BRICS expansion on the cards

Description

WORLD: More and more emerging countries are considering joining the BRICS group, which is seen as the major emerging countries' counterweight to the US-led West and the G7. Especially in times like these, this is also a clear signal to Washington.

The BRICS group of states, consisting of Brazil, Russia, India, China and South Africa, are working ever more closely together on an economic and political level. Together they represent 3,26 billion people and a gross domestic product of US$27,54 trillion. According to estimates, the economic output of these five countries will account for 50 percent of total global value added by 2030.

In view of the fact that "rules-based" Western countries are experiencing serious economic problems, this prognosis does not even seem that far-fetched.

In contrast to the G7 group, the representatives of the US-led collective West, the BRICS group sees itself as an open organization that does not interfere in the internal affairs of other countries. It is therefore not surprising that membership in this group of states also arouses the interest of diverse nations.

In particular, those states that have their own problems and conflicts with the United States seem to be most interested. Argentina and Iran, for example, announced their intention to become part of the group of states. And Indonesia and the United Arab Emirates have recently expressed interest in becoming members.

The list does not end there as Saudi Arabia, Egypt and Turkey also plan to join BRICS , the President of the International BRICS Forum Purnima Anand confirmed to Russian outlet *Izvestia*, adding that a discussion and a possible decision on some countries will be held at the next summit of the association, which will take place in 2023, the Russian news agency TASS reported.

These countries could participate in increased resource sharing and open up air, trade and financial routes “to the new global realities”.

Notably, BRICS countries are working on establishing a new common reserve currency, similar to the IMF’s Special Drawing Rights. This would enable economic cooperation without having to resort to the US dollar or the euro – and without being threatened with having their funds confiscated by Western financial institutions.

A major Western bank, ING, has meanwhile brought up the discussion of a basket of BRICS currencies, noting that “the increasing weaponization of the dollar” could see a move into gold.

Former Russian President and Prime Minister and current Deputy Chairman of the Russian Security Council Dmitry Medvedev commented on the expansion. “The best protection against the rotting euro will be the transition to new means of payment in trade with our reliable partners, including through the use of national currencies – the Russian ruble, Chinese yuan, Indian rupee, etc,” he wrote on Telegram. “The dollar, the euro and the pound sterling are clearly not enough for the modern world.”

BRICS nations have since opted for a payment system that would be an alternative to the US-dominated SWIFT system. The main benefits highlighted were redundancy in case there were disruptions to the SWIFT system.

China has initiated the development of their own payment system called CIPS: the Cross-Border Inter-Bank Payments System (CIPS), which provides a network that enables financial institutions worldwide to send and receive information about financial transactions in a secure, and standardized system. India also has its alternative Structured Financial Messaging System (SFMS), as does Russia with its System for Transfer of Financial Messages (SPFS).

As more countries join BRICS and indirectly related organizations like the Shanghai Cooperation Organization (SOC), the Belt and Road Initiative (BRI) and so on, it becomes more difficult for the United States to exert influence economically and to put financial pressure on nations to bend to its will.

The financial war declared on countries outside the realm of the dollar, showed many countries how vulnerable they actually are as a result of a close connection to the western financial systems. Over-reliance on China may also pose dangers for many, but what other options remain?

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