

# THE RETURN OF GEOPOLITICS: THE ASCENSION OF BRICS<sup>1</sup>

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The sixth BRICS Summit, which took place in the Brazilian city of Fortaleza last July, by starting the second cycle of annual Meetings of Heads of State of five major developing nations of the world<sup>3</sup>, marked a *qualitative leap* of the alliance, which enters a *new phase*, strengthening the trend to a polycentric world.

Decisions taken in Fortaleza, especially the creation of a BRICS Bank and Reserve Fund, to be discussed below, when implemented, will leverage the leeway of each member of the BRICS and all of them as a set, allowing greater autonomy of these countries in the international arena.

Representing just over 40% of the world population and nearly a quarter of the global economy, the BRICS are the object of attention by the originality and uniqueness of a grouping with these characteristics: it is the

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<sup>1</sup> This essay is an expanded version of a text that was crafted based on three articles, written over 2014 and listed in the references, which sought to update challenges for the international insertion of Brazil and the recent evolution of BRICS, markedly the “pre” and “post” Fortaleza Summit. The term “return of geopolitics” is relatively imprecise as it would be a mistake to argue over a “lull” of the bipolar concert of the Cold War and so imagine that the assumptions of classical geopolitics “walked away”. This is a recent essay of *Foreign Affairs*, which is listed in the references.

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<sup>3</sup> With the editions of Yekaterinburg in 2009, Brasília in 2010, Sanya in 2011, New Delhi in 2012 and Durban in 2013, there was a complete a cycle in which the five BRICS members hosted a summit; Fortaleza opened a new cycle.

most important global coalition not to include the presence of established powers.

The first cycle of Summits – held from 2009 to 2013 – was marked by consolidating BRICS as a political instrument of coordination of large developing countries regarding the main issues on the international agenda. The second cycle, initiated in Fortaleza, installs the block institutionalization by creating the *means* to intervene more strongly in the contemporary international order.

Thus, from the Fortaleza meeting, the BRICS now have institutional instruments to bring about changes in the international financial and monetary architecture: the *BRICS Bank* and the *BRICS common fund of reserves*, formally called the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA) respectively.

In addition, the Fortaleza meeting was an important move in the *grand chess match* that is played on the world geopolitical board as to what will be the outcome of the ongoing transition in the international system. After all, the decisions taken at the sixth Summit revealed a *maturation of a common vision* of the BRICS about the key issues of contemporary international situation. Something of great significance in the current phase marked by fierce fighting among the traditional powers, which seek – in a countertrend – to reverse the loss of their relative position in light of the rise of large developing countries, especially China. Through their alliance, these countries, in turn, seek to maximize the window of opportunities opened with the transition in the global geopolitical framework.

At their sixth Summit, the BRICS kept advancing in forging this common vision in a set of sensitive issues on the global agenda. Of great political importance is the positioning in the Fortaleza Declaration on the situation of Ukraine, frankly favorable to the end of the conflict, for a peaceful settlement; thus opposing the attempt of the “*West*” to isolate Russia<sup>4</sup>. Such

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<sup>4</sup> In March, the UN voting of a hypocritical resolution sponsored by NATO countries, for the “territorial integrity of Ukraine” (sic), in a political gesture of great importance, the four BRICS abstained collectively. The Fortaleza Declaration presents the first common opinion of the BRICS regarding the crisis in Ukraine. In paragraph 44 we read that “We express our deep concern with the situation in Ukraine. We call for a comprehensive dialogue, the de-escalation of the conflict and restraint from all

attempt, furthermore, has produced a significant reduction of the ambiguities of post-Soviet Russian foreign policy, making the BRICS a priority for Moscow and solidifying its geopolitical alliance with China.

Specifically for Brazil, we can say that the BRICS sixth Summit, for its results and entailed perspectives, is undoubtedly the *most significant* Brazilian geopolitical initiative, at least in recent history, bearing in mind its consequences in this great game of space and power dispute in the contemporary international "order"<sup>5</sup>. Thus, it is a big move, played by Brazil, in the world geopolitics.

The Fortaleza Summit, for its results, disqualifies the common analysis (or rather, the *desire*) among think-thanks and analysts of the major communication means of the central countries, according to which, for its cultural and geographical diversity, the BRICS would be unable to settle substantive agreements with each other and act together, with common positions on the major themes of the current global order. For them, conflicts would prevail over cooperation. However, the six summits have shown a growing maturity of the alliance.

In the current term, the BRICS becomes a solid *tactical alliance* in favor of the transition to multipolarity, in that it corresponds to the national interest of its members in the aspiration to change the relative position of these countries in the international system. With the NDB and the CRA, furthermore, the BRICS gains additional "gears" to support this rise. *Western* skepticism and unwillingness towards the BRICS – an ideological part of the ongoing geopolitical struggle in the world – is contradicted by the facts, since this coalition has been demonstrating increased capacity to cohere considering the convergence of each member's national interests.

This essay, which seeks to relate the moment and the current challenges of the BRICS *vis-à-vis* the current geopolitical setting, consists of three parts.

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the actors involved, with a view to finding a peaceful political solution, in full compliance with the UN Charter and universally recognized human rights and fundamental freedoms”.

<sup>5</sup> Another outstanding geopolitical action of Brazil was in 2010, as of the diplomatic articulation among Brazil, Turkey and Iran which resulted in the signing of the *Declaration of Tehran* over Iran's nuclear affair, which led, at that time, to the entry of these new actors on the global geostrategic scenario, generating blunt reaction of the *status quo*.

The first part will seek to offer an interpretation of the BRICS, noting its potential and its limits. Some theoretical frameworks under which the BRICS can be read will be presented. A second part will seek to evaluate the results of Fortaleza in its relation to the great uncertainty and the geopolitical dispute scenario that has characterized the current transition in the international system. The third part aims to assess how the BRICS can be read in view of the Brazilian aspiration to rise to status of global power, as well as the impact of Brazil's participation in the coalition in its geographic and strategic surroundings. Finally, some conclusions will be presented, markedly seeking to observe challenges after the historic sixth Summit.

### **1. Interpreting the BRICS, its potential, its limits. By which theoretical frameworks can we read the BRICS?**

The alliance between the five BRICS countries is, first of all, *functional* to the development of the national project of each of its members. To a greater or lesser extent, with greater or lesser clarity, all five BRICS aim to “change their relative position” in the international system, the “international distribution of power and wealth”, from factors such as territory, resources and social cohesion<sup>6</sup>. In other words, the alliance between the BRICS is a means of increasing the scope of each of them as a whole and in their scope in the international system<sup>7</sup>.

In the quest to ascend, the five BRICS amass, to a greater or lesser extent, *national will* and an *objective basis* at the same time. According to Hurrell (2009, 11) “it is easy for the stony realist to laugh at empty pretensions of countries whose ambitions crumble before their limited material capacities. However, the power in international relations requires purpose and design”.

To become a power, on the one hand, a country should have more than national will, it is necessary to gather objective conditions – classic power

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<sup>6</sup> As argued, for example, by José Luis Fiori in “Poder, geopolítica e desenvolvimento”, in *Valor Econômico*, June 26, 2013.

<sup>7</sup> “El rol geopolítico de los BRICS: una visión brasileña”. Ronaldo Carmona. Presentation at the I Conference of Strategic Studies. Havana, Cuba, October 2013.

attributes such as territory, population, wealth, military and scientific capacity – on the other hand, it would be naive to think that there being an objective basis, absolutely, by determinism, a country would then become a power in the international system. On the contrary, a country that has objective conditions but scarce national cohesion around the goal to ascend to the condition of a power invariably falls back, and it even, ultimately, gives in utterly or in part its power attributes to other peoples who have a better designed *national project*.

Regarding the first point, it is essential to note that the alliance between the BRICS countries has an objective basis, rather than the product of random definition. As shown in Chart 1, if we make a clipping based on the factors of territory, population and the size of the economy, we find the four original BRICs and the United States.

The incorporation of South Africa, decided in the third Summit held in Sanya (China), provides a clear geopolitical dimension to the alliance, starting with the geographical condition of the African country as a contact point between the Atlantic and Indian oceans. Moreover, it incorporates a relatively stable country in Africa, run by a progressive coalition led by the African National Congress (ANC) and leader of the African Union (AU) – South African Nkosazana Dlamini-Zuma, former wife of President Zuma, elected last May, has been the general secretary of the AU since 2012.

The five BRICS gather an extraordinary power combined: both the “non-Western” members of the United Nations Security Council, three nuclear-armed powers, besides being countries with strong base of natural resources, food production and industrial capacities, scientific, technological and innovation clusters in areas that are, generally, complementary.

Thus, the alliance among the BRICS should be seen through structural factors rather than conjunctural ones. For example, these are countries that bring together a higher potential for economic dynamism than the now central countries, starting with the very intrinsic dynamics of capitalism regarding the uneven development. The ability of resistance to the first phase of the current crisis of capitalism that erupted in 2008 reveals this factor. Certainly, given the proportions of the crisis, it would be unrealistic to ignore that even the BRICS would be impacted in their growth rates.



As recalled Ricupero (FUNAG 2012), “this conceptual innovation (the BRICs) was, in fact, created by George Kennan rather than this minor character of an investment bank”. Ricupero refers to the concept of *monster countries*, proposed by the U.S. diplomat and geopolitician, regarding countries that combine at the same time “a continental extension and great population”<sup>9</sup>. For Kennan, the five monster countries were the U.S., then Soviet Union, China, India and Brazil. It is worth recalling – for the subject will be resumed later on – that Kennan is also known for developing Nicholas Spykman's *rimland theory*, in what would later become the *theory of containment* or the *Truman Doctrine* – that is, the idea of geostrategic moves seeking to confine USSR's power to the limits of its heartland.

What can be observed so far shows how the BRICS is founded on geopolitical and geostrategic concepts and analyses that are much more complex than Mr. O'Neill's *investors' report*.

Another essential theoretical aspect to be considered regards the way the BRICS countries take on their *reformist posture*, through which they seek “to demand the revision of the established order and its ruling norms so that their own interests, concerns and values may be reflected” (Hurrell 2009, 11).

Being the BRICS an “*anti status quo*” alliance, what does it mean for these countries to actualize their purposes?

To answer this question, important concepts can be found in the literature. Ideas such as balance of power, proposed by the realist school, or *bandwagoning* are useful in understanding the behavior of countries in general and that of the BRICS, specifically.

In the *balance of power*, Waltz (2000), for example, claims that states will respond to the concentrated power with various kinds of balancing arrangements, joining forces against the most powerful.<sup>10</sup> *Bandwagoning*<sup>11</sup>, consists of the opposite act, that is, to form an alliance with the strongest

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<sup>9</sup> Ideas presented in *Around the Cragged Hill: A Personal and Political Philosophy*, whose first edition dates back to 1993.

<sup>10</sup> Originally, we find the concept of “Balance of Power” in Spykman, Nicholas. *America's Strategy in World Politics: The United States and the Balance of Power*. New York: Harcourt, Brace and Co., 1942, 447.

<sup>11</sup> Term assigned to political scientist Stephan Van Evera (Hurrell 2009, p.17).

country or coalition, in a sort of pragmatic accommodation in relation to the hegemon.

In the case of the BRICS, I agree with Hurrell (2009, 34-35) and other authors<sup>12</sup> that the most appropriate is to consider that the BRICS adopt a type of *soft balancing*. According to the author, soft balancing “does not involve direct attempts to confront and constrain the dominant country through military alliances (external balance) or military mobilization (internal balancing)”. Rather, he says, it “involves other forms of cooperation: *ententes*, informal understandings, *ad hoc* cooperative exercises or collaboration in international and regional institutions”. The author argues that “the purpose of these cooperative forms is to complicate and increase the cost of U.S. policies in international institutions (especially denying them legitimacy)”, therefore making use of “non-military mechanisms” to achieve their reformist purposes.

It could be argued that with the creation of instruments that act directly on the international economic and financial order – as the BRICS Bank and Fund – the major five countries intervene to change the *status quo* in a way that is far from mild. In any case, apart from the possibility of developing strategic cooperation – currently only embryonic<sup>13</sup> – effectively, the *sui generis* transition in the current international order precedes that *manu militari*.

One last question to interpret the BRICS is to understand the uniqueness of each of its members. Note that these differences, natural when it comes to mega countries, are amplified by the mainstream in the campaign to discredit the BRICS. Though real, these differences are not obstacles in view of the prevailing convergence of interests on their rise in the international system, as argued in this essay.

Three of the BRICS are ancient civilizations: Russian, Indian and Chinese. Out of these, historically, two have experienced the status of superpower: Russia, as the pinnacle of the Soviet Union, and China as the powerful *Middle Kingdom* until the beginning of the humiliation century in 1850. In this sense, the intentions of (re)ascension of Russia and China may be seen as *restorationist* efforts towards a condition already seen in the past.

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<sup>12</sup> In Hurrell, there are references, on this concept, to T.V. Paul and Robert A. Pape.

<sup>13</sup> The reference here is the relatively regular meetings – four sessions have already taken place – of the *National Security Advisors* of the BRICS.

Beside the three ancient civilizations, it is added a *new civilization*, the Brazilian, established more recently yet with unique characteristics that grant it enormous potential. One could speak here not only of objective potentialities of Brazil but also of its extraordinary civilizing potential, which is rooted in its original social formation, the constitution of a *new-people*, amalgamated by the confluence of its three constituent parts.

As the fifth BRICS, South Africans do not constitute a civilization in a more complex anthropological sense, given its marked ethnic and even tribal division. However, their presence in the coalition strengthens it, as mentioned before, for geopolitical and geostrategic reasons, for it is the apex of African integration and lies in a geographical area (Africa's Southern Cone) of confluence between the Atlantic and the Pacific.

Let us then identify some of the geopolitical and strategic reasons for each of the RICS – later in the article there will be a whole section dedicated to discuss the Brazilian case. The motivation here is to resume the argument that the BRICS is essentially an alliance of countries with common interests. This is a *tactical alliance*: the BRICS countries combine their strength, as said, to accelerate a transition in the international arena that favors the national project of each of its members, gathering more favorable conditions for the course of its development. In particular, the three giants of the Eurasian land mass – Russia, India and China – have historically balanced between cooperation and conflict; in the context of the early twenty-first century though, the cooperation factor has certainly overridden that of conflict.

Russia and China, specifically, have dense and structured geopolitical thinking. India and Brazil, although recent, have it as well. South Africa is structuring its national vision.

**Russia** inherits from czarism and especially from the Soviet geopolitics, of over seven decades in the twentieth century, a long tradition of strategic thinking. Largely under Putin, this tradition is resumed in the recovery of *Eurasianism*.

Based on this tradition, there is a major contemporary strategic novelty of the *new Russian stance*. Although it had been tested for a few years, now under the second presidency of Putin is taking a clear shape. Increasingly threatened in its *core interest* – which includes the country's territorial integrity

and the maintenance of its geostrategic area of influence – Moscow shows signs of clear abandonment of the traditional geopolitical uncertainty that has been its characteristic since the end of the USSR, balancing between the need for autonomy that a great country must have and the alliance with the *West*, in which co-opting the G7 – extended to G8 – is a symbol.

The first major move representative of Russia's new stance was the action that ensured the bases for a *game changer* in the war in Syria last October, preventing, through bold diplomatic maneuver, the consummation of the NATO intervention based on the gross manipulation regarding the alleged use of chemical weapons by the government of Bashar al-Assad. More recently, in a new Russian move that was even more daring, there was the establishment of a *red line* on its territorial integrity in face of the European/Western cooptation of Ukraine – Kiev is a cradle of the Russian nationality. The annexation of Crimea hence was a clear message that Moscow's limit is the threat to its territorial integrity and the Russian minorities scattered along its borders.

The Fortaleza Summit, therefore, occurs in this context of a new Russian geopolitical posture while there is a resurgence of geostrategic pressures aimed at China, to put this country on the defensive in its own territorial sea. This is the geopolitical framework in which one should read Vladimir Putin's recent visit to Beijing, last May, and the signature of a 30-year energy pact for the supply of Russian gas to China – dodging the Western attempt to isolate Russia. An alliance between two large countries, members of the Security Council and major nuclear powers – an alliance that, if strengthened, has direct effects on the solidification of the BRICS alliance.

For Russia, that is the way the recent Fortaleza meeting can be read. For Moscow it had a key strategic sense, especially considering the revival, in face of Moscow's return of international leadership, of movements by the established powers to embarrass Russia in its own geographical area – see the advance of NATO on Ukraine. The presence of President Putin in Fortaleza was his first post-Crimea appearance in a multilateral forum and the second expressive move seeking to break the isolation attempt – the first was the visit to Beijing in May, upon the signature of the aforementioned energy agreement.

Nevertheless, Obama followed his anti-Russian offensive and, in a provocation (extensible to the Summit's host country), announced new rounds

of sanctions while President Putin was in Brasilia. The shoot-down of the *Malaysia Airlines* aircraft in eastern Ukraine – two days after the Fortaleza meeting and about the same time that Putin’s airplane was on its way back to Moscow – added to this offensive, in a clear “false flag operation”, in military terms <sup>14</sup>.

Days later, it was time for Putin to announce retaliation: being the fifth largest importer of agricultural products, Moscow announced the cancellation of purchases in the European and U.S. markets – the EU alone exported US\$ 13.8 billion in agricultural products to Russia in 2013. In an important gesture, Moscow hinted it might seek in the Brazilian market an important part of these products. Also, the Russian defense industry, an intense subject of Western sanctions, may seek the same path together with the BRICS.

For **China**, the participation in the BRICS adds to the central concern of contemporary Chinese foreign policy: “the active search of a peaceful international environment benefiting its own development”, in the words of President Xi Jinping<sup>15</sup>. Moreover, the alliance adds to China’s aspiration to solidify its presence in the international arena and increase its financial diversification. The relationship with large countries with raw materials also serves China’s interest to ensure the steady inflow of these goods, supporting the Chinese development. In this case, besides the relationship with Brazil, Russia and South Africa – large holders of raw materials – the alliance facilitates the access to their surrounding countries, especially in Latin America and the Caribbean and Africa<sup>16</sup>.

It should be noted – despite the *Sinophobia* propagated by some conservative Western think-thanks – the Confucian uniqueness of Chinese geopolitics. As proposed by Torres (2014),

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<sup>14</sup> *False flag* are military or intelligence operations that appear to be made by the enemy to take advantage of the resulting consequences. What interest would the Ukrainian rebels have in attacking a civilian airliner? The right-wing government of Kiev, on the contrary, an opportunity arose to terminate with extreme military force the separatist movement.

<sup>15</sup> Interview with four media outlets in Latin America, on July 14, 2014.

<sup>16</sup> Yet, it is noteworthy, the *reprimarization* in this relation is a growing concern, for example, for Latin American countries. This is the case of Brazil, which in 2013 had on commodities 87% of its sales to China, while out of its imports from China country, 60% were manufactured products (Carta Capital, July 23, 14).

The "Confucian" narrative stems most from the ancestral roots, in which China was interpreted as the universal center of culture. This center should be respected and assimilated by the peoples around it, who should be governed by its hierarchy and managed in harmony. In this order, conflict was not necessary, being seen as an aberration, a consequence of moral laxity or error of command. This narrative, which is deeply rooted in the current discourse of China's geopolitics, suffered its most serious setbacks when the Western powers of the nineteenth century, embedded in early geopolitical concepts, almost immediately turned it into a colonial territory.

The influence of the social formation in the geopolitical thinking is a subject to be considered as crucial to understand the world view of a particular state.

Also in the **Indian** case, it must be considered the influence of the state thinking to evaluate the attitudes and traditional positions of the country. Thus, despite the new right-wing government, elected last May, the first six months of the new government have shown a line of relative continuity in foreign policy.

The Fortaleza meeting represented the first international trip of new Prime Minister Narendra Modi. It is worth noting that the first meeting of Modi with his two major neighbors – Russia and China – has taken place on Brazilian soil – from which it was agreed on the densification of the Indian presence in the Shanghai Cooperation Organization, an alliance in the geopolitical dispute in the world's heartland.

Modi's interventions reiterated India's commitment to the BRICS, reinforced by the fact that the prime minister goes back to New Delhi with the first presidency of the NDB – it is important to note that the idea came up in the fourth Summit, held in India in 2012.

**South Africa**, in turn, has special interest in consolidating the commitments that it spearheaded at the Durban Summit (2013), regarding the BRICS support to African integration through infrastructure financing: the country holds the presidency of the African Union. To this end, Zuma leaves Fortaleza with an NDB office, which will be concurrently opened with the headquarters in Shanghai, renewing the commitments to Tshwane government's priorities.

## 2. The Fortaleza meeting and the uncertainties in the transition in the International System

This section of the text will seek to analyze the expressive potential of the decisions taken at the Fortaleza meeting for the *great game* of global geopolitics. Initially, I will present the results of the sixth Summit, in which the BRICS created “gears” (*instruments*) and politically approximated positions (increasing their *degree of cohesion*) on the major issues of the contemporary international situation.

Was the meeting of Fortaleza the test for a new *Bretton Woods*?

The sixth Summit was marked, as said above, by the emergence of the BRICS Bank and Fund. For some analysts, a new *Bretton Woods* was outlined in Fortaleza. Exaggerations aside, however, it was correct the interpretation of the transcendental decision expressed in the words of the South African President, Jacob Zuma, to whom the meeting was “*a historic and seminal moment which saw, for the first time since the post-Bretton Woods Institutions era, the creation of a new and unique financing initiative*”<sup>17</sup>.

The Bank (NDB) comes up with an authorized capital worth US\$ 100 billion and initially subscribed capital worth US\$ 50 billion, with equal contributions by the five partners<sup>18</sup>. Nevertheless, as it will consolidate, says an analyst, “the Bank will attract other deposits and grow ten or twenty times”<sup>19</sup>. This is explained by the peculiar leverage capacity of a financial institution of this nature and the possibility of attracting capital from various funds. China, for example, with its high liquidity, may find in the Bank a profitable alternative to its resources.

The Fund, in turn, “a mini-IMF”, with a common reserve of US\$ 100 billion, is an important insurance against future crises in the balance of payments, a present threat especially if the monetary maneuvers of the rich countries persist, mainly those of the United States, which, in face of the

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<sup>17</sup> See <http://www.thepresidency.gov.za/pebble.asp?reid=17711>

<sup>18</sup> Unlike the Bretton Woods institutions, the NDB comes with a strictly equivalent governance in terms of distribution of power among its five founding partners. It is highly questionable, therefore, the interpretation of certain Western analysts that the Bank would be an “instrument of Chinese expansion.”

<sup>19</sup> Michael Wong, a professor at Hong Kong City University, in an interview with BBC Brazil, July 15, 2014.

withdrawal of stimulus in response to the crisis, has taken measures that generate a (still moderate) outflow of foreign exchange in emerging economies – an “escape to liquidity” in the words of Luiz Gonzaga Belluzzo<sup>20</sup>. It may be an important instrument for the protection of national currencies and the very economic stability of the BRICS countries.

From the geopolitical point of view, the initiatives contribute directly to the relative decline of influence of the U.S. and European Union – via the institutions they control with an *iron hand*, IMF and World Bank – over developing countries, creating financing alternatives stripped of the degrading political and economic conditionalities of these traditional institutions – admittedly, more draconian for some than for others. For example, Ukraine, upon the establishment of its pro-Western government in Kiev, had an US\$ 18 billion-loan approved in record time. The same would hardly occur, for example, if a country like Argentina needed the same support – unless it adhered to a heavy *adjustment program*.

The fact is that the fundamental functions of the World Bank and the IMF – which, as envisioned 70 years ago in Bretton Woods, comprise “financing for development” and “containing crises in the balance of payments” – are increasingly difficult to implement, either for their ultra-liberal ideological criteria, or for its very dimension that is insufficient given the needs of today's world, characterized by huge lack of resources for infrastructure and development financing worldwide, especially in the developing countries – UNCTAD estimates such demand at US\$ 1 trillion for infrastructure alone.

The creation of the NDB and the CRA results, first of all, from the enormous resistance of the *establishment* countries to cede power and reform the international financial institutions – a fact expressed bluntly in paragraph 18 of the Fortaleza Declaration. Even with the enormous need for funds in the world, the G7 countries are reluctant to expand the role of institutions, as the World Bank, while they are not willing to reduce their control – in order to express the real economic weight of each country that is now very different from the post-war years. China, for example, has fewer votes in the IMF than the corresponding chair of the Benelux countries (Belgium, the Netherlands and

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<sup>20</sup> “Em um mundo de inevitáveis colisões”. Carta Capital, July 23, 2014.

Luxembourg). The G7 has 43% of votes in the IMF; BRICS, as a whole, keep 10.3%, despite representing about a quarter of world GDP.

It is worth stressing that the BRICS have contributed significant amounts of resources to the IMF in the crisis aftermath, becoming *unprecedentedly* the institution's **creditors**. As noted Paulo Nogueira Batista Jr., an IMF director indicated by the Brazilian government in 2012, “China announced additional US\$ 43 billion (to the IMF); Brazil, Russia and India announced US\$ 10 billion each; South Africa will contribute US\$ 2 billion. In the previous round of loans to the IMF in 2009, the BRIC countries contributed the sum of US\$ 92 billion – China with US\$ 50 billion, Brazil, Russia and India with US\$ 14 billion each”<sup>21</sup>.

The *reformist* attitude of the BRICS towards the international financial institutions concerns the fact, says Hurrell (2009, 27), that these are effectively arenas of power, being able of even “constraining the most powerful”, given the ability of bodies such as the IMF and the World Bank to define economic policy standards for countries. Invariably, these standards meet the national interests of the countries that rule them – in this case, the United States and the European Union, “owners” of the quotas that ensure their control, since its post-war formation.

The NDB comes as an attractive alternative to the allocation of liquidity and the increasingly bulky foreign reserves of the major emerging economies, shifting from the “safe” low-yielding securities as the *treasuries* (the U.S. Treasury bonds) to investments in the potentially profitable infrastructure projects in Latin America and Africa, with guarantees on government-to-government transactions. Therefore, as noted in a recent *Financial Times* article, “the BRICS bank will mark a significant shift in the international development finance architecture”<sup>22</sup>.

In the case of China, since 2009 the country has announced a strategy to reduce exposure – and therefore its vulnerability – of keeping much of its

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<sup>21</sup> Our translation from “Os BRICS no FMI e no G-20”, December 2012.

<sup>22</sup> According to Columbia University economist Stephany Griffith-Jones (see “China vence e será sede do Banco dos BRICS”. Folha de São Paulo, June 8, 2014, p. B9).

reserves applied in U.S. bonds<sup>23</sup>. Moreover, the NDB fits like a glove in the Chinese strategy of monetary diversification and the pursuit of *renminbi* internationalization.

Thus, the arrival of the NDB and the allocation of part of the BRICS reserves in the CRA can be read as a movement of decreasing their exposure to the dollar. Considering this movement, an important question regards the medium- and long-term consequences for the dollar hegemony in the international financial system, for that is one of the key factors for U.S. global hegemony.

As it manifests itself clearly, the *G7 financial war* against the BRICS may recrudescence. After all, the international financial governance is increasingly marked by geopolitical impacts, derived from the fact that in the G20 itself there is a gradual crystallization of two power blocs: on the one hand, the G7 – a coalition of countries of the old liberal *status quo*, whose character is reaffirmed with the recent purge of Russia – and, on the other hand, the BRICS and their allies. Jim O'Neill, in an appraisal in *The Telegraph* of the sixth Summit, even speaks of two “factions” in dispute within the G20<sup>24</sup>. The outcome of this struggle will largely result in the twenty-first century international financial architecture.

A promising measure to impact on dollar hegemony is the increasing use of national currencies in the relations among countries, via currency exchange agreements (*swaps*) and other similar mechanisms.

The NDB, besides its great financial potential, might play an important role in the very update of the development theory in face of the twenty-first century challenges. After all, the BRICS countries, beyond their differences, point to a “non-neoliberal” development proposal based on productive investment and infrastructure. They reject the “neo-rentier and classical economic reform perspective”<sup>25</sup>.

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<sup>23</sup> See the article, which was widely reported at the time, by Zhu Xiaochuan, governor of the Central Bank (People's Bank of China).

<sup>24</sup> See <http://www.telegraph.co.uk/finance/globalbusiness/10991616/The-Brics-have-a-100bn-bank.-Can-the-West-start-taking-them-seriously-now.html>

<sup>25</sup> As said Michael Hudson, in Carta Capital, July 23, 2014.

Thus developmental tradition is strongly present in the economic trajectory of each of the BRICS and in what Hurrell (2009, 38) calls the “strong statism featured in all these countries”, that is, the existence of the state leadership through most of the economic history of the BRICS in conducting the development path.

It is worth noting that the Bank emerges upon the know-how and expertise of robust national development banks of its members. This is the case of Brazil, with BNDES, a bank that has greater dimensions than the World Bank itself.

Being the emergence of the NDB and the CRA movements of deep geopolitical and geo-economic impacts, it should be highlighted Brazil’s demonstration of strategic vision in the maneuver that allowed its announcement in Fortaleza. Regarding the Bank, it is widely known that Brazil was the only country of the five not to claim the headquarters of the institution, just to better position itself for another election, namely indicating the first president of the new institution. It has been reported, however, that on the eve of the leaders’ meeting in Fortaleza, an impasse remained between New Delhi and Beijing for the head office of the Bank; it was then that President Dilma advised that Brazil give in the first presidency to India, thus enabling the outcome which established its headquarters in Shanghai, and hence the successful outcome of the meeting of Fortaleza<sup>26</sup>. In doing so, Brazil also reiterated new Indian government’s commitment to the BRICS. Nevertheless, fundamentally, it allowed for a decisive move on the global geopolitical chessboard.

As one analyst stated, in an interesting analogy, the BRICS started by wanting to “sit at the table”, whose access was forbidden to them; then they sought to “change the menu”. Facing impossibility, they went on to “set their own table”<sup>27</sup>. This is the meaning of the emergence of the promising BRICS Bank and Fund.

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<sup>26</sup> Brazil will chair the Board of Directors of the NDB and have will the next president after the Indian administration; Russia will chair the Board of Governors (ministers).

<sup>27</sup> Anthony W. Pereira, King’s College, London (The BRICS Post, July 15, 2014).

## 2.1. Advances in political cohesion of the BRICS on the major global issues in a panorama of deterioration in the international scenario

The sixth BRICS Summit was also marked by further improving common viewpoints among its five members. The reading of the 72-point Fortaleza Declaration allows us to note that, unlike the *mainstream* skepticism, there is a growing convergence on key themes on the international agenda.

This constant convergence on positions, after six meetings of heads of state, permits these five major countries to take common positions in “hard” issues such as the war in Syria, the UN reform and the espionage affair promoted by U.S. government intelligence agencies against several countries. This growing cohesion of the BRICS has great importance in view of the recent geopolitical course. Let us analyze important aspects of this recent development in the global scenario.

More recently, the evolution of the international framework has been characterized, in addition to the resilience of the international crisis, by actions that seek to render victorious the *countertendency* against the movement observed in the first decade of this century: the decline, albeit slow and gradual, of traditional powers – notably the United States and Europe – and the rise of large developing countries, most notably the BRICS, and especially China among these.

The rise of the “periphery” has been the great mark of the early twenty-first century. From the late 1990s until recently, one in seven developing countries exceeded the U.S. growth at 3.3% per year on average, so, in 2013, for the first time the “emerging” markets accounted for more than half of world GDP in purchasing power parity.

One should bear in mind that the current transition breaks out from this structural data: the relative decrease in economic weight – and hence political and then military weight – of the core countries, i.e. the United States and the European bloc, alongside the increase of relative weight of large developing countries, as seen in the accelerated economic rise of the BRICS in this twenty-first century.

Nevertheless, the main established power, the United States, given its immense accumulated power, remains the leading nation in the world in terms of power, be it political, economic, cultural, ideological or especially

military. And it gives clear signs of maneuvers to prolong or even revive this condition.

Under President Barack Obama, the United States thus seeks this countertrend in relation to its diagnosed decline, even by its own think-tanks and official policy documents. It seeks a reaction on the economic level, putting in full swing a strategy of decrease in energy dependence (by exploring shale gas) and through an active re-industrialization policy supported on the large capacity in Science, Technology and Information that the U.S. has amassed over time. In the geostrategic plan, the current government is trying to end the Bush era (whose focus was on counterterrorism asymmetric warfare), by shifting its focus to the Asian *pivot* – strategic preponderance in the vast Asia-Pacific region – by updating the doctrine of containment, targeting China.

But such maneuver proves more difficult than planned: doubts about the sustainability of the “energy revolution” loom – serious studies evince its short live – and the gradual withdrawal from the “greater Middle East” is clouded by the very “legacy” left by the wars, generating chaos and instability in countries like Iraq, Afghanistan and Libya – see the current war against the so-called *Islamic State*.

The international crisis, of course, reached the center before the periphery – given a phenomenon intrinsic to capitalism on its uneven development, which gives a relative greater dynamism on the “new frontiers” of capitalism. Lasting, however, the crisis registered an overflow to developing countries in recent years – though not to the degree seen in the core countries, especially in Europe, which still suffers a prolonged recession and social crisis. But the fact is that the BRICS, which accounted for two-thirds of world GDP growth in 2008, accounted for less than half in 2012, a factor that is expected to remain stable in the coming years, according to IMF projections.

Certainly, the above-mentioned deceleration of the “emerging” markets produced an exaggeration, especially in part of the *Americanists*’ interpretations. But, in fact, neither are the United States the engine of the world economy again as advertised (based less on reality than desires of some more daring interpretations), nor is the deceleration of “emerging” markets as sharp as presented – China, for example, remains with relatively high growth for its standards, at 7.5% of GDP.

The pursuit, by central countries, to make this countertrend victorious in an ongoing protracted struggle for what the outcome of this transition will be has striking geopolitical and geostrategic features. As mentioned above, there is a notorious rehabilitation in the strategic orientation of the core countries – mainly the U.S. – of classical geopolitical theories and principles, especially of authors who formulate *theories of containment*.

There is a new labor division within NATO; while the United States is heading steadily towards the *Asian pivot* policy – seeking to achieve hegemony in the Pacific basin, squeezing China as much as possible in its own territorial sea – Europeans, increasingly *walled* in their own fortress, seek to be in charge of the “stabilization” of its long and unstable regional environment – which runs from the North African Sahel to Ukraine, the current object of the strategic arm wrestling between Moscow and Brussels.

As never before, regime change operations are being used more frequently, in an escalation that follows a recurring script, which runs from the demonization of their leaders by the global propaganda apparatus and promotion of internal divisions in the targeted countries to direct intervention itself. The recent case of Libya, and currently, Syria and Ukraine are patent examples. One cannot rule out the use of the same *modus operandi* in relation to other countries, including the BRICS.

The pursuit of U.S. “withdrawal” from the Middle East – frustrated due to the systemic instability in the region – in addition to the attempt of the Obama presidency to solve the Iranian affair, is an answer to the need to focus on trying to reverse the rise of large developing countries – especially China, but also, less explicitly, the other BRICS.

New powers, which naturally come to challenge the previous *status quo*, become a strategic priority in the range of actions of the main world power. Thus, in this U.S. strategic turn, classical geopolitical doctrines, such as those by Admiral Mahan, geo-strategist Nicholas Spykman and Ambassador George Kennan, are rehabilitated and updated.

An important novelty, derived from technological developments, which allows more leeway in this U.S. move, is the production of shale-based oil and gas – which, despite doubts about its durability, has allowed significant import substitution. Optimists even talk about energy self-sufficiency in the United States as soon as the 2020s, a fact with outstanding strategic effects.

The centrality of geopolitics, materialized by the more explicit resumption of the containment policy towards emerging poles by the main world power, happens in a multifaceted shape, expressed not only in the strategic and military field.

For example, the geopolitical objectives are clearly present in the negotiations of economic rules currently carried out by the United States as the TPP (short for Trans-Pacific Partnership) – which includes Chinese surroundings yet excludes Beijing – and the TTIP (acronym for Transatlantic Trade and Investment Partnership, between the U.S. and the European Union). At the hemispheric level, the Pacific Alliance, arising under clear inspiration from the U.S. State Department, has an equal strategic motivation: to isolate Brazil and the more autonomous bloc of South American countries. As recently stated by a U.S. analyst close to the financial market and above suspicion, Jean Pierre Lehmann, “with TPP and the TTIP, the United States leads a counter-offensive to contain and isolate economic rivals such as Brazil, India and China”.

## **2.2. The resumption, by the established powers, of the geopolitics of containment towards the BRICS**

Let us develop the issue, presented above, of the rehabilitation of the *containment doctrine*. Historically, the overtaking of an established power by another occurs in the context of military victory<sup>28</sup>. In the ongoing transition observed in the international scenario, however, the overtaking will occur primarily by material power. The Chinese overcoming upon the U.S. economy is imminent – according to the World Bank statistics agency, in a study released in late April, it is expected to take place still in 2014 based on purchasing power parity, i.e., the relative weight of economies at the real cost of life. According to the same study, the U.S. has led this index since 1872. While India, according to the study, would surpass Japan to become the third world economy. The economic overtaking, however, does not lead to the immediate overtaking in terms of political leadership, let alone in military ones.

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<sup>28</sup> See, among others, “The Rise and Fall of the Great Powers” by Paul Kennedy (Ed. Record, 1989) and “Os impérios na história”, ed. Francisco Carlos Teixeira (Ed. Campus, 2009).

There not being a direct military confrontation now, as we have seen, the countries of the *status quo* will act strongly in order to operate a counter trend, which currently serves mainly the rehabilitation of the old geopolitical doctrines of *containment*. Suggested by Spykman, the containment strategy takes shape from George Kennan's celebrated article entitled "The Sources of Soviet Conduct", published in *Foreign Affairs* in 1947. In it, the then U.S. ambassador in Moscow begins to outline what was initially known as the *Truman Doctrine* and that would ultimately lead the United States to victory in the Cold War, with the disintegration of the Soviet Union.

Contemporaneously, Brzezinski (1998, 201) is explicit in claiming that "the most immediate task is to make certain that no state or combination of states gains the capacity to expel the United States from Eurasia or even to diminish significantly its decisive arbitrating role"<sup>29</sup>.

Recent events in the global strategic scenario suggest that, by direct or indirect means, open or covert, overt or subtle, the BRICS are object at this time, individually or collectively, to what might be called as a rehabilitation of *geopolitical containment*.

Under Obama, especially, it has been announced the strategy which is known as "*pivot*" or "*rebalance*" to Asia. In which is certainly the main geostrategic novelty of the last period, there appeared a document with the suggestive title of "Sustaining U.S. Global Leadership: Priorities for 21st Century Defense" in 2012<sup>30</sup>. The new U.S. geostrategy supersedes the previous stage – the *war on terror*, in force since the attacks of September 11, 2011 – and aims to answer the great ongoing geopolitical change in the early twenty-first century: the slow yet effective *erosion* of clout of the traditional Western powers on the one hand, and, on the other hand, the mounting – though not without setbacks and obstacles – *rise* of large developing countries, symbolized in the

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<sup>29</sup> Here, in addition to acting on the rimland, Brzezinski advocates the direct intrusion into the heartland. It is worth recalling, in the recent period, the establishment by the United States, with the pretext of the war in Afghanistan, of its military bases in two countries of the former Soviet Union: in Karshi-Khanabad (Uzbekistan) and Manas (Kyrgyzstan). Due to combined pressure from Russia and China, especially from the Shanghai Cooperation Organization, the United States left these bases respectively in 2005 and 2014 (June).

<sup>30</sup> See [http://www.defense.gov/news/Defense\\_Strategic\\_Guidance.pdf](http://www.defense.gov/news/Defense_Strategic_Guidance.pdf). Accessed October 1, 2014.

BRICS alliance and having its most striking expression in China – the world’s second economy in the process of becoming its premier.

Thus, since 2012, the United States has begun to focus its military strategy on the Asia-Pacific region, specifically on the containment of China. This strategic posture is confirmed in the recent *Quadrennial Defense Review* (QDR), sent to the U.S. Congress last March 4, 2014<sup>31</sup>.

Moreover, the *geopolitical containment* strongly acts to foster divisions and instability in the strategic environment of each of the BRICS. Among the most obvious cases, there are the current tension in the Russian-Ukrainian border and the troubled *China Sea*.

Furthermore, the contention occurs in less perceived cases as well, such as the control of the South Atlantic by NATO from an “islands cord” and the permanent campaign to fracture the South American union, either through fostering instability in countries such as Venezuela and Argentina – the two main partners of the Brazilian project – or through open interventions through agents, as is the creation of *Alianza del Pacífico*, focused on clear geopolitical purposes against Brazil.

In each of the BRICS, there have also been identified pressures on a key factor for the rise of a country in the international system: national cohesion. Russia is permanently pressed by the ethnic factor, either through centrifugal tendencies on the part of a minority in its territory (the Chechens, for example) or through threats to its nationals living in former Soviet republics. China lives under constant territorial threat concerning Tibet and the Uyghur minority in Xinjiang. India is pressed by a constant tension between the Hindu majority and the Muslim minority. South Africa remains, two decades after the end of *apartheid*, with problems of racial nature. Even Brazil, characterized by a mixed social formation, is no exception: in addition to the ideological promotion of multiculturalism – by wealthy foreign agencies – absolutely foreign to the Brazilian society, it is constantly pressed by manipulations regarding indigenous issues, among other pressures of *racialist* nature.

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<sup>31</sup> See [http://www.defense.gov/pubs/2014\\_Quadrennial\\_Defense\\_Review.pdf](http://www.defense.gov/pubs/2014_Quadrennial_Defense_Review.pdf). Accessed October 1, 2014.

Threats to the BRICS, in its ascending path, also take place by the very deterioration of the international situation, from the introduction of certain concepts to the multilateral “legal order”. This is the case of the concept of *responsibility to protect*, which has given rise to modern “humanitarian” or “civilizing” wars as well as indirect actions of *regime change*, the concept by which contemporary *coups* have been called.

The spotlight of geostrategic tension on Russia, China or the Middle East, should not cloud explicit movements against Brazil, in a geopolitical analysis. Let us examine these tokens.

### 3. The BRICS in the Brazilian strategy for rising internationally

For Brazil, the participation in the BRICS represents a path in favor of increasing the country’s leeway in face of a troubled international scene, through an alliance with major emerging countries with convergent national interests, which represent the essence of the alliance’s growing strength. Also, it will resonate through Brazil’s geographic and strategic surroundings, as will be shown later in this article.

However, the Brazilian project to become a *power*, emerging as a pole of power in the outcome of the current transition in the international system, is faced with frequent obstacles, historically and contemporaneously. Endogenously and exogenously.

Historically, for example, Brazil’s desire to play a central role in both major institutions of global governance in the twentieth century – the League of Nations and the United Nations – demonstrates this aspiration<sup>32</sup>. In the second half of the twentieth century, this problem became frequent, as Vizontini (1996) shows.

The aim of becoming one of the poles in the evolving multipolar world derives primarily from the search of achieving exogenous conditions that are more favorable for the course of its national project, since, as one of the major actors in the international system, Brazil will have better conditions to defend

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<sup>32</sup> Historian Eugenio Vargas Garcia documented this Brazilian claim in two books: *O Brasil e Liga das Nações* (1919-1926). Porto Alegre: UFRGS, 2000; and *O sexto membro permanente. O Brasil e a criação da ONU*. Rio de Janeiro, Editora Contraponto, 2012.

its own interests and those of its allies, preventing others from embarrassing or contradicting its legitimate national aspirations.

However, the difficulties stem from the very course of the international geopolitical developments – marked, as seen above, by forceful movements to prolong the *status quo* by the established powers. There are also impasses and strategic uncertainties of Brazil at a time when it must overcome new crossroads to switch to a new national development project.

In this early twenty-first century, Brazil has experienced a spiral of unprecedented autonomy in national history. The country positioned itself seeking to maximize the window of opportunities opened by the power rebalance in the world. Nevertheless, the national strategic aspirations to deepen this autonomy, achieving the ascension to the degree of power or pole in the increasingly multipolar world, are contradicted by both foreign and domestic forces, in which powerful political and social forces question Brazil's ambition to have an international presence befitting its stature.

The last three presidential terms, started by Lula in 2003, have as a key legacy, in addition to the stunning social mobility, the sovereign international ascension of Brazil. The recent re-election of President Dilma Rousseff, to be in office until 2018, points out that this stance on political and strategic international insertion will continue, according to the government program.

This period has recorded the launch of major initiatives related to the “Brazilian strategic environment”, particularly in the West (South America) and the East (South Atlantic and Africa). At the same time, Brazil has engaged in initiatives and alliances – from which the BRICS stands out – aimed at reforming the international system. In particular, from the Brazilian perspective, it is highlighted the goal to reform the anachronistic United Nations Security Council, which has frozen reality for 70 years and yet remains the center of power in the international system.

After twelve years, however, Brazil deals with an increasingly hostile external environment towards its international rise, at the same time that it faces internal difficulties to become a pole of power in the world. Thus, Brazil's rise *depletes a first stage*, clearly in need for renewed goals to deepen its course.

The Brazilian rise needs, first of all, a greater *national cohesion* around its basic postulates, its essential national goals. The lower the cohesion is, the more fragile it is, and this means greater leeway for those against it.

As observed by José Luis Fiori, “the change in position within the hierarchy of power and the distribution of international wealth” was obtained by “societies that mobilized and acted in a unified manner, to face and overcome moments of difficulty and their inferiority situations, keeping their strategic objective for long periods of time, regardless of internal changes of government.”

The Brazilian ascension is also fragile given objective factors, especially those of strategic and military nature. Despite important advances in the ongoing modernization of the Armed Forces and the recovery of an industrial and technological base of Defense, Brazil is a country with no relevant military capabilities to defend its interests, if contradicted. Sometimes, it happened even by self-limiting restraints concerning strategic capacity, as the case of the gratuitous association in the 1990s, without any consideration, to restrictive regimes as the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) and the Missile Technology Control Regime (MTCR).

The Brazilian rise in the international system also occurs in fragile economic foundations. The three governments initiated in 2003 have failed to complete the shift from neoliberalism to a new national development project. They have only outlined this new national project.

Conditioned by a political pact established with the *Plano Real*, to subordinate any other issue to the so-called “currency stability”, for the last twenty years the country has remained in the “straitjacket” that constrains its rise. Even the progressive governments of Lula and Dilma, given the correlation of forces on the one hand and the lack of convictions on the other hand, did not dare to question this “national consensus”, including the risk of eroding the government's political base of support.

As an expression of weakening, in the twelve-year-old transition there is a relative de-industrialization of the economy and the *reprimarization* of the export basket, deriving, above all, from more than a decade of overvalued exchange rate and high interest rates, and serious productivity problems that have accumulated, with its frayed logistics infrastructure and insufficient integration of the national territory.

Among the Brazilian political and economic forces, those which one can dub as the financier-liberal bloc have defended what one can call a “new cycle of adherence to globalization”, based on the diagnosis that Brazil is a “closed economy”, outside the “global value chains” and isolated and attached to a MERCOSUR dominated by “Bolivarians”.

Here, first and foremost, one needs to understand the ongoing movements that will undoubtedly have profound impact on the course of the Brazilian national project. I refer to the *normative impulse* featuring contemporary global economic relations that may create heavy new conditionalities for the autonomy of the national project.

The ongoing “mega” negotiations (the aforementioned TPP and TTIP) involve little cutting of import and export tariffs – already at minimum levels in developed countries – and *many rules and regulations*, such as definitions of phytosanitary cordons for agricultural goods, standards for manufactured products, rules of intellectual property, government procurement and even limitations on the role of public banks and state enterprises. When setting restrictive regulations within these economic blocs that may arise, trade is deviated from those who have not joined to those who have. For example, part of Brazilian exports would be replaced by others within these mega blocs.

The adherence to the conditionalities and restrictions gestating within these blocs bind and tie the economies of developing countries that join the project of the central countries, limiting autonomy and the capacity to leverage autonomous development projects. Thus, for Brazil, the membership of these agreements would greatly limit the autonomy of economic policy or what international literature calls *national policy space*.

A recent example is the process that the European Union has just opened at the WTO against Brazil, questioning the latter’s industrial policy measures, such as the policy of national preference for cars produced in Brazil and that of regional development, comprising the Free Economic Zone of Manaus and EPZs (Export Processing Zones).

Brazil needs to upgrade or even relaunch its project of international ascension. One of the five largest countries in the world, if considered the territory, population and GDP combined, Brazil definitely cannot play in the *second division*. On the contrary, for its size and potential, it needs to have

an active policy in all global issues. It will soon need to overcome its national vulnerabilities and complete the transition to a new national development project.

The relation between foreign policy and national project is cut-clear; the former aims to act in the international game of powers seeking more favorable conditions to achieve the latter. In other words, each country operates on the international stage attempting to gather forces to create more favorable conditions for its development project.

With regard to its international insertion, Brazil will need, from January 2015 onward, within the new term of President Dilma Rousseff, to tackle basic problems.

The first of them – part of great national debate that has its South American dimension – is *how to finance* the project of ascension and shared development with our surroundings, the main impasse of South American integration project and to solidify our presence in Africa, our Western and Eastern borders.

The existing tools for this – Focem (MERCOSUR Structural Convergence Fund) and ABC (Brazilian Agency for Cooperation) – have serious financial constraints. In South America, UNASUR's portfolio of projects in infrastructure – bearing in mind that infrastructure is a premise of integration – has immense financial difficulties in moving forward.

Soon, the government and the productive sector need to be engaged in the problem of production integration and of the creation of regional value chains at the South American level – as seen on a regional scale, for example, among the countries of Southeast Asia. An example was the recent debate at UNASUR to seek the establishment of regional production chains from the industrialization of natural resources. At the same time, the participation in the BRICS has important repercussions for the Brazilian strategic environment.

Given the urgency of the issue of development in the world, the emergence of new institutions in the BRICS, especially the Bank, generates wide expectation among developing countries, especially for the potential to advance the financing of integration infrastructure in Latin America and the Caribbean – especially in South America – and Africa.

This perception was strongly expressed in the “second act” of the BRICS meetings: the meeting with South American presidents in Brasilia,

which repeated the experience of the Durban Summit, when the five heads of state met African leaders.

Chilean President Michelle Bachelet made a direct mention to the possibility of NDB financing the portfolio of infrastructure projects of COSIPLAN (UNASUR Council of Infrastructure and Planning), which priority list includes financing worth US\$ 17.3 billion. At this moment, furthermore, it is adequate to refer to Brazil's inability to finance this project portfolio, an underlying cause of the current impasse to advance the South American integration project and the result of lack of strategic understanding within significant sectors of its elites<sup>33</sup>.

Bolivian Evo Morales commented that the NDB, whose capital is three times Bolivia's GDP, is an opportunity to end the "submission and conditioning" that traditional institutions impose on Latin American countries.

President Rafael Correa particularly welcomed the creation of the CRA; it important to note the frequent support by the Ecuadorian president of a *Southern reserve fund*. Correa argued that with its constitution developing countries would use their reserves to finance their own development, instead of sending dollars to the first world.

President Nicolas Maduro, in turn, argued that the Fortaleza decisions "will change the course of history in the twenty-first century". The Venezuelan president praised the "virtuous leadership" of Brazil in Latin America and proposed an alliance between the NDB and the Bank of the South. Days later, the MERCOSUR Summit, held in Caracas, reaffirmed the need for the Bank of the South to come into operation.

From the geopolitical point of view, for Brazil, the possibility of financing integration projects in its geographical surroundings by the NDB introduces important factors. While it will help balance the serious problem for integration of project financing – a factor of paralysis and exhaustion – it will keep the trend that has been underway for some years, that is, the deepening of

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<sup>33</sup> Brazil has been the major contributor (70%) of the resources of MERCOSUR's FOCEM (Structural Convergence Fund), aimed to finance development projects in the regional bloc. However, with modest values. In seven years, the FOCEM has funded 45 projects worth US\$ 1.4 billion.

the presence of new powers in our surroundings, in addition to the presence of the old traditional powers, especially the United States.

Since there is currently a serious internal cohesion problem around the terms of the international rise of Brazil – with the state having a strategic vision considerably superior to its elites, especially those most linked with mercantile interests abroad – temporarily, until greater unity is established, an inevitable result is the greater presence extra-regional powers – old and new – in our geographical surroundings.

The two powers that are members of the UN Security Council try to do it, either bilaterally, or multilaterally. In the first case, it is worth highlighting the tour of presidents Putin and Xi upon coming to Fortaleza and Brasilia. The Russian president also visited Cuba, Nicaragua and Argentina, before arriving in Fortaleza. The Chinese president, in turn, left Brasilia towards Buenos Aires, later visiting Venezuela and Cuba. In Brasilia, both presidents had an extensive schedule of bilateral meetings with South American leaders.

China met with the *troika* of CELAC (Community of Latin American and Caribbean States) and carried out, with Brazil's support, a China-Latin American and Caribbean Countries Summit. The major Eastern country announced an ambitious plan called "1+3+6", to be launched in a China-CELAC Ministerial Forum, to be held in Beijing next year<sup>34</sup>. In Brasilia, it also announced credit lines with Chinese investment of US\$ 5 billion for a Cooperation Fund. Finally, the Chinese agreed with Brazil and Peru on the creation of a tripartite working group to finance the Transcontinental Railroad – an old Brazilian geopolitical ambition, since Mario Travassos – linking the Atlantic to the Pacific, though probably with rails and locomotives *made in China*.

Also noteworthy is the high Chinese financing to Venezuela: our neighbor, since *fundo chino* started its operations in 2001, received around US\$ 50 billion, out of which 95% have been paid. As Foreign Minister Elias Jaua

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<sup>34</sup> "1" refers to a "program to develop" (2015-2019 China-Latin America and the Caribbean Cooperation Programme), "3" refers to the three "big engines" (trade, investment and financial cooperation), and "6" means the six priority areas of cooperation (energy and natural resources, infrastructure construction, agriculture, manufacturing, scientific and technological innovation and information technology).

said, the equation is “energy for China, funding for the development of Venezuela”<sup>35</sup>. Venezuela currently exports about 600 thousand barrels of oil/day to China, proposing to increase this shipping in “the medium term” to 1 million barrels/day (CO, July 20, 2014). During the visit, Xi announced new credit worth US\$ 4 billion to Venezuela.

The BRICS, thus, begin dialogues with the geographical environment of each of its members. After the creation in Durban (2013) of the BRICS-Africa Council, in Brasilia the BRICS-UNASUR mechanism was established. More broadly, the China-CELAC Forum emerges and Putin proposes a CELAC-Eurasian Union Forum.

New alliances are important for Latin America to diversify relations. Potentially, they affect the very traditional U.S. presence in its primary geopolitical perimeter.

#### **4. Post-Fortaleza agenda**

Throughout this essay, it was argued that the BRICS featured a qualitative leap after its sixth Summit, and more broadly, the very struggle for what will be the outcome of the current transition in the international “order” will enter into new chapters.

The statements of the six BRICS Summits reveal a framework of subjects on which the BRICS have built increasing consensus. Among them, one can find issues far from trivial, related to a *reformist agenda* of changes in the international order, including those related to the reform of the international financial system and the reform of the anachronistic global governance, in particular the UN Security Council. The opposition to NATO wars – disguised as humanitarian – is also of great importance, increasing the cohesion of the BRICS in the rejection of aggression against Libya and, more recently, Syria.

Countermovements will reappear; for it is not a transition that is happening *manu militari*, on the contrary, which takes place while preserving the position of the great strategic superpower on the planet, it is expected an

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<sup>35</sup> See *Correo del Orinoco*, July 23, 2014.

increase in direct or indirect maneuvers aimed at fostering contradictions among the BRICS. The “geopolitics of containment”, as addressed in these pages, will persist and intensify. Especially those directed against the national and territorial cohesion of each of the BRICS.

Brazilian *pro tempore* presidency of the BRICS goes up to the seventh Summit, which will take place on July 9 and 10, 2015, in the city of Ufa, Russia – symbolically located in the Russian land border with Asia, marking the point of contact between West and East. The annual meeting of heads of state of the *Shanghai Cooperation Organization* – a Sino-Russian joint aiming Central Asia – will occur on the same date and city.

Until then, it will be the implementation period of the so-called Fortaleza Action Plan – which provides for a wide range of initiatives – and, above all, to advance in the challenge of bringing the Fortaleza agreements into operation, in particular the set-up of the BRICS Bank, expected by 2016.

It will not have gone unnoticed the proposal of a bold new geopolitical challenge stated by Russian President Vladimir Putin in Fortaleza: the formation of an **energy association between the BRICS** (“BRICS Energy Association”). The idea includes the formation of a *bank of fuel reserves* (“Fuel Reserve Bank”) and an *energy policy institute* (“BRICS Energy Policy Institute”)<sup>36</sup>. The alliance would bring together two of the largest oil producers – Russia and (potentially by the pre-salt) Brazil – and two larger consumers, China and India. For Brazil, a major producer of oil in the medium term, it is interesting to enter the big game of *energy geopolitics* in this way.

After the political and economic coordination, the BRICS will have to go a step further into the strategic coordination, already tested with meetings of “national security” officials.

In the next period the BRICS will also have to increase its level of coordination on the major issues of the international agenda, in a *pro-cyclical agenda*, that is, in favor of accelerating the transition to a multipolar world, creating more favorable conditions for the course of national development projects of each of its members and of developing countries in general.

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<sup>36</sup> See <http://eng.kremlin.ru/transcripts/22677>

The BRICS alliance may have enormous potential in the near future. As for the present, not by chance, it is worth noting what said a veteran observer of the international scenario and its protagonist for over fifty years, Cuban President Raúl Castro – who traveled to Brasilia in the condition of member of the CELAC *troika*. For Raúl, the meetings of July were “a historic fact to which there is no comparison”<sup>37</sup>.

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<sup>37</sup> See *Granma*, July 19, 2014.

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**ABSTRACT**

The convergence of five major developing countries around the common national interest of ascending in the international system is the amalgam that increases the cohesion of the BRICS in face of the troubled transition to multipolarity in the world. This essay, which seeks to relate the moment and the current challenges of the BRICS *vis-à-vis* the modern geopolitical scenario, consists of three parts. The first part will seek to evaluate the results of Fortaleza in its relation to the great uncertainty and scenario of geopolitical dispute that characterize the current transition in the international system. A second part will seek to offer an interpretation of the BRICS, observing its potential and its limits. There will be an effort to present some theoretical frameworks through which we can read the BRICS. The third part aims to assess how the BRICS can be read in view of the Brazilian aspiration to rise to the status of global power, as well as the impact of participating in the coalition for Brazil's geographic-strategic environment. Finally, some conclusions are presented, markedly seeking to observe challenges after the historic sixth Summit of Fortaleza.

**KEYWORDS**

Geopolitics; BRICS; Brazil; China; India; Russia; South Africa.

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