

Unlocking BRICS +: Integration Challenges and Economic Dividends for Pakistan

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EXECUTIVE SUMMARY

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Pakistan's newly appointed Ambassador to Russia, Muhammad Khalid Jamali, revealed in an interview with TASS on November 22, 2024 that Islamabad has officially submitted a bid for BRICS membership in 2024, expressing confidence in Russia's support throughout the accession process. Pakistan, leveraging its positive ties with majority of BRICS members and recent additions Egypt, Ethiopia, Iran, and the UAE - collectively known as BRICS + - though not formally announced, vows for entry into the bloc on principles of inclusivity and in the interests of the developing world. Pakistan's inclusion in BRICS would promise significant dividends for itself, member states, and the global economy, given its vast young population exceeding 100 million. However, the path forward for Pakistan is daunting, marked by political instability and dire economic situation at home, compounded by intricate politics among founding BRICS members regarding the admission of new participants, posing a formidable challenge to its integration into BRICS. The progress of Pakistan has been notably hindered by opposition from India, as demonstrated by India's veto against Pakistan's observer status during a dialogue in 2022. The unanimity rule, applied for new member selection, foreshadows potential tensions ahead. India must shun bilateral prejudice and embrace the ripe multilateralism concerning Pakistan's membership. For Pakistan to secure inclusion in BRICS, it must solidify political stability to attract foreign investment, while concurrently addressing domestic political instability requiring prioritization of dialogue, implementation of reforms, and strengthening of institutions to uphold the rule of law. Simultaneously, Pakistan should actively enhance its diplomatic relations with current BRICS members through bilateral discussions, engagement in BRICS-related forums, and diplomatic exchanges aimed at deepening ties and aligning mutual interests.

Policy Recommendations

- Establish a National Stability Committee comprising government officials, experts, and representatives from civil society. This committee would oversee the implementation of dialogue initiatives, institutional reforms, and rule of law enhancements. Another committee, the Economic Stability Task Force, should be formed to devise and implement investor-friendly policies. This collaborative approach will ensure coherence and effectiveness in addressing political instability and promoting economic stability, bolstering Pakistan's integration into BRICS and global competitiveness.
- Establish a BRICS Engagement Committee within Pakistan's Ministry of Foreign Affairs. This committee will focus on advocacy for Pakistan's inclusion in BRICS and fostering dialogue with member nations. By prioritizing multilateralism and cooperation, Pakistan can contribute to regional stability and economic development. This committee will strategize diplomatic efforts to promote dialogue and collaboration within the BRICS framework, benefiting all member nations.
- Establish a BRICS Diplomatic Task Force within Pakistan's Ministry of Foreign Affairs. This task force will focus on strengthening ties with key BRICS members, particularly China and Russia. Through bilateral discussions, participation in BRICS forums, and diplomatic exchanges, Pakistan can align its interests with Russia's priorities within BRICS, fostering closer ties and support for its membership bid.

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Issue

Pakistan faces challenges in joining BRICS due to internal instability, economic issues, and regional tensions. Success requires balancing national interests with collective cooperation, demanding diplomatic finesse. Yet, integration promises economic benefits, access to markets, and regional stability, positioning Pakistan as a global player by leveraging its resources within BRICS.

Analysis

Background

The term "BRIC" originated in 2001, coined by Goldman Sachs economist Jim O'Neill, predicting the future prominence of Brazil, Russia, India, and China due to their rapid economic growth and large populations. South Africa's inclusion in 2010 expanded the group to BRICS.¹ Together, these nations have strengthened their political and diplomatic ties, bolstering their global influence. Initiatives such as the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA) aim to provide alternatives to Western-dominated institutions, fostering economic cooperation beyond the BRICS bloc. The NDB funds infrastructure projects in developing countries, while the CRA acts as a currency reserve pool to address liquidity pressures.² As of 2022, the NDB has allocated nearly \$32 billion for infrastructure projects³, highlighting the BRICS' growing significance. By 2020, the BRICS surpassed the G7 countries in purchasing power parity (PPP) share of the world's GDP, a trend that continued through 2023, with the BRICS collectively holding 32% of the world's GDP compared to the G7's 30%.⁴ Forecasts suggest BRICS

¹ Oliver Stuenkel, "The BRICS and the future of global order," Lexington books, 2020.

<https://editorialexpedition.com/The%20BRICS%20and%20the%20Future%20of%20Global%20Order.pdf>

² Kanaga Raja, "BRICS announce NDB and CRA for \$100 billion each", *Third World Network Berhad*, August 2024. <https://www.twn.my/title2/twe/2014/574/6.htm>

³ "NDB at 7: New Development Bank Celebrates Seven Years of Accomplishments," *National Development Bank*, July 22, 2022 <https://www.ndb.int/news/ndb-at-7-new-development-bank-celebrates-seven-years-of-accomplishments/#:~:text=Since%20its%20foundation%2C%20the%20Bank,fit%2Dfor%2Dpurpose%20i nstitution.>

⁴ "BRICS and G7 countries' share of the world's total gross domestic product (GDP) in purchasing power parity (PPP) from 2000 to 2023," *Statista Research Department*, February 13, 2024 <https://www.statista.com/statistics/1412425/gdp-ppp-share-world-gdp-g7-brics/>

economic dominance by 2050, with potential membership expansion amplifying their influence in the global order.⁵ The group prioritizes de-dollarization via the 'R5' currency basket and Central Bank Digital Currencies (CBDCs)⁶, inclusive multilateralism⁷, supports alternative financial institutions⁸, and emphasizes cooperative diplomacy⁹ for peaceful relations and collaboration among member nations.

Expansion

During the 9th BRICS Summit in Xiamen, China, in 2017, Chinese President Xi Jinping introduced the 'BRICS Plus' cooperation approach, emphasizing openness, inclusiveness, cooperation, and mutual benefits, aligning with the BRICS spirit.¹⁰ The recent inclusion of Iran, Egypt, Ethiopia and the United Arab Emirates (UAE), from January 2024, marks a significant milestone in BRICS' evolution.¹¹ 'BRICS Plus' aims to enhance dialogue and collaboration between BRICS nations and other emerging markets, serving as a greater voice for the global south, fostering partnerships, and advancing collective development.¹²

The impact of the BRICS alliance on global finance and geopolitics remains uncertain. However, member nations strive to establish themselves as an alternative to the G7 model.¹³ Global South states favour BRICS due to its alternative approach to neglected economic and sovereignty issues, perceiving Western agendas as inconsistent and self-

⁵ Zahid Hussain, "Can Pakistan get BRICS membership?" *Arab News*, November 27, 2023 <https://www.arabnews.pk/node/2415801>

⁶ Thomas Hill, "China's de-dollarization message finds a receptive audience in North Africa," *Atlantic Council*, December 13, 2023 <https://www.atlanticcouncil.org/blogs/menasource/china-dedollarization-north-africa/>

⁷ "BRICS and Africa: Partnership for Mutually Accelerated Growth, Sustainable Development and Inclusive Multilateralism" <https://brics2023.gov.za/three-pillars-of-cooperation/>

⁸ Nils Adler, "Can BRICS create a new world order?" *Aljazeera*, August 22, 2023 <https://www.aljazeera.com/features/2023/8/22/can-brics-create-a-new-world-order>

⁹ Fannissa Melya Putri, and Made Panji Teguh Santoso. "BRICS Diplomacy: Building Bridges for Global Cooperation." *Politics and Humanism* 2, no. 1 (2023): 10-21.

¹⁰ "BRICS Leaders Xiamen Declaration", University of Toronto, September 4, 2017. <http://www.brics.utoronto.ca/docs/170904-xiamen.html>

¹¹ Simone McCarthy, "Countries are clamoring to join BRICS group, South Africa says, as Russia takes up leadership," *CNN*, February 01, 2024. <https://edition.cnn.com/2024/02/01/china/brics-membership-applications-china-russia-intl-hnk/index.html>

¹² https://www.mfa.gov.cn/web/system/index_17321.shtml

¹³ James Hirsén, "BRICS a serious problem for America," *NEWSMAX* <https://www.newsmax.com/jameshirsén/brics-us-dollar-global-currency/2023/04/04/id/1114975/>

servicing. Pakistan's Ambassador to Russia, Muhammad Khalid Jamali, revealed Islamabad's official bid for BRICS membership in 2024, expressing confidence in Russia's support.¹⁴ Mumtaz Zahra Baloch, spokesperson for Pakistan's foreign ministry, affirmed Pakistan's formal request, aligning with BRICS' emergence as the foremost bloc of the Global South.¹⁵ Senator Mushahid Hussain Sayed, Chairman of Pakistan's Senate Standing Committee on Defence, recently in February visited Russia at the invitation of the ruling 'United Russia' party. He proposed Pakistan's entry into BRICS with Russian cooperation, citing Russia's 2024 Chairmanship of the bloc.¹⁶ This underscores BRICS's global significance and Pakistan's growing role in the international arena.

Pakistan's BRICS Integration Challenges

- **Indian Opposition**

Pakistan's potential entry into BRICS would face significant opposition from its historical rival, India, evident from prior actions such as denying Pakistan observer status and a role within BRICS.¹⁷ India's resistance necessitates examination due to historical tensions and complex dynamics between the two nuclear-armed neighbours. It stems not only from historical grievances but also strategic motives, aiming to counterbalance China's influence within BRICS, potentially challenged by Pakistan's inclusion. Moreover, India argues that preserving BRICS for emerging market economies is vital, suggesting Pakistan's addition may not substantially align with the group's objectives.¹⁸ During the BRICS leaders' meeting in Goa in 2016, India indirectly criticized Pakistan for alleged involvement in terrorism, emphasizing BRICS unity against this threat.¹⁹ China swiftly

¹⁴ "Pakistani foreign ministry confirms plans to join BRICS," *TASS Russian News Agency*, November 24, 2023. <https://tass.com/world/1711077>

¹⁵ Abid Hussain, "Pakistan seeks BRICS membership, despite India roadblock," *Al Jazeera*, November 24, 2023. <https://www.aljazeera.com/news/2023/11/24/pakistan-seeks-brics-membership-despite-india-roadblock>

¹⁶ "Pakistan 'optimistic about joining BRICS' this year," *Express Tribune*, February 18, 2024. <https://tribune.com.pk/story/2456843/senator-mushahid-hopes-pakistan-can-join-brics>

¹⁷ Naveed Siddiqui, "Pakistan's participation in BRICS dialogue 'blocked by one member': FO," *Dawn*, June 27, 2022. <https://www.dawn.com/news/1696982>

¹⁸ "As India blocks Pakistan, BRICS expansion raises unity concerns," *Policy Circle Bureau*, January 4, 2024. <https://www.policycircle.org/diplomacy/brics-expansion-in-2024/>

¹⁹ "As India blocks Pakistan, BRICS expansion raises unity concerns," *Policy Circle Bureau*, January 4, 2024. <https://www.policycircle.org/diplomacy/brics-expansion-in-2024/>

defended Pakistan against India's attempts to isolate it.²⁰ In 2016, India hosted a BRICS-BIMSTEC Summit, excluding Pakistan.²¹ In June 2022, India blocked Pakistan's invitation to the "High-level Dialogue on Global Development" on the side-lines of BRICS.²² However, Pakistan seeks future BRICS engagements on the grounds of prioritizing inclusivity and global development interests over narrow geopolitical considerations.

- **Political Instability and Economic Strain**

Despite being classified as a developing economy, Pakistan's economic progress is hampered by persistent political instability, resulting in its 24th largest economy status based on purchasing power parity (PPP) and 46th largest based on nominal GDP.²³ Political uncertainty has led to a surge in net outflow of foreign direct investment (FDI) to a six-year high of \$173 million in January, indicating the country's uncertain political situation.²⁴ Analysts attribute this outflow to the deepening political uncertainty since the caretaker government took office in August 2023.²⁵ Pakistan's exclusion from BRICS is rooted in both economic challenges and political instability. BRICS nations, as emerging economies, have made significant economic strides and market access through bloc membership. Pakistan's path to BRICS membership hinges on its ability to improve its economic conditions substantially. Without progress, joining BRICS remains a formidable challenge. BRICS nations may support Pakistan against Indian objections when Pakistan demonstrates tangible contributions.

²⁰ "China defends Pakistan after "mother-ship of terrorism" comment," *Reuters*, October 17, 2016. <https://www.reuters.com/article/china-india-pakistan-brics-modi-idINKBN12H0SI/>

²¹ Beenish Sultan and Amna Mehmood. "Pakistan and the BRICS Plus in the New Era: A Perspective of Neo-Functionalism." *Asian Journal of Middle Eastern and Islamic Studies* 14, no. 3 (2020): 447-463. <https://www.tandfonline.com/doi/full/10.1080/25765949.2020.1808380?scroll=top&needAccess=true>

²² Kamran Yousaf, "India blocks Pakistan's BRICS invitation," *Express Tribune*, June 27, 2022 <https://tribune.com.pk/story/2363493/india-blocks-pakistans-brics-invitation>

²³ Zahid Hussain. <https://www.arabnews.pk/node/2415801>

²⁴ Shahid Iqbal, "Foreign direct investment outflow hits six-year peak on instability," *Dawn*, February 20, 2024 <https://www.dawn.com/news/1815656>

²⁵ Shahid Iqbal. <https://www.dawn.com/news/1815656>

Economic Dividends for Pakistan

- **Economic Opportunities**

Joining BRICS could unlock economic opportunities for Pakistan, fostering increased trade and investment with member states' large and growing economies, presenting an opportunity for Pakistan to enhance its economic development and contribute to regional stability in South Asia. Membership in BRICS would offer Pakistan closer ties to fast-growing economies, facilitating trade, investment, technology transfer, and access to larger markets.²⁶ Pakistan's participation could facilitate access to new markets for its goods and services within BRICS nations and enable access to funding from the NDB for infrastructure and development projects, addressing Pakistan's pressing needs in these areas. Pakistan, discontented with Western-dominated financial institutions like the IMF and World Bank, could tap into the USD 100 billion CRA within BRICS for balance of payment crises, while also benefiting from the NDB's favourable loan conditions thus circumventing stringent IMF terms.²⁷

- **Pakistan's Geo-Economic Role**

Pakistan serves as a pivotal link between regions, uniquely positioned to bolster trans-regional infrastructure, ideological, and institutional connections, qualifying it to partake in BRICS Plus. It acts as a Geo-Economic Pivot or the "Zipper of Eurasia."²⁸ China, a regional economic leader, collaborates with Pakistan through initiatives like the Belt and Road Initiative (BRI), notably investing in China Pakistan Economic Corridor (CPEC), to enhance regional integration. Pakistan's possible inclusion in BRICS Plus, known for its flexible cooperation, could facilitate multilateral collaboration due to its strategic location, benefiting China and other participating states' economies. Hence, the "Zipper of Eurasia" concept positions CPEC within BRICS Plus, highlighting Pakistan's geographic advantage in integrating China, Russia, Central Asia, and Iran through CPEC. This

²⁶ XU WEIWEI, "Benefits of membership highlighted," *China Daily*, November 27, 2023 <http://global.chinadaily.com.cn/a/202311/27/WS6563f881a31090682a5f0272.html>

²⁷ Kanaga Raja, "BRICS announce NDB and CRA for \$100 billion each", *Third World Network Berhad*, August 2024. <https://www.twn.my/title2/twe/2014/574/6.htm>

²⁸ Korybko, "Pakistan Is The 'Zipper' Of Pan-Eurasian Integration." *Center for Research and Security Studies*, <https://crss.pk/pakistan-is-the-zipper-of-pan-eurasian-integration/>

expands on the "CPEC+" phase, connecting CPEC with regional geographic vectors, including Eurasian continental states and the Southern Maritime Vector via Gwadar port.²⁹

Recommendations

- Establish a National Stability Committee comprising government officials, experts, and representatives from civil society. This committee would oversee the implementation of dialogue initiatives, institutional reforms, and rule of law enhancements. Another committee, the Economic Stability Task Force, should be formed to devise and implement investor-friendly policies. This collaborative approach will ensure coherence and effectiveness in addressing political instability and promoting economic stability, bolstering Pakistan's integration into BRICS and global competitiveness.
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²⁹ Beenish Sultan and Amna Mehmood. "Pakistan and the BRICS Plus in the New Era: A Perspective of Neo-Functionalism." *Asian Journal of Middle Eastern and Islamic Studies* 14, no. 3 (2020): 447-463. <https://www.tandfonline.com/doi/pdf/10.1080/25765949.2020.1808380>