the OECD essentially forces countries to synchronise their values and systems with other OECD countries if they wish to join. This does not, however, necessarily benefit developing countries, but rather certain already developed countries or certain elite groups within developing countries,[77] highlighted by the traumas of Structural Adjustment Programs (SAPs) of the 1980s and 1990s. Conversely, to join the BRICS, no changes to countries' legislations, policies, or practices are required.

As for the BRICS relationship with the G20, there are now six BRICS member or partner countries inside the G20 – eight if Türkiye and Saudi Arabia decide to join.[78] Moreover, the African Union headquarters is in Addis Ababa, Ethiopia; also a BRICS member. This enhances the ability of BRICS countries to influence the agenda of the G20. Although the absence of Chinese President Xi Jinping and Russian President Vladimir Putin at the 2023 G20 Summit in New Delhi sparked considerable speculation – with some suggesting that the two countries were effectively boycotting the forum – Indian Minister of External Affairs S. Jaishankar promptly dispelled these claims at the time. President Xi's participation in the 2024 G20 Summit in Rio de Janeiro further reinforced that China had not withdrawn from the platform. While President Putin did not attend the 2024 summit, he hosted the BRICS Summit in Kazan just prior, from October 22 to 24. Notably, the Kazan Declaration reaffirmed the BRICS' recognition of "the key role of the G20 as the premier global forum for multilateral economic and financial cooperation."[79]

Although the BRICS is explicitly not a security organisation, its expansion is still related to how the BRICS countries view the North Atlantic Treaty Organisation (NATO) – and in particular its 'pivot to Asia'. However, this does not mean that they are similar organisations: unlike NATO, the BRICS is not a military alliance. In the wake of Russia's invasion of Ukraine, sanctions and support for Ukraine have made organisations like the BRICS and its expansion more important to Russia. In response to Chinese military expansion and expedited by the war in Ukraine, NATO's partners in the Indo-Pacific (Japan, South Korea, Australia, and

77 Obert Hodzi, "China and Africa: economic growth and a non-transformative political elite," *Journal of Contemporary African Studies*, 36, no. 2 (2017): 191–206.

78 Brazil, China, India, Indonesia, Russia, and South Africa.

79 XVI BRICS Summit 2024, "Kazan Declaration: Strengthening Multilateralism for Just Global Development and Security," October 23, 2024.

New Zealand) are intensifying their cooperation with NATO through 'Individually Tailored Partnership Programs.' This is part of the spiral model (security dilemma) taking place in East Asia. Countries like Japan, South Korea, Australia and New Zealand see China's growing economic and military capabilities and presence as a (potential) threat. Similarly, China sees the closer cooperation of these countries with NATO as threatening and even as 'containment.'

NATO's shift towards East Asia holds strategic importance for the United States. Washington aims to preserve its global dominance by uniting its dispersed alliance networks into a more cohesive coalition to counterbalance China's growing influence.[80] The 2024 NATO Washington Summit states that China "challenge[s] our interests, security and values."[81] However, recent developments in US foreign policy have cast doubt on the future viability of NATO in its current form,[82] and will certainly deter third countries to put all their chips in one place – in this case the US – especially when it concerns their security. Therefore, for countries who do not want to choose between China and the US, some observers have argued that the BRICS "is the only place where nations not interested in participating in the new Cold War, or even in a possible hot war between the superpowers, can 'run away' in order not to have to choose sides."[83] However, the important and interesting case here is Türkiye, which is both a member of NATO and a potential partner country in the BRICS. This might allow Türkiye to play a mediating role, but the question remains whether this will continue to be possible/accepted in the future (by NATO) and whether other NATO countries will follow.

3.2 Characterising the BRICS

If the paragraphs above show what the BRICS is not, and how it differs from other groupings, how then should one characterise the BRICS? First, it is important to note that, when examining the BRICS grouping, a primary concern for observers is the potential shift in global power towards the Global South,

80 Ulv Hanssen & Linus Hagstrom, "The errors of NATO's East Asia engagement," *East Asia Forum*, August 25, 2023.

81 North Atlantic Treaty Organization, "Washington Summit Declaration," July 10, 2024.

82 "Likely next German chancellor Merz questions NATO's future in 'current form'," *Reuters*, February 24, 2025.

83 Branko Milanovic, "BRICS and non-alignment today," *Global Policy*, September 7, 2023.

encompassing most of the countries traditionally seen as developing countries.[84] This shift might be perceived as a potential threat to European interests, and could lead to the fear of bloc-forming and the characterisation of the BRICS as anti-western. However, this perspective overlooks one crucial aspect: the BRICS countries share a profound sense of mistreatment and marginalisation on the global stage (whether due to a colonial past or current unequal partnerships) by 'western' powers. These historical and ongoing 'traumas' have not been forgotten. As German philosopher Markus Gabriel suggests: "what unites an oppressed group, and thus can be the basis of their rational association, is not the stereotyped feature that forms the basis for their oppression (e.g., skin colour), but the experience of oppression."[85] This sentiment is certainly applicable to the BRICS as a group.

In a recent interview with the *Financial Times*, India's foreign minister expressed little regret over the apparent unravelling of the liberal international order: "I think the virtues of the old order are somewhat exaggerated. Sometimes when you are on the receiving end of the [decisions of the global order] you have a slightly different view."[86] Indeed, he states: "the rules were weighted in favour of the west."[87] Thus, the sense of oppression felt by BRICS countries does not only apply in bilateral ties but, more importantly, is felt to permeate the entire global order. Since the 'old order' is perceived to be built on the western (liberal) worldview, it clashes with the perceived interests and corresponding worldviews of BRICS countries.

As such, one can say that the idea that permeates the BRICS – in opposition to the liberal international order – is being non-western rather than necessarily anti-western (still, a differentiation is called for between overtly anti-western countries like Russia and Iran, and the majority of BRICS countries that simply seek to level the international playing field, without undermining the global order as such). Their aim is not to create an anarchical state of global affairs, nor to impose their own (read: national, moral, religious, etc.) idea of order. Instead,

84 Kyle Hiebert, "With BRICS Expansion, the Global South Takes Centre Stage," *Centre for International Governance Innovation*, August 31, 2023.

85 Erica Lucast Stonestreet, review of: Moral Progress in Dark Times: Universal Values for the Twenty-First Century by Markus Gabriel, *Notre Dame Philosophical Reviews*, July 1, 2023.

86 Alec Russell, "Indian foreign minister S Jaishankar: 'The virtues of the old world order are exaggerated'," *Financial Times*, March 14, 2025.

87 Ibid.

the BRICS countries bring together countries based on shared utility, to move from an international order that reflects one particular worldview (presupposing shared values) towards an international order that accommodates a variety of worldviews. Or, put differently, to move from a western- to a post-western world order.[88] To be sure, some BRICS members are anti-western, but their respective power is such that none can single-handedly impose their own view on the global stage. And since the respective worldviews of BRICS members differ too much, a global order that accommodates all, and thus not imposes one, is the next best aim.

The preceding paragraphs, combined with the earlier highlighted advantages of BRICS membership, show that the BRICS countries base their cooperation on shared utility – core common interests that they see as mutually beneficial. However, these common interests do not in the slightest extend to all aspects of such topics as foreign policy, economic development, or domestic and global governance. Indeed, despite some core common interests, the worldviews of the BRICS countries diverge significantly. It therefore goes too far to speak of the BRICS as a 'bloc': there is no sense of alliance or obligation between the countries. However, this is precisely what the BRICS countries are looking for. As India's foreign minister stated on loose groupings like the BRICS: "You have comfort, you have commonalities. It's more like a club. You don't have legal contractual obligations with other members but it's a gathering place…The treaty-based concepts are typical of the old order. The new order is something more flexible."[89] Therefore, the BRICS is, by design, a loose grouping of countries that base their cooperation on shared utility, and aim for the realisation of a post-western world order that more effectively represents their respective priorities and viewpoints.

88 Oliver Stuenkel, *Post-Western World: How Emerging Powers Are Remaking Global Order* (Polity Press, 2016).

89 Alec Russell, "Indian foreign minister S Jaishankar: 'The virtues of the old world order are exaggerated'," *Financial Times*, March 14, 2025.

4 Current Policy Position of the Netherlands and the EU on the BRICS

Before discussing the implications of the BRICS expansion and the policy recommendations following therefrom, it is first important to concisely discuss the current Dutch and EU policies already in place to deal with the BRICS countries. Whereas both the Netherlands and the EU have a long history of engagement with individual BRICS countries, there is no specific mechanism or policy in place to deal with the BRICS group as a whole.

That said, for the EU the main way of dealing with the largest amount of BRICS countries together (outside of the UN) is through the G20, which includes both the EU as a bloc and 6-8 BRICS members or partner countries as well as the African Union as a bloc (first represented during 2024 G20 summit in Brazil). This counts partly for the Netherlands too. Although the Netherlands is not a G20 member, it is represented through the EU and has been invited as a guest nation to several G20 summits.[90] Next to the channel of the G20, the Netherlands became a development partner of the Association of Southeast Asian Nations (ASEAN) in September 2023. This is particularly relevant after the latest BRICS expansion, since now four out of ten ASEAN member countries are either full BRICS member (Indonesia), BRICS partner country (Malaysia and Thailand), or BRICS invitee (Vietnam).

Policy-wise, two key pillars of dealing with a large amount of BRICS countries for both the Netherlands and the EU are their respective Indo-Pacific and Africa Strategies. Both strategies focus on cooperation with “like-minded democracies and countries with open market economies,”[91] and the Netherlands was the third EU country (after France and Germany) to introduce an Indo-Pacific Strategy in November 2020, with the EU following suit in September 2021.

90 In 2009, 2017, 2021, 2022, and 2023.

91 Ministry of Foreign Affairs of the Netherlands, “Indo-Pacific: Guidelines for strengthening Dutch and EU cooperation with partners in Asia,” published on November 13, 2020.

The Netherlands presented its Africa Strategy 2023-2032 in May 2023, following Germany, Italy, Spain, Sweden, and Hungary. The Netherlands' strategy focuses on fostering economic development based on equality, reducing poverty, enhancing respect for human rights, and addressing irregular migration.[92]

EU-Africa relationships are conducted within the framework of the Africa-EU Partnership, which was officially established during the 2nd European Union-African Union Summit in Lisbon in 2007. At this summit, leaders from both continents adopted the Joint Africa-EU Strategy (JAES). This strategy was refined in March 2020 and made more concrete during the 6th EU-AU Summit in 2022 in Brussels, when a shared vision for 2030 was announced as well as the Global Gateway Africa-Europe Investment Package, allocating up to €150 billion to support sustainable infrastructure and development projects across Africa.[93]

For the Netherlands, both the Indo-Pacific and Africa Strategy are in line with the policy of 'enhanced engagement' (versterkt engagement), which constitutes a policy focused on intensifying relations with countries outside Europe, particularly in Africa, Latin America, and the Indo-Pacific region. The policy constitutes a response to shifting geopolitical dynamics and the need to collaborate with new partners.[94] In line with this policy, the Netherlands, together with Jamaica, plays a leading role as co-facilitator in the UN intergovernmental process to develop the Declaration on Future Generations. This role offers opportunities for enhanced engagement with the Global South and aims to deliver an ambitious, results-oriented declaration that safeguards the interests of future generations.[95]

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92 Ministry of Foreign Affairs of the Netherlands, "The Africa Strategy of the Netherlands 2023-2032," published July 25, 2023.

93 European Commission, "Africa-EU Partnership," accessed April 4, 2025.

94 Ministry of Finance of the Netherlands, "2024 Begroting – V Buitenlandse Zaken," accessed April 4, 2025.

95 Letter to Parliament by the Dutch Minister for Foreign Affairs and the Dutch Minister for Foreign Trade and Development, "Inzet Koninkrijk der Nederlanden voor de 79e zitting van de AVVN," August 30, 2024.

5 Key Implications of BRICS Expansion for the EU and its Member States

The sections above have illustrated the advantages of seeking BRICS member- or partnership to be fivefold:

(1) Participating countries are being provided with a seat at the table – i.e. having the ability to make clear their wishes and preferences.

(2) Membership confers upon countries the advantage of choice or alternatives, most notably with regards to financial security mechanisms. Through the New Development Bank (NDB) and Contingent Reserve Arrangement (CRA), members gain access to infrastructure funding and emergency liquidity support—critical for nations facing sanctions or currency instability.

(3) The BRICS attempts to provide countries with the ability to decrease their (perceived) overreliance on Western-led institutions and organisations and the US dollar.

(4) The BRICS is willing to explore and experiment with alternative ways of conducting multilateralism, development and coexistence; ways which developing countries might feel to be more suitable for their particular situations.

(5) The BRICS allows countries (most notably China) to show (and claim) – in the way in which they interact and operate within the BRICS – that they are not purely self-interested powers, and can responsibly engage in international cooperation.

Taken together, these advantages form the ‘shared utility’ on which the BRICS grouping is based and inform the members’ collective efforts to assert their agency on the global stage, thereby reshaping the landscape of global governance to better reflect their interests and perspectives.

These advantages allow for the formulation of several key implications of BRICS expansion for the EU, as they are indicative of the direction in which the BRICS are seeking changes to the global order. Before these may be set out, however, it is important to stress two reasons as to why these implications matter.

The first has everything to do with the context in which the expansion of the BRICS' member- and partnership is taking place. Indeed, recent shifts in US foreign policy suggest that the United States can no longer be relied upon to uphold the principles of the liberal international order; nor even the principles that have guided US foreign policy vis-à-vis European countries. It is now truly 'America First': a clear prioritisation of narrow American interests over global economic stability and security, as well as a willingness to alienate American allies if perceived to be of interest. As such, one can no longer coherently (if it was ever possible) speak about 'Western' powers in international relations; there now seems to be a rift between the ideals, aims, and interests of the US and its traditional allies, amongst which the EU.

These shifts have significantly sped up the emergence of a multipolar, post-western (or rather post-American), world order, in which traditional alliances are eroding and power dynamics are shifting. This will likely benefit BRICS countries and the broader Global South the most. In light of this new reality, it is of the highest importance for the EU and its member states to diversify their (approach to) strategic partnerships and economic ties if they wish to remain relevant and effective global players, and be involved in efforts to create a new world order. This diversification cannot exclude successful engagement with (some of) the BRICS countries: the group of BRICS members and partners make up some 45 percent of the world's population and some 41 percent of global GDP (PPP),[96] and these numbers are only set to increase with further expansion. Considering all the above, the general implications of BRICS expansion matter more than ever before.

The second reason as to why the implications of BRICS expansion matter, is because the 'shared utility' on which the BRICS bases itself reflects the interests and priorities of developing, or non-western, countries in general. Thus, in a multipolar world that forces the EU to diversify its partnerships, the EU should base its offer to the Global South on precisely that same 'shared utility'. Again, the implications BRICS expansion, fuelled by the clear advantages offered by BRICS membership, matter.

96 Oliver Stuenkel & Margot Treadwell, "Will Trump's Unpredictable Foreign Policy Boost BRICS?," *Foreign Policy*, March 24, 2025.

5.1 Worldviews

The first implication of the BRICS expansion – during a time of US withdrawal from the liberal international order – is that it will be necessary for the EU and its member states to embrace a multiplicity of worldviews on the global stage, while confidently maintaining their own. This implication follows from the general search of the BRICS for a multipolar world – shared by all members and partners – and is related to the first, third, and especially fourth advantage of BRICS membership identified earlier: the willingness of the BRICS countries to explore and experiment with alternative ways of conducting multilateralism, development and coexistence. In such a world, pragmatism is key.

5.1.1 Embracing Diverging Worldviews

The emerging multipolar reality revolves around diverging worldviews. When one particular worldview is no longer dominant in global affairs and therefore can no longer be imposed as the basis on which global affairs is structured, it becomes necessary to pragmatically approach partnerships. This reflects the approach of the BRICS, with partnerships to be built on shared utility rather than shared values. Should a country in its approach to partnerships fail to be driven primarily by shared utility rather than shared values, it will risk relative unimportance in an age of multipolarity.

As such, the implication of a rapidly emerging multipolarity demands the EU to enhance its ability to cooperate in a pragmatic manner, meaning: (1) the acceptance of non-western modes of development and cooperation, and (2) taking a more flexible, non-contractual approach in partnerships with many of the BRICS countries (especially the non-western rather than anti-western countries such as Brazil, South Africa, UAE, India, Indonesia, etc.). If the EU is able to do so, and can bind many countries to itself by providing pragmatically driven, mutually beneficial partnerships, it can play a key role in the restructuring of the newly emerging multipolar world. As one 2023 study by the European Council on Foreign Relations stated about such non-western countries: "Rather than expecting them to support Western efforts to defend the fading post-cold war order, we need to be ready to partner with them in building a new one."[97]

97 Timothy Garton Ash, Ivan Krastev & Mark Leonard, "United West, divided from the rest: Global public opinion one year into Russia's war on Ukraine," *European Council on Foreign Relations*, February 22, 2023.

Additionally, the BRICS is neither anti-western by design, nor is it a ‘bloc’ in the true sense of the word. Both characteristics provide a chance for the EU. The entire *raison d’être* of the BRICS is transforming the international order into one that does not privilege one particular worldview (western), thereby reflecting a multiplicity of interests (post-western). As soon as the EU underwrites this new reality, and adopts the pragmatic approach mentioned above, much of this *raison d’être* will be undermined, preventing the need for the formation of an actual ‘bloc’ in the future. As such, it becomes clear that ‘bloc-forming’ and the BRICS’ anti-western level is determined as much by the BRICS’ internal dynamics as by the external environment. Furthermore, if the EU can provide ‘comfortable’ and mutually beneficial relations with BRICS countries through accommodating a range of different perspectives, the BRICS will lose its (perceived) status of ‘refuge’ from the rigged international order and will simply become one of the many international economic initiatives to choose from.

5.1.2 Confidence in the Liberal Worldview

Since an increasingly multipolar world is emerging, characterised by diverging worldviews, the subsequent implication is that the EU – as one of the ‘poles’ in the multipolar world – should remain confident in its own worldview, rooted in such liberal ideals as democracy, human rights, and the rule of law. The post-war liberal international order, born from the allied victory in the Second World War, was reinforced during the Cold War by the West’s opposition to Communism, and ultimately emerged as the prevailing framework after the fall of the Soviet Union. This ushered in a unipolar moment, in which the West – led by the US – was all powerful and could (continue to) impose the liberal framework on the global stage. However, with the rapid emergence of multipolarity, it is impossible to maintain (in exact form) this liberal framework, especially after recent shifts in US foreign policy imply that it no longer supports such an order.

Nevertheless, doubts about the ability to maintain this order do not diminish the credibility of liberal ideals themselves. The EU is one of the most remarkable peace-making processes the world has seen, bringing unprecedented levels of peace, prosperity, and cooperation to the European continent. It is the liberal values upon which the European project was built that should continue to inform the EU’s worldview and serve as a model of freedom, peace, and respect for the individual.

In this context, it is important for the EU to assert and defend its values, while respecting the values and systems of government of others even when they diverge. This ensures the ability of the EU to more forcefully and credibly protect its own interests. For example, if the EU respects values and structures of governance it does not agree with, it can similarly demand other powers – including BRICS countries – to, in reciprocity, respect its own. This allows for a formulation of 'red lines' that should not be crossed on the European continent, including foreign interference in democratic elections and supporting Russia with its war against Ukraine. The way to navigate a multipolar and fragmented world is therefore to adopt an unwavering defence of liberal values on the European continent, while simultaneously adopting pragmatism on the global stage. As one commentator put it: "Our ability to protect and spread our democratic and economic model depends on a more strategic engagement of those who disagree with us."[98]

5.2 Rebalance Transactionalism and Values in Foreign Policy

While the previous implication is more abstract, this second implication of BRICS expansion focuses on practical matters. In the emerging multipolar reality, diversification of strategic and economic partnerships is essential. However, as many countries pursue this diversification, the number of available partnership options increases, creating an *à la carte* world where, amongst others, developing countries can pick and choose from a menu of possibilities. Therefore, the EU and its member states are well advised to convincingly listen to and engage with the wishes and needs of BRICS countries, whether in the context of institutional organisations or through bilateral contact. In doing so, the EU and its member states continuously need to re-examine their approach to foreign policy, striking a balance between transactional interests and value-driven principles. This approach will ensure that the EU remains a competitive and attractive partner in a multipolar world.

This implication follows, above all, from the first advantage of BRICS membership: being provided with a seat at the hypothetical table – here referring to the provision of a platform in which participating countries are offered the ability to make clear their wishes and preferences. Historically, EU foreign policy has been largely shaped by its liberal values, often focusing on democracy,

98 Arif Lalini, "New global alliances leave the West behind," *Chatham House*, February 2, 2024.

human rights, and sustainability.[99] Its priorities in foreign and development policy therefore reflected what the EU considered important, rather than adequately engaging with what target countries considered important.[100] Indeed, these value-based policies were, and are, often not aligned with the priorities of BRICS countries, nor with developing countries in general. Addressing this misalignment is essential in an *à la carte* world in which the position of the EU depends on its ability to forge partnerships with a diverse range of actors.

One example of this misalignment was the launch of the Global Gateway Initiative, during which President of the European Commission Ursula von der Leyen stated in 2021: "[w]e want to show that a democratic, value-driven approach can deliver on the most pressing challenges."[101] African partners immediately criticized the initiative as the EU had apparently failed to discuss the initiative with them (illustrating the importance of being provided with a seat at the table).[102] Furthermore, African countries regarded the "value-driven approach" with scepticism, with one Nigerian policy advisor stating: "Nigeria is not going to sit back and let the EU dictate whether it's going to expand its hydrocarbon investments."[103] A similar example was shared by EU High Representative for Foreign Affairs and Security Policy Kaja Kallas, who in

99 Over the past decades, EU development policy has largely been driven by what the EU thinks is important. For example, looking at the period 2007-2023, most development funding from the EU or EU member states has gone towards such goals as 'no poverty' (37.25B), 'peace, justice and strong institutions' (26.71B), 'reduced inequalities' (23.6B), 'gender equality' (22.14B), 'quality education' (20.98B), and 'good health and well-being' (21.84B). Compared to these arguably traditional (albeit admirable) development goals, relatively little has gone to such market-focused goals as 'decent work and economic growth' (15.76B), and 'industry, innovation and infrastructure' (11.68B). Source: European Union, "Explore ODA – Recipients data from 2007 to 2023," last accessed April 22, 2025.

100 For example, a 2024 survey by Afrobarometer shows the two most important problems of 39 African countries to be 'unemployment' and 'management of the economy', subsequently followed by 'health', 'water supply', 'infrastructure/roads', and 'education'. Besides health and education, which the EU is spending considerable money on, the main focus seems to lie on improving employment, the economy, and infrastructure. Source: Mohamed Najib Ben Saad & Carolyn Logan, "Keeping up with the people's agenda: Popular priorities for government action, and how they are evolving," *Afrobarometer*, August 9, 2024.

101 European Commission, "Statement by President von der Leyen on the Global Gateway," December 1, 2021.

102 Chloé Farand, "As EU seeks to rival China's infrastructure offer, Africans are sceptical," *Euractiv*, December 20, 2021.

103 Ibid.

February 2025 related to reporters something an unnamed Asian prime minister had told her: "We have a lot of attention for you but you never have attention for us."[104] This underscores the need for the EU to engage more openly and flexibly with developing countries, taking their interests and needs seriously, and engage with their wishes and needs.

The EU is increasingly recognizing the importance of this last sentence. One line from a 2024 internal briefing document from the European Commission reads: "Emerging markets and Developing Economies live in a *à la carte* world and will pick and choose from a menu as they see fit."[105] Reflecting on the agenda of the Global Gateway, it goes on to advise that "[t]he new College should further drive this modernisation by engaging our strategic partners with a policy mix driven by economic interest, and less so by more traditional and narrow development and foreign policy approaches."[106]

This advice seems to have reached top EU diplomats and policy makers, with Kaja Kallas stating: "At this historical juncture, we need to be honest and accept that we cannot expect the same from others as we do with our Member States or allies. Every country's historical and cultural background is different."[107] This implies a historical shift in EU foreign policy. Von der Leyen doubled down on the shift from a value-driven to a more transactional approach by telling a group of ambassadors in February 2025: "Some in Europe may not like this harsher, more transactional reality. [...] But Europe must deal with the world as we find it."[108] In a similar vein, the *South China Morning Post* reported European officials in April 2025 to "privately concede that if they are to be taken seriously by the rest of the world, the required change must come quickly. The values-driven policies Europe brought to the world over recent decades are not likely to carry much water in the newly configured world."[109] This new reality is best accepted as quickly as possible, and "the required change" actively pursued, both through the

104 Eddy Wax, "EU must be more 'transactional,' top diplomat says," *Politico*, February 3, 2025.
105 "Briefing Book Policy Field: International Partnerships," *Politico*, April 18, 2024.
106 Ibid.
107 European Union External Action Service, "EU Ambassadors Conference 2025: Opening speech by High Representative/Vice-President Kaja Kallas," February 3, 2025.
108 Finbarr Bermingham, "The new 'transactional reality': Europe prepares to face China on its own terms," *South China Morning Post*, April 2, 2025.
109 Finbarr Bermingham, "What comes next? Europe searches for a new orbit in a post-American order," *South China Morning Post*, April 6, 2025.

EU's foreign policy and through the foreign policy of individual member states like the Netherlands.

As part of pursuing change, it is imperative for the EU to be offering attractive choices on the 'menu', and this requires successfully engaging with the wishes of potential 'customers' rather than reflecting the taste of the restaurant-owner. Therefore, we return to the implication of a multipolar, *à la carte* world in which the BRICS countries will unavoidably play an important role: successful engagement is dependent on an approach to partnerships that is (primarily) driven by economic interest (both for the EU and target countries), which will entail a rebalancing of transactionalism and values in EU foreign policy. An example could include a moderation of such value-based policies as the much-criticised EU's climate conditionalities (e.g. the Carbon Border Adjustment Mechanism) in trade policy.[110]

However, this does not mean the EU should abandon its values entirely. Transactionalism, if not understood as zero-sum, does not necessarily imply solely being focused on short-term or clinical (lacking values) deals. Rather, it points towards an approach that is informed by privileging (mutual) interest over values (hence, shared utility). This means values may still play a role, but are no longer in the driving seat of international cooperation. Above all, this requires the need to compromise on the need for a convergence of values in partnerships. As one former Indian diplomat reflected on his country's potential dealings with a transactional Trump: "If it's a question of give-and-take, we know we can give some and take some."[111] That is precisely what a rebalancing of transactionalism and values in EU foreign policy should entail: to give and to take in international partnerships; also on the value-plane. Only by re-examining their foreign policy in this way can the EU and its member states remain relevant and effective global actors in the emerging multipolar and *à la carte* world.

110 The CBAM imposes tariffs on carbon-intensive imports to the EU, disproportionally impacting exports from developing countries with carbon-intensive industries. Source: Rosa Balfour et al., "Geopolitics and Economic Statecraft in the European Union," *Carnegie Endowment for International Peace*, November 19, 2024. Or take for example the European Union Deforestation Regulation (EUDR), which ensured lower earnings through higher implementation costs for, among others, Ugandan farmers. Source: Ministry of Agriculture, Fisheries, Food Security, and Nature, "Uganda wrestles with EUDR compliance amidst coffee trade challenges," June 2024.

111 Ravi Agrawal, "Trump Is Ushering In a More Transactional World," *Foreign Policy*, January 7, 2025.

5.3 The EU as Beneficiary of Diversification in a Multipolar Order

The last implication follows mainly from the second, third, and fifth advantages provided by BRICS membership. Indeed, the BRICS countries themselves are much engaged in diversifying partnerships, both in terms of access to (development) finance, reducing their overdependence on western-led institutions and the US dollar, and using the BRICS to showcase their ability to provide stability and responsibility in global affairs. With uncertainty now dominating US foreign policy, these diversification efforts will only increase, similarly enhancing the attractiveness of the BRICS grouping as a platform for diversification. Therefore, in order to position itself well in a diversified world, the EU would be well advised to (1) improve its own attractiveness as a viable direction of diversification, as well as (2) embrace a restructuring in global governance to better reflect the interests of newly developed or still developing countries. If not, the EU risks being left out from newly emerging structures in global governance, and traditionally western-led institutions will lose their relevance and legitimacy.

5.3.1 The EU as Development Financier

This first of all requires the EU – in a combined effort by the European Commission, member states like the Netherlands, and European institutions like the European Investment Bank (EIB) – to (further) position itself as an accessible alternative for (development) financing. As has been shown above, an important reason for joining the BRICS is that it confers upon countries the advantage of choice or alternatives (i.e. avoiding the need to side with the US *or* China). For example, the establishment of the NDB and CRA provides potential alternatives to the IMF, World Bank, or other development banks (including Chinese banks such as the Export-Import Bank). As such, these alternative institutions can help BRICS countries and partners gain (improved) access to financing, as well as help solve liquidity and balance-of-payment issues. If the EU similarly offers a platform for diversification, there is every reason to think many BRICS countries, as well as those interested in joining the grouping, will very much want to participate. The EU thereby avoids risking to play a relatively unimportant role in the developing world.

Moreover, during a time when countries across the Western world (e.g. the UK, Germany, the Netherlands, the US) are slashing development budgets, the needs of developing countries for alternative methods of financing become ever more pressing. Precisely during a time of increased importance of diversification, possibilities are few. A possible lack of alternatives will therefore illustrate to the members and partners of the BRICS that having its own financing infrastructure is imperative, which will likely provide an impetus to the stalled negotiations on the CRA, as well as boost efforts to scale up the NDB. While these institutions cannot yet compare to traditional multilateral banks like the World Bank and Europe's development banks, one has to take into account that they have been established only in 2014, at a time when the emergence of a multipolar world was not even generally recognised. In the current transition period from unipolarity to multipolarity, the BRICS' institutions are likely to expand. Providing alternatives thus becomes more important.

5.3.2 Multiplicity of Voices in Global Governance

Secondly, with the growing importance of developing countries – many of which BRICS members or partners – in international institutions, multilateral diplomatic efforts will be both more complex and more important. In this environment, the EU would do well to set up extensive channels of communications with countries like India, Brazil, Egypt, UAE, Indonesia, Saudi Arabia, South Africa, etc., in order to understand better their objectives in international organisations, and on the global stage in general. These countries are known to take a more pragmatic approach in international affairs and have an enormous influence in not only the BRICS, but also the G20 and the UN. Diplomatic relations with these countries deserve priority and considerable resources, allowing for strategic cooperation on particular issues, but without pressuring them to 'align' with the EU in principle. This allows those countries to diversify their diplomatic ties and partnerships, maintains the global relevance of the EU, and limits the need for deepened cooperation amongst the BRICS countries.

Related to the paragraph above, and as stated earlier, the fifth advantage of BRICS membership is that it allows countries to show (and claim) – in the way in which they interact and operate within the BRICS – that they are not purely self-interested powers and can responsibly engage in international cooperation. As such, increased participation in multilateral organisations gives BRICS countries the opportunity to change the (in western countries) often dominant perception of non-western countries attempting to undermine the international multilateral system and instead show the ability to engage constructively in multilateral organisations. This similarly decreases the need for the BRICS grouping to be used to illustrate the responsibility of countries like China and takes away one of the advantages of BRICS membership. The EU would therefore be well advised to support the increased participation of BRICS members and partners in multilateral organisations, and global governance in general. Still, it remains important to differentiate here between the overtly anti-western countries in the BRICS (Russia, Iran) and the other non-western countries that highly value the multilateral system and do not seek its demise.

5.3.3 Support Diversification of Global Currency Power

One last point to make is that, when it comes to the BRICS' (over)dependence on the US dollar, the EU can benefit in two important ways from the BRICS' efforts to diversify. First, the EU itself is (highly) dependent on the US dollar, and second, the euro could be made to function as a viable alternative to the US dollar.

Reducing its own vulnerability to sanctions and tariffs is the first way in which the EU can benefit from diversification. While the EU, with the sanctioning of Russian foreign exchange reserves in February 2022 following Russia's invasion of Ukraine, has wholeheartedly supported the biggest example of the weaponization of the dollar to date,[112] recent moves discussed or made by the second Trump administration are cause for worry. In the fall of 2024, the would-be US Treasury Secretary Scott Bessent floated the idea of forcing countries that receive US military protection to "buy more dollar debt, as a quid pro quo."[113] He is apparently also thinking about "converting five- and 10-year US treasury bonds held by foreign investors into 100-year securities bearing low interest rates."[114] Another idea making rounds is a potential "Mar a-Lago accord" aimed at weakening the dollar.[115]

Then, when Colombia in February 2025 refused to take back illegal immigrants from the US, President Trump immediately announced additional 25 percent tariffs and banking sanctions to be imposed on the country.[116] This was a clear, and first, example of economic coercion – through the imposition of tariffs and

112 David Lubin, "US dollar dominance is both a cause and a consequence of US power," *Chatham House*, September 12, 2024.

113 Gillian Tett, "Dollar Dominance means tariffs are not the only game in town," *Financial Times*, January 10, 2025.

114 Barry Eichengreen, "Can the dollar remain king of currencies?," *Financial Times*, March 22, 2025.

115 Barry Eichengreen, "Can Trump Dump the Dollar," *Project Syndicate*, January 10, 2025.

116 The Financial Times Editorial Board, "Trump's bully tactics could end up benefiting China," *Financial Times*, January 28, 2025.

sanctions – used on an economic and strategic partner of the US.[117] In March 2025, Trump announced plans to impose sanctions and tariffs on any buyer of Venezuelan oil or gas.[118] While this particular case is not highly problematic for the EU, the US' new usage of "secondary" sanctions and tariffs might impact the EU's dealings with third countries in the future. In this context, it is impossible to say with complete certainty that such a weaponisation of the dollar will not at some point be (indirectly) used against the EU or its member states (it is, for example, not too far-fetched to expect the usage of secondary sanctions on China, which would be hugely disruptive for the EU's economic ties with China).

The same argument is to be made with regards to tariffs. President Trump shocked the world by introducing "reciprocal tariffs" on its trade partners, only to back down a week later by issuing a 90-day pause on most of the tariffs, but leaving in place a 10 percent blanket levy on practically all imports to the US and increasing the tariffs on China to 145 percent.[119] Should this trade war escalate further, it is not impossible to imagine the US to pressure countries – either in the East/Southeast Asian region or beyond – to reduce or completely halt their trade with China in return for access to the US market. In fact, that is precisely what Peter Navarro, the current Senior Counsellor for Trade and Manufacturing to President Trump, suggested in April 2025.[120] With China being the EU's biggest trading partner for imports and third largest for exports,[121] such suggestions make for a vulnerable position for the EU.

In such a context of uncertainty, diversification is necessary for BRICS countries as well as the EU, since the latter similarly has a relatively high dependency on the dollar. In 2023, for example, 32 percent of goods exported from the EU were invoiced in US dollars, going up to 50 percent for imported goods.[122] The Netherlands is an outlier here, with 38 percent of exports being invoiced in

117 "1903 – 2025 U.S.-Colombia Relations," *Council on Foreign Relations*, last accessed April 22, 2025; U.S. Department of State, "U.S. Security Cooperation with Colombia," last updated January 20, 2025.

118 Tej Parikh, "The secondary 'tariff man' cometh," *Financial Times*, March 25, 2025.

119 "Dollar and Treasuries sell off as Donald Trump's China tariffs spook investors," *Financial Times*, April 10, 2025.

120 Ben Chu, "What would a US-China trade war do to the world economy?," *Financial Times*, April 11, 2025.

121 European Commission, "Trade and Economic Security – China," last accessed April 22, 2025.

122 Eurostat, "Extra-EU trade by invoicing currency," last updated May 2024.

US dollars, and 61 percent for imports.[123] On top of this, European investors held some USD 9 trillion in stocks in the US (accounting for 17 percent of the overall market value) in 2024,[124] and the countries in the Eurozone hold amongst the highest shares of US dollar in international currency reserves, the figure hovering around 80 percent.[125] If this is not enough, as of 2023, the Eurozone held USD 6.72 trillion in US Securities (USD 1.45 trillion in US Treasuries), some 25 percent of the total foreign-held US Securities.[126] Clearly, the EU has much to gain from efforts aimed at diversifying currency use in the global financial and monetary system.

This brings us to the second way in which the EU can benefit from diversification efforts: besides reducing its own dependency on the US dollar, the EU is handed an opportunity to increase the position of the euro as a global currency. Indeed, if similar cases to the ones mentioned above arise, and the US continues the unilateral and increasing use of sanctions, "then the currencies of other countries, those that do not participate in US sanctioning efforts, will be the beneficiaries of diversification away from the dollar."[127] Tariffs (especially their arbitrary use, creating uncertainty) will similarly impact the dominance of the US dollar in the global financial system by (significantly) re-routing trade dependencies and undermining the status of the US as a safe and responsible destination of capital. After all, as one *Financial Times* commentator has it: "if you stopped trading with the US, would you need to hold its currency? And if Trump eliminates everybody's bilateral surplus with the US, how would they keep accumulating net claims on US assets?"[128] The EU would do well to, and indeed can, position itself as one of the beneficiaries of diversification. It does, however, require bold political decision-making on the part of EU member states.

123 Eurostat, "Trade shares by invoicing currency (from 2010 onwards)," last updated September 9, 2025.

124 Katie Martin, "The great European disentanglement from US stocks has only just started," *Financial Times*, March 29, 2025.

125 Falk Laser, Alexander Mihailov & Jan Weidner, "Currency denomination of foreign exchange reserves: From taboo in the past towards disclosure and exciting research nowadays," *VoxEU*, October 25, 2024.

126 U.S. Department of the Treasury – Federal Reserve Bank of New York, "Foreign Portfolio Holdings of U.S. Securities," April 2024.

127 Barry Eichengreen, "Can the dollar remain king of currencies?," *Financial Times*, March 22, 2025.

128 Martin Sandbu, "Trump has created a chance for the euro to rival the dollar," *Financial Times*, May 5, 2025.

The general implications above, following from the rapid expansion of BRICS, the US' withdrawal of support for the liberal international order, and the subsequent speeding up of the emergence of a multipolar world, provide an insight into the direction that a reshaping of the global order will take. It has been made clear why this is relevant for the EU, and how these implications should inform future considerations of thinking on EU foreign policy.

6 Conclusions and Policy Recommendations

The key implications of BRICS expansion for the EU as outlined above highlight the necessity for a strategic shift in EU foreign policy to navigate the complexities of a multipolar world. The necessity for this shift should be the main takeaway of this report on the BRICS, from which follow the three implications outlined above: (1) Embracing diverse worldviews (while maintaining confidence in one's own), (2) rebalancing transactionalism and values so as to adequately meet the needs of an *à la carte* world, and (3) embracing the BRICS' diversification efforts – both regarding access to (development) finance and reducing a dependence on western-led institutions/the US dollar. Addressing these implications is essential if the EU wishes to remain a competitive and effective global actor. In this sense, the implications above are to be seen as general recommendations. Nevertheless, building on these general recommendations, the following, more practically minded, policy recommendations provide concrete points of departure for policymakers in the EU and its member states to successfully engage with (potential) BRICS countries and adapt to the emerging order of multipolarity.

6.1 Establish the EU as a Stable and Accessible Development Financier

6.1.1 Develop an Instrument to Combat Debt-Distress

One important aspect of any provision of financing for developing countries is combatting debt-distress. In 2023, the Secretary-General of the United Nations in 2023 stated that: "Some 3.3 billion people – almost half of humanity – live in countries that spend more on debt interest payments than on education or health."[129] Additionally, the interest payments on debt made by low and middle-income countries are currently growing faster than their payments on such public

129 United Nations, "Warning 'Time Is Up for 3.3 Billion People', Secretary-General Urges Deep Financial System Reforms to tackle Unfolding Public Debt Crisis, at Report Launch," July 12, 2023.

services as education and health.[130] This debt crisis severely impacts all routes of development for low and middle-income countries, limiting their ability to sustain economic growth, combat climate change, alleviate poverty, and provide political stability. Clearly, debt relief should be an important pillar of providing financing options to developing countries.

This argument similarly applies to a potential successful policy vis-à-vis the BRICS. Indeed, a debt management program offered by the World Bank – the Debt Management Facility – lists 88 eligible countries as of June 2024, of which 56 percent are at high risk of debt distress.[131] The 88 countries include BRICS-member Ethiopia; BRICS-partners Bolivia, Nigeria, Uganda, Uzbekistan, Myanmar; BRICS-partner invitee Vietnam; and BRICS-applicants Pakistan, Azerbaijan, Bangladesh, Sri Lanka and Senegal.[132] Arguably then, an instrument of debt relief or management offered by the EU would interest many countries, and would relate to precisely those countries that are either in BRICS, or consider joining the grouping. The EU would thereby establish itself as an attractive option in the *à la carte* world, establishing good relationships with many countries in the Global South on which future partnerships may build, and potentially drawing those countries away from the BRICS.

It must be noted that the EU currently has no such instrument, but rather contributes to IMF's Catastrophe Containment and Relief Trust (CCRT).[133] The IMF, however, is precisely the institution that most countries in the Global South are attempting to diversify away from. Therefore, developing such an EU instrument as part of the EU's development strategy could be made a priority. One avenue worth exploring is the potential to scale up the macro-financial assistance (MFA), an instrument aimed at helping EU-partner countries with their balance of payments in instances of emergency.[134] While it is focused on the countries that neighbour the EU, expanding beyond the neighbouring sphere

130 Erica Hogan, "Why Debt Relief Matters to the Wealthy West," *Carnegie Endowment for International Peace*, January 17, 2024.

131 Debt Management Facility, "Eligible Countries," last accessed April 22, 2025.

132 Debt Management Facility, "Eligible Countries (as of July 2024)," last accessed April 22, 2025.

133 European Commission, "Global Recovery: The EU disburses SDR 141 Million to the IMF's Catastrophe Containment and Relief Trust," April 5, 2021.

134 This 'scaling up' was already done once to provide concessional loans to Ukraine under the MFA+ programme, see: Mikaela Gavas, Samuel Pleeck & Andrew Rogerson, "Optimising EU Development Finance: Mobilising More of It, on the Right Terms, and to Where It has Most Impact.," *Center for Global Development*, May 22, 2023.

would arguably attract many developing countries. One condition, however, is that recipient countries already benefit from an IMF-program (on which the BRICS countries want to be less reliant), and "[a] pre-condition for granting MFA is the respect of human rights and effective democratic mechanisms, including a multi-party parliamentary system and the rule of law."[135] This excludes most countries and thus fails to be of help.

To combat this, the MFA (or a similar novel instrument), could be changed in various ways: (1) Extend the program to countries that do not neighbour the EU; (2) Reduce the amount of conditionalities; (3) Provide the assistance both in times of emergency as well as situations that might result in, but are not yet, debt distress; (4) Besides providing financial assistance, the EU could offer advice and training regarding debt management. Such a program would undoubtedly interest many developing countries; also those aligned with the BRICS grouping.

6.1.2 Increase Funds for Development Finance

In an *à la carte* world, one's offer to the world matters. To provide a solid alternative to China-, BRICS-, or even US-led developmental banks and projects, the EU could revert the decreasing trend of available financing options for developing countries and instead (attempt to) increase the amount of money available for development finance. If it does not, the EU risks playing a relatively unimportant role in the developing world, thereby potentially losing out on many mutually beneficial relationships.

While the earlier mentioned Global Gateway Initiative is a step in the right direction, the project has, among other things, been criticised as simply a 'repackaging' or 'rebranding' of previously allocated development funds, thus not actually increasing the budget for development finance.[136] Much of the criticism is valid. The Initiative aims to mobilise €300 billion between 2021 and 2027,[137] of which some €40 billion in guaranteed capacity by the European Investment Bank (EIB) and the European Fund for Sustainable Development plus (EFSD+), €18 billion in grants from other external assistance programs, and €145 billion in planned investments by member states' development finance institutions.[138]

135 European Commission, "Macro-Financial Assistance (MFA)," last accessed April 22, 2025.

136 David Sacks, "Europe's Global Gateway Plans To Counter China, But Questions Remain," *Council on Foreign Relations*, September 21, 2021.

137 Claire Shirley, "A gateway to partnership," *European Investment Bank*, June 2, 2023.

138 Simone Tagliapietra, "The Global Gateway: an overview," *Wilson Center*, August 2022.

The rest of the money is to be mobilised by private investments. While efforts to coordinate development spending are to be applauded, this does illustrate that one third of the money is dependent on private investments (and thus uncertain), and two thirds of the money comes from existing sources of funding.

Rather than repackaging its development finance, it may be in the interest of the EU to (significantly) increase the available funding. With the second Trump administration scaling back its funding for international development, the EU has much to gain. Competition, however, is fierce. A recent report by the Asia Institute of Griffith University found that "2024 saw the highest BRI [Belt and Road Initiative] engagement ever, with USD70.7 billion in construction contracts and about USD51 billion in investments […]."[139] This comes after a 2023 engagement of USD 92.3 billion.[140] The amount of funding meant to be mobilised under the EU's Global Gateway over a 6-year period is thus nearly matched by China's BRI in a matter of two years. Should the EU with its Global Gateway Initiative wish to successfully relate to either many BRICS countries or to those developing countries that wish to join the group, and be seen as a convincing alternative or supplement to the BRI, a significant increase in development finance is essential.

6.1.3 Improve the Accessibility of Development Finance

A third aspect of successfully positing the EU as an attractive partner in an *à la carte* world relates to accessibility. There are three parts to this: (1) One often-heard criticism of the Global Gateway is its lack of visibility, with many industries in targeted countries having never heard of the Initiative, nor knowing whom to contact.[141] This logically impedes the accessibility of EU's developmental programs. (2) Projects under the Global Gateway often bring much more red tape than their Chinese counterparts and generally take more time to be completed.[142] It should be taken into account that many target countries lack the bureaucratic capacity and expertise to deal with complicated red tape or application

139 Christoph Nedopil, "China Belt and Road Initiative (BRI) Investment Report 2024," *Griffith Asia Institute*, February 28, 2025.

140 Ibid.

141 Kathrin Witsch, "Global Gateway: How EU's anti-China strategy is failing in Africa," *The Standard*, October 6, 2024.

142 Alicia García-Herrero, "David and Goliath: The EU's Global Gateway versus China's Belt and Road Initiative," *Bruegel*, December 16, 2024.

processes. To help with this, established institutions like the World Bank provide "comprehensive consultation services from project planning to project implementation."[143] Therefore, just as with World Bank projects, EU development finance could be accompanied by comprehensive project support, and, in certain circumstances, aim towards reducing red tape while simultaneously developing the bureaucratic capacity and expertise of developing countries.
(3) Development finance (for example in the form of official development finance (ODA)) is all too often earmarked for what the EU finds important (market reform, gender equality, democratisation), comes with demands or conditionalities,[144] and is thereby much less accessible than 'no strings attached' financing by countries like China.

How then could the EU proceed? One possibility would be to take a "differentiated approach" to development finance.[145] This would entail different conditionalities on different types of funding, with for example funding meant to alleviate extreme poverty provided without any conditions, and funding for the stimulation of commercially profitable enterprises (e.g. resource extraction) avoiding any conditionalities regarding governance.[146] Other steps may involve the significant reduction of red tape associated with EU-run development projects (most of which are currently carried out under the Global Gateway). While some red tape – accountability, durability of materials used, certain environmental standards – is certainly to be applauded, it might sometimes be preferable to opt for a trade-off between (a high degree of) transparency on the one hand, and a quick and satisfactory delivery of the project on the other. Additionally, increasing the visibility of the Initiative, both to EU investors and recipient countries, is a necessity if the EU is to position itself as an accessible alternative to China- or BRICS-funded development projects.

143 Jean Bossuyt & Amandine Sabourin, "The EU Global Gateway strategy: Giving local authorities a voice," *ECDPM*, September 2024.

144 "Interview with Paul Okumu: ODA needs to be linked to the development needs of partner countries," *Global Health Advocates*, February 5, 2025.

145 Lukas Menkhoff & Rainer Thiele, "Rethink conditions for lending to African countries," *Development and Cooperation*, December 4, 2024.

146 Ibid.

6.1.4 Enhance the Participation of Private Capital

The last aspect concerns increasing participation of private capital in EU development financing. One of the obstacles lining the road towards this goal is the lack of European private capital invested in emerging markets due to sustainability regulations in the EU. Currently, investments outside of the EU are not included in sustainability indicators like the Green Asset Ratio (GAR) because businesses receiving those investments to implement projects in emerging markets are not obliged to comply with the EU sustainability regulations.[147] This unproportionally affects development banks, which work (almost) solely with businesses outside of the EU, and is a problem for two reasons: (1) If development banks do want to adhere to sustainability criteria, they must force their clients to adopt significant data collection in order to adequately report to the European Commission, and (2) if those banks do not ask their clients to report their activities, their sustainability indicators such as the GAR will be close to zero.[148] Investors trying to meet Environmental, Social, and Governance (ESG) criteria subsequently avoid investing in third-country projects and companies or European development banks.[149]

The head of the Dutch Entrepreneurial Development Bank (FMO) – one of the largest development banks in the EU – reflected on the situation in July 2024. He stated about the reporting obligations that would fall on its clients: "[t]he requirements are so strict for the moment that the chances of potential clients in emerging markets moving to other financiers, for instance from east Asia, is really serious."[150] In February 2025, the European Commission took a constructive step by adopting a broad package of proposals concerning the simplification of sustainability and EU investments.[151] This package, however, fails to address the issue above.

147 Alice Hancock, "Strict EU sustainable finance rules deter emerging market investment, banks say," *Financial Times*, July 17, 2024.

148 Alice Hancock, "EIB fears 'reputational disaster' over revised EU green reporting," *Financial Times*, January 7, 2025; "Statement: EU Sustainable Finance rules," *Association of European Development Finance Institutions*, June 25, 2024.

149 Alice Hancock, "Strict EU sustainable finance rules deter emerging market investment, banks say," *Financial Times*, July 17, 2024.

150 Ibid.

151 European Commission, "Commission simplifies rules on sustainability and EU investments, delivering over €6 billion in administrative relief," February 26, 2025.

Nevertheless, mobilising European investments in emerging markets is essential, not only because the Global Gateway partly depends on private capital, but also because an *à la carte* world provides plenty of opportunities for emerging markets to seek funding elsewhere (BRICS institutions, amongst other places). Such mobilisation may be achieved through (1) differentiated considerations of sustainability, with for example a more prominent place for transition finance – referring to "financing private investments to reduce today's high greenhouse gas emissions or other environmental impacts […]."[152] (2) Allowing development banks to maintain their own 'green ratios' (with accompanying transparency). (3) Cooperation and convergence between the EU's sustainability indicators and those of other regions or countries (like Rwanda's), as proposed by the Association of European Development Finance Institutions (EDFI).[153]

6.2 Increase the Participation of the BRICS countries/Global South in EU Policymaking and Global Governance

6.2.1 Early Consultation with Stakeholders

A first way to increase the participation of either BRICS countries or developing countries in general in EU policymaking would be to include relevant stakeholders from the very beginning of the policy-making process. As stated earlier, while close to half of the Global Gateway funding was earmarked for Africa, many African policymakers had not been consulted on the Initiative. Even if subsequent projects turn out to be considerable successes, a failure to consult national and local stakeholders will undoubtedly create unnecessary animosity. Similarly, some environmental regulations – most notably the CBAM and EUDR – were severely criticised for not taking into account enough their impact on African trading partners.[154] Taking such an approach on, say, environmental issues, signals to (potential) partners a lack of credibility and trust on the part of the EU with regards to 'mutually beneficial' relationships, thereby negatively impacting the overall ability of the EU to form political and economic partnerships. Indeed, especially in an *à la carte* world, potential partners will simply move on

152 European Commission, "Overview of sustainable finance," last accessed April 23, 2025.

153 "Statement: EU Sustainable Finance rules," *Association of European Development Finance Institutions*, June 25, 2024; MINECOFIN, "Rwanda's Green Taxonomy," last accessed April 23, 2025.

154 Alexandra Goritz, "Rethinking EU Partnerships with the Global South," *Germanwatch*, October 30, 2024.

to the next, more 'beneficial' offer. It is therefore essential to engage in early consultation with partners, and to get them on board for policies that will impact them. Feeling well-represented in policy discussions by the EU would go a long way towards improving the overall perception of the EU by BRICS countries.

6.2.2 Maintain a Strong Local Presence

Secondly, and relatedly, the EU should have a strong local presence. This allows the EU to consult extensively with local stakeholders, ensures a better understanding of local conditions, and allows it to increase the visibility of its initiatives in the country or region. For the partner country, a local EU presence gives an accessible platform to engage with the EU, as well as provide accessible expertise and capacity. It is a step in the wrong direction, therefore, that the EU has recently decided to close down 80 of its development offices abroad, located in Asia, Africa, Latin America, and the Caribbean.[155] While the EU claims that the previous model of 'deconcentration' "no longer meets the needs for increased strategic focus and operation agility [...]",[156] it is arguably the opposite that is true. Local offices are essential in the smooth carrying out of projects (i.e. operation agility) as well as increased strategic focus. After all, what better way to achieve agile project implementation and the improvement of strategic focus then by deep knowledge of the local situation?

The case of Bangladeshi participation in the NDB comes to mind. Indeed, Bangladesh officials argued explicitly for the NDB to set up local offices in order to support both project design and implementation, and mentioned the local presence of the World Bank and Asian Development Bank as examples of good practice.[157] Clearly, then, a strong local presence is imperative for both the EU and its partners, and allows for a variety of perspectives to filter into the policy-making process. This helps to achieve, among others, precisely those objectives for which the EU wants to reduce its local presence: project agility and improved strategic focus.

155 Eleonora Vasques, "Exclusive: EU plans to slash 80 development offices abroad amid refocus," *Euronews*, January 17, 2025.

156 Ibid.

157 Gregory T. Chin & Rifat D. Kamal, "Bangladesh and New Development Bank (NDB): Accession and after, money and more," *Global Policy* 15, no. 2 (2024): 414-426.

6.2.3 Increase the Role of BRICS Countries in International Organisations

This point relates to the main aim of the BRICS countries: transforming global governance so as to better reflect their interests. Failing to engage with this demand by BRICS countries risks the establishment of alternatives in which the EU will have a negligible presence or influence. Therefore, the EU should actively support an increased role for BRICS countries in global governance.

Possible steps in this direction include supporting countries' efforts to reform the UN Security Council. Since countries like France and the UK are open to reform, while Russia and China are reluctant, if not hostile, to the idea, this would illustrate the EU (and its member states) to be capable of accepting the emerging multipolar reality and legitimate security needs of other powers. Continued EU support for the inclusion of India (currently not even a permanent member), Brazil, South Africa, or Egypt (or possibly one or two seats for the African Union) would be valued highly and would significantly improve diplomatic relations. Such member reforms would be advised to go hand in hand with reform of the veto (for example agreeing to limit its use).[158]

Another possibility includes actively supporting the increased role of BRICS countries in the international financial infrastructure. Countries like Brazil and China have, for example, long been pushing for a recalibration of quota shares in the IMF. These quotas are important because they determine, among other things, the voting shares – and thus decision-making influence – of IMF members. However, many developing countries argue that the current distribution of quotas does not reflect their growing role in the global economy. China's IMF voting share, for instance, is just 6.08 percent, despite China accounting for some 18 percent of global GDP.[159] In contrast, the voting share of Japan and the US is 6.14 and 16.49 percent respectively.[160] Quota reform meant to address such an imbalance, the governor of China's central bank stated as recently as February

158 Stewart Patrick et al., "UN Security Council Reform: What the World Thinks," *Carnegie Endowment for International Peace*, June 28, 2023.

159 Colby Smith, "IMF head backs reforms that could give China more voting power," *Financial Times*, October 2, 2023; Ashutosh Pandey, "Is the US denying China a bigger voice at the IMF?," *Deutsche Welle*, October 13, 2023.

160 International Monetary Fund, "IMF Members' Quotas and Voting Power, and IMF Board of Governors," last updated April 23, 2025.

2025, "is critical for the IMF's governance, representativeness, and legitimacy."[161] If left unaddressed, Brazil already warned in 2023, alternatives will inevitably spring up, explicitly mentioning the BRICS' NDB as an example thereof.[162] Although the US will likely remain hostile to the idea of quota reform, the EU – in supporting a redistribution of quota shares – would signal a clear support for having a multiplicity of voices not only in the IMF, but also in global governance in general.

6.2.4 Diversify Global Currency Power

Lastly, the EU can help to address the legitimate concerns of BRICS countries regarding their diversification efforts to avoid (over)dependence on the dollar. This can be done mainly by strengthening the euro's role in the global financial system, thereby providing a solid alternative to the US dollar. The EU has much to gain from this. However, this should be done sooner rather than later, as current diversification efforts (both by the BRICS and others) and increased geopolitical tensions will likely create a restructuring of the global financial system. Being too late to the party will prevent the EU from benefitting.

First, without this particular recommendation aiming to offer any answers, EU member states might be well advised to support (at the very least) speeding up the discussion of a deepening of the European capital markets and banking sector, the issuance of joint debt, and the introduction of a digital euro. Although these are highly political topics, current geopolitical developments have changed the circumstances in which these discussions are taking place. This is increasingly recognised, most notably by the president of the group of Eurozone finance ministers Paul Donahue – also the Irish minister of finance – who stated there to be a "heightened level of urgency" for expanding EU capital markets and adopting a digital euro.[163] He believes these measures would offer "a clear path to strengthening the role of the euro on the global currency stage."[164] Further discussions should include streamlining fiscal policy across the EU as well as reducing obstacles to cross-border transactions. Should heterogeneity remain

161 Qing Na, "PBOC's Pan Says Reform of IMF Quota System 'Critical'," *Caixin Global*, February 19, 2025.

162 Martha Viotti Beck, "Brazil Renews Push for IMF Reform, Sees BRICS Bank Alternative," *Bloomberg News*, October 4, 2025.

163 Jude Webber & Harriet Clarfelt, "Euro has 'clear path' towards greater reserve currency use, says Eurogroup president," *Financial Times*, March 6, 2025.

164 Ibid.

the norm in all these aspects, efforts to improve the trustworthiness of the euro on the international stage will likely fail, as a plethora of diverging political and economic interests will prevent an improvement of the (perceived) stability of the euro.

Second, the EU could build up its relationship with third countries,[165] increasing the trust in durability and usability of the euro. This applies to both allies of the EU, as well as to such BRICS countries as China. In this regard, sanctions on, or the freezing of, euro-denominated assets should be wielded with considerable discretion, since they would undermine the euro's status of safe and attractive alternative to an increasingly weaponised dollar.

Third, the EU could promote its member states and businesses to invoice more trade in euros. In 2023, as stated earlier, 32 percent of goods exported from the EU were invoiced in US dollars, going up to 50 percent for imported goods.[166] However, when it comes to exports and imports of petroleum, the figure suddenly shoots up to 67 percent and 82 percent respectively, showing the EU's energy needs to have a significant dependency on US dollars. This became a problem once in 2018, when the US withdrew from the nuclear deal with Iran and unilaterally reimposed sanction on the country. Although located in the EU, the SWIFT global payments messaging system – through which most global payments run – had to cut off system access and US dollar usage for Iranian banks due to threats of US sanctions,[167] subsequently preventing the EU from importing crude oil from Iran.[168]

This prompted Heiko Maas – Germany's foreign minister – to call for a truly European alternative to SWIFT.[169] While this is certainly no bad idea, and efforts towards this goal – such as the development of the digital euro and the EU's TARGET Instant Payment Settlement (TIPS) – are already underway, it would be much more expedient to reduce the amount of exports and imports invoiced in US dollars, as all of these transactions may become subject to (secondary) sanctions

165 Creon Butler, "Europe must forge a new role in the global economy," *Chatham House*, March 27, 2025.

166 Eurostat, "International trade in goods by invoicing currency," last accessed April 23, 2025.

167 "SWIFT, the global finance arm that the West can twist," *France24*, February 25, 2022.

168 Jan Strupczewski, "EU seeks to cut reliance on U.S. dollar, other financial centres," *Reuters*, January 19, 2021.

169 Jo Harper, "Maas wants end to US dominance," *Deutsche Welle*, August 27, 2018.

in the future. This is especially threatening when it comes to the EU's energy needs. US threats to impose sanctions would then hold much less significance, allowing the EU to maintain more stable and autonomous trade relations. Simultaneously, by increased use of the euro in energy transactions as well as broader trade relations, the EU can strengthen its own position in the global financial system, as well as help to address the BRICS countries' dependencies on the US dollar.

6.3 Policy Coordination

One of the key challenges facing the Netherlands and the EU when it comes to formulating foreign policy and increasing competitiveness in the developing world is fragmented policymaking. Because Dutch ministries and European institutions have specific and diverging mandates, and member states individually formulate their foreign policy, there is often a lack of coordinated action between such governmental departments or institutions, member states, as well as with companies and financial institutions (development banks etc.). This lack of coordination limits the ability of both the Netherlands and the EU to present a cohesive strategy for engaging with countries like the BRICS members. This, however, is more important than ever: In an *à la carte* world, the credibility of a global actor like the EU, and thereby its ability to compete effectively for economic and strategic partnerships, rests on the cohesiveness and reliability of its foreign policy stances.

6.3.1 Adopt a "Whole-of-Government" Approach

Within the Dutch government, a "whole-of-government" approach, where all relevant ministries work together to define and implement strategies for international engagement, is necessary to strengthen the position of the Netherlands on the global stage. Aligning the work of ministries responsible for economic affairs, foreign policy, finance, and development cooperation is essential to develop a unified policy framework. The model established by the Dutch government through the China Knowledge Network (CKN) offers an example for integrating geopolitical knowledge across ministries, as well as regularly engage with academics and experts outside of government. Such coordination must move beyond country specific strategies and reflect broader systemic understanding, as emphasised in the "Collaborating in a

Knowledge-Rich Way" ('*Kennisrijk Samenwerken*') report commissioned by the Dutch directorate-general for the Senior Civil Service.[170]

6.3.2 Coordinate Bilateral Partnerships of Member States with Overall EU Objectives

When it comes to the EU, its 'Team Europe' approach is a big step in the right direction. Team Europe – consisting of the EU, EU Member States, the European Investment Bank (EIB), and the European Bank for Reconstruction and Development (EBRD) – aims to join "forces so that [...] joint external action becomes more than the sum of its parts."[171] However, with regards to foreign policy, the 'Team Europe' approach has so far been used solely to coordinate developmental efforts. By applying the Team Europe framework more broadly, member states' foreign policy initiatives could be more effectively aligned with EU-wide priorities in areas such as security, digital diplomacy, climate action, and economic partnerships.

A coordinated approach would not only amplify the EU's global voice but also ensure a more strategic use of resources and political capital. It would help avoid duplication, reduce conflicting signals to external partners, and build greater trust in the EU as a consistent and reliable actor. Moreover, deepening foreign policy coordination under a shared strategic umbrella could foster greater solidarity among member states, especially when facing global challenges that require unified responses.

Institutional mechanisms could therefore be strengthened to facilitate this coordination, including through structured dialogues, joint strategic planning, and transparent information sharing between EU institutions and national ministries. Ultimately, a more integrated Team Europe approach across all foreign policy dimensions would elevate the EU's standing on the world stage and reinforce the effectiveness of its external action.

170 Ministry of the Interior and Kingdom Relations, "Kennisrijk samenwerken - Verkenning Rijksbrede kennisfunctie," published on April 6, 2023.

171 European Commission, "Team Europe Initiatives," last accessed April 23, 2025.

6.3.3 Establish Frameworks for European-Wide Foreign Policy Discussions

Just as the Netherlands aims at integrating geopolitical knowledge across its ministries, the EU can establish European ‘networks’ with similar aims. This would involve bringing together the European Commission, the European External Action Service, member states, European think tanks and universities, and representatives of European businesses to gather their combined knowledge and brainstorm about possible strategic directions of foreign policy. These networks could facilitate regular consultations between key stakeholders, ensuring that European policymakers are equipped with comprehensive geopolitical insights, economic considerations, and sector-specific expertise. Furthermore, such networks could serve as platforms where novel approaches to foreign policy challenges may be discussed – in a freer environment than established European institutions or national ministries would allow for – thus stimulating adaptive and unconventional thinking.

6.3.4 Consult with European Businesses Operating in Emerging Markets

Regularly gathering the perspectives of European businesses is essential for ensuring that EU foreign policy aligns with both the competitive needs of European companies as well as the reality in target markets. EU development policy is for example partly dependent on the participation of private capital, and BRICS countries are eagerly looking for increased trade with, and investments by, European companies. Additionally, European companies already operating in target markets often offer a wealth of information on local regulatory frameworks and business opportunities. Regular consultations through, for example, business roundtables, could allow the EU – most notably the European Commission – to better understand the challenges faced by European businesses in emerging markets, but also provide a platform for addressing regulatory barriers, trade concerns, and opportunities for growth. Based on these insights, projects in BRICS countries or emerging markets in general can be tailored to local conditions, ensuring economic opportunities for European businesses while also responding directly to the needs of developing countries. Such an approach is essential in an *à la carte* world.

6.4 Train a Future Generation of Well-Informed Diplomats and Experts

The implications discussed earlier all point towards a world order of increasing complexity. Multipolarity is quickly emerging as the new norm (if not already), and in such a fragmented state of international affairs – characterised by diverging worldviews – engaging in bilateral and multilateral diplomacy simultaneously becomes more difficult and more important. In this context, the Netherlands stands to gain from cultivating a generation of well-trained diplomats and international experts who excel at engaging with the rapidly changing and increasingly complex world order. Ensuring that universities can offer attractive programs in area studies on which to build such a generation is therefore not only beneficial, but might even be characterised as a strategic necessity.

Recent attempts to (significantly) reduce the budget of universities, heavily affecting the area studies of many humanities departments, might be said to be contrary to what is needed in today's world. Indeed, in a global environment where interactions with such BRICS countries as China, India, South Africa, UAE or Indonesia become more important, in-depth knowledge of their respective histories, cultures, languages, political systems, and societies will be a clear advantage in both multilateral and bilateral diplomatic contacts. After all, a deep understanding of a certain country is essential to adequately interpret the words and deeds of its government officials (de-coding), developments in its society and politics, trends in its engagement with regional cooperative frameworks, and its position on global challenges. Furthermore, engaging in a manner that illustrates deep knowledge of a country's cultural heritage and political governance would earn Dutch or European diplomats and experts considerable respect and goodwill from many BRICS countries. How might one achieve this?

6.4.1 Invest in Area Studies

First, it is important to ensure adequate funding for specifically area studies programs in Dutch universities. This would allow universities to attract talented academics and experts (both from the Netherlands and abroad), and thereby expand their departments of area studies. The resulting concentration of expertise on countries, regions, and international relations would make the Netherlands a centre for academic debate and research. With sufficient backing, Dutch universities could position as important contributors to the international discourse on global affairs.

Second, and relatedly, a well-funded academic community focused on area studies would facilitate greater intellectual exchange with foreign universities, opening up opportunities for collaboration in research and policy development. For example, partnerships between, say, universities in BRICS countries and Dutch universities might include providing BRICS academics with temporary appointments at Dutch universities and vice versa. Besides providing valuable insights into each other's perspectives on global affairs, this also significantly increases possibilities for track II diplomacy; no unnecessary luxury in an increasingly complex world.

6.4.2 Ensure a 'Pipeline' for Students to Move into Diplomacy

Third, through communicating clearly to prospective students that Dutch ministries and EU institutions highly value expertise in area studies, they can help attract the next generation of diplomats and experts. By clearly conveying the career potential in this field and its importance for shaping Dutch and EU foreign policy, more students will be encouraged to pursue this field of study, ensuring a steady 'pipeline' of talent to move into foreign policymaking and diplomacy. On top of this, the Dutch government and the EU could consider establishing a variety of scholarships to study abroad in countries within the BRICS and other emerging regions. This would encourage Dutch students to gain firsthand experience in diverse cultural, political, and economic environments, deepening their knowledge of their country or region of study, and strengthening their ability to engage with non-western viewpoints.

Concluding, it should be noted that adequate funding for area studies is a relatively low-cost investment with potentially high returns. By equipping future Dutch diplomats and policymakers with expertise in area studies, the Netherlands would in the long run foster more informed decision-making and strengthen its diplomatic capabilities, leading to more effective engagement with key global players like many of the BRICS countries. In the case of academia, possibilities for track II diplomacy will be increased, as will the soft power of the Netherlands. As such, low-cost investments in area studies programs in Dutch universities will ultimately translate into a more strategic and impactful Dutch presence on the global stage.