

Background Guide



WAMUNC XXVI

BRICS



Letter from the Chair

Greetings, Fellow Delegates!

I am overjoyed and excited to welcome you all to the BRICS committee at the 26th iteration of the Washington Area Model United Nations Conference, colloquially known as WAMUNC. My name is Lindsey Spain, and I will be serving as your chair for the duration of the conference. I am a current first-year student at George Washington University double majoring in Criminal Justice and Political Science. I was on the Model UN team for the duration of my high school career, and am currently on the Model UN team here at GW! In addition to my aforementioned academic pursuits, I enjoy abusing my Panera Unlimited Sip Club membership and spending time at the beach in my hometown of Boca Raton, Florida.

Model UN, in both high school and so far in college, has given me the privilege of being around hundreds of the brightest and most passionate individuals of our generation. The sheer immensity of talent and knowledge within Model UN positively stuns me, and I am sure that you will be no different. I am excited to see how you accomplished individuals will use your voices and brains over the course of these short four days. As such, it is extremely important to me that everyone has a positive experience within my committee, and at WAMUNC as a whole. There truly are no stupid questions, so if you have any pressing queries or worries, please direct them to my email written below, and I will do my best to answer them with haste and due diligence.

Best,

Lindsey Spain
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Committee Information

The BRICS committee at WAMUNC XXVI will be running as a Regional Bodies Committee. Regional Bodies Committees utilize parliamentary procedure to facilitate fruitful front room debate, in a similar style to a General Assembly, but runs at a smaller size of ordinarily around 30 delegates, in a similar style to a Crisis Committee. However, it is important to note that, unlike Crisis Committees, Regional Bodies Committees have no backroom! Ergo, there will be no Crisis Directors behind the scenes to facilitate your arcs, so please do not plan for any backroom presence. Regional Bodies Committees really combine the best of both worlds, in terms of Model UN. As a current collegiate delegate and a former high school competitor, I know how frustrating it can be to sit in a General Assembly and wait for hours to have your name called on in a room of hundreds of people, so Regional Bodies are a good way to get your voice out there and fruitfully speak and debate your fellow delegates.

Questions? That is ok! There are no stupid questions, and I want to make sure that everyone feels confident and prepared to go into the first committee session. For general questions regarding parliamentary procedure, or Model UN as a whole, please refer to the WAMUNC Delegate Guide, linked below. If you have any specific questions about the BRICS committee itself, or the background guide, please email me, Lindsey Spain, at the email address listed in the welcome letter.

Extremely Important: Delegates must CC a teacher or advisor in any email correspondence to myself or another member of the Secretariat!

WAMUNC Delegate Guide:

https://www.wamunc.com/files/ugd/818a60_60160648b1454c08befdaf1bd50487bf.pdf

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BRICS Committee Description

Welcome to BRICS! Like its alliterative namesake, the countries of BRICS are those that are integral to the structure and development of their surrounding nations, and the globe as a whole, both through economic and geopolitical means. The acronym BRIC was first coined by Goldman Sachs economist Jim O'Neill in 2001, to represent the countries that he believed would come to consolidate the global economic might by the year 2050. Originally starting with the four countries of Brazil, Russia, India, and China, BRIC, as it formally existed, became a formal organization in 2010 with the inception of the first BRIC summit on the 26th of April 2010, in Brasilia, Brazil. The 2010 summit was the first in which BRIC was an official intragovernmental union, though the first BRIC summit took place on the 16th of June 2009, in Yekaterinburg, Russian Federation.

When did South Africa come into play? South Africa filed for membership on the 24th of December 2010 and was formally inducted in 2011, henceforth changing the prior acronym from BRIC to BRICS. Following the 2010 BRIC summit, Jim O'Neill commented that, as South Africa, at the time, only had a population size of about 50 million citizens, its economy was not advanced enough to join the BRIC union, which had been a key reason for delaying South Africa's investiture as a member.

The "Big Four" countries of Brazil, Russia, India, and China comprised 25% of the world's total land coverage, in addition to 40% of the global population and a combined GDP of around 20 trillion USD (\$). The original BRICS thesis set forth by Jim O'Neil recognized that the countries of Brazil, Russia, India, and China had shifted their economic and political structures towards that of global capitalism. In a former prediction by Goldman Sachs, China, and India would become the presiding global suppliers of manufactured goods, with Russia and Brazil achieving the same presiding status in the sphere of raw supplies. However, it is important to note that Brazil is one of the four countries that can combine all elements listed previously, making cooperation an integral part of BRICS.

Currently, the BRICS countries are considered to be the foremost geopolitical rival to the G7 bloc of countries, which includes Canada, France, Germany, Italy, Japan, the United States of America, and the European Union (EU) as a "non-enumerated" member. Both entities set competing economic initiatives, such as the New Development Initiative and the BRICS Contingent Reserve Arrangement.

The New Development Bank, formally known as the BRICS Development Bank, is a multilateral development bank that was established by the BRICS member states of Brazil, Russia, China, India, and South Africa. A multilateral development bank is a bank that was established by more than one country and is therefore subject to international law. Headquartered in Shanghai, China, with regional offices being opened in Johannesburg, South Africa, São Paulo, Brazil, GIFT City, India, and Moscow, Russia. The New Development Bank had an initial authorized capital of \$100 billion and an initial subscribed capital of \$50 billion. Members cannot increase their capital share without all four members agreeing, and new member introduction cannot cause the collective capital share to fall below 55%. Former Brazilian President Dilma Rousseff is the current president of the New Development Bank. The New

Development Bank aims to promote sustainable infrastructure and development projects in member countries and establish global partnerships with other multilateral development banks, among other objectives.

The BRICS Contingent Reserve Arrangement is a self-managed contingent reserve arrangement to forestall short-term balance of payments pressures and provide monetary support and safety. The Contingent Reserve Arrangement provides support through liquidity and varied precautionary instruments to respond to the legitimate or potential short-term balance of pressure payments. The Contingent Reserve Arrangement was established in order to strengthen the global financial safety net and to accompany existing global financial institutions and safety nets. The initially committed resources are an amount totaling \$100 billion, with China contributing \$41 billion, Brazil, Russia, and India each contributing \$18 billion, and South Africa contributing \$5 billion. Contributing countries can make requests to access the funds and vote on their usage, with countries having the highest portion of initially committed resources getting priority voting privileges.

Topic A: Consolidation of Contributory Resources from New Member States

A new year, a new start. Over the forthcoming year, the global populace will be entering what is undoubtedly a full 365 days of trials and tribulations that warrant significant international collaboration. However, the BRICS committee will be facing a specialized set of challenges during this time.

On the 1st of January 2024, the current BRICS lineup of Brazil, Russia, India, China, and South Africa will be welcoming six new member states into their union. Joining them will be Argentina, Ethiopia, Egypt, Iran, Saudi Arabia, and the United Arab Emirates, the first new additions since the induction of South Africa in the year 2011. This addition was announced by South African President Cyril Ramaphosa at a three-day BRICS summit in August 2023, eliciting mixed reviews from the global community.

Like their predecessors that will forever be the hallmark names in the BRICS union, these countries are some of the most economically and politically advantageous countries in their respective pockets of the globe. Argentina has one of the largest rates of nominal GDP in Latin America, trailing behind big players like Brazil and Mexico. Saudi Arabia and the United Arab Emirates have, respectively, the first and second largest economies in the Arab world. Iran stands in the top twenty of global economies, with a strong energy sector spared from recent OPEC cuts. Egypt has the largest economy in Africa by nominal GDP, participating in many collaborative initiatives with close neighbor Ethiopia. Ergo, every country being inducted into the BRICS committee is a strong player with significant resources to offer its neighbors and friends.

However, with these significant resources comes substantial risk. All countries have their respective issues, and these countries are no exception to the status quo. For example, since the infamous 1998-2002 Argentine great depression, Argentina has defaulted on its international

sovereign debt three times, once in December 2001, another time in 2014, and once more in 2020. The point is, that all countries being inducted have faced serious issues on an economic and geopolitical level.

This risk factor brings into question the new member state's ability to contribute on a substantial level. Additionally, it raises the point of what these contributions would manifest themselves as, and how BRICS would utilize them for the betterment of their overarching goals. A core BRICS tenant is corrective action through the reformation of institutions of global governance, and this is only achieved through relevant and meaningful economic contributions from its member states, in addition to good relations on a global scale. Over the course of our short few days together, your task will be as follows: How will the preexisting BRICS committee navigate the geopolitical challenges presented by the inclusion of the upcoming new member states, and how will their resources be consolidated in a meaningful and contributory manner?

Topic B: The United States Dollar and Its Future in a Globalized Marketplace

The United States dollar (USD) has been the lingua franca of the financial world since the U.S.' inception on a global scale. Hundreds of countries spanning the far reaches of the globe base their own currencies' success on how they measure against the USD. However, in recent years, some prominent scholars and financial analysts have been challenging the notion of the so-called "dollar dominance."

Now, the expansion of BRICS and its possible implications for the global marketplace have henceforth been expanded upon in great detail. But riddle me this: How will the status quo of dollar dominance stand in a future of evolving monetary status? This concept is one which is a very central issue to the BRICS institution. At a 2023 BRICS summit in Johannesburg, South Africa, Russian President Vladimir Putin stated that the process of de-dollarization is "irreversible" and "gaining pace".

Since the end of the Second World War, the USD has been the global principal reserve currency, estimated to be used in around 80% of international trade. As indicated by the above statement by President Vladimir Putin, the momentum of countries rallying against dollar dominance is increasing. In addition to prior statements, Brazilian President Luiz Inacio Lula da Silva asserted the growing question of why countries have to base their trade on the status of the USD.

It should be noted that these notions of initiating a shift away from the USD are not new. The apples of many countries have been salted by this overbearing presence of the USD in the realm of international trade. However, Western sanctions on Russian exports following the Russian invasion of Ukraine in February 2022 have been a major driving force behind this conversation. Western entities froze around half of Russia's foreign currency reserves and removed several major Russian banks from SWIFT, a messaging network used by banks to facilitate international payments. Some argue that this so-called weaponization of the dollar increases the need for countries in the Global South, namely BRICS, to develop their own currency. Many possibilities have been proposed, including cryptocurrency, however, it is still the resounding consensus with

many scholars that BRICS is still “decades away” from reaching any meaningful change in this regard.

Should you choose, your task over the course of our time together will be as follows: How should the BRICS committee navigate global discourse surrounding the legitimacy of the USD, and how can BRICS financial institutions contribute to this shift?

Country List

*Total: 30 countries; 5 member-states, 6 incoming member-states, 14 prospective member states, 5 affiliate states

Category 1: Current BRICS Member-States

These countries are the current members of BRICS, unchanged since 2011 with the induction of South Africa.

1. South Africa
2. Russian Federation
3. Brazil
4. India
5. China

Category 2: Incoming BRICS Member-States

These countries will be formally inducted into BRICS starting on the 1st of January 2024, the first expansion since that of South Africa in 2011.

1. Saudi Arabia
2. United Arab Emirates
3. Egypt
4. Argentina
5. Ethiopia
6. Iran

Category 3: Prospective BRICS Member-States

These varied countries and states have submitted applications for BRICS membership, but have not been approved by the current members of BRICS.

1. Algeria
2. Bahrain
3. Bangladesh
4. Belarus
5. Bolivia
6. Cuba
7. Honduras
8. Kazakhstan

9. Kuwait
10. Palestine
11. Senegal
12. Thailand
13. Venezuela
14. Vietnam

Category 4: BRICS Affiliate States

These countries have expressed interest in BRICS membership, but have not submitted applications to initiate this process officially.

1. Afghanistan
2. Myanmar
3. Syria
4. Serbia
5. North Korea

**The categorical indication of the respective countries does not indicate their overall worth or contributory potential to the committee. Each country has something to offer, the above categories are simply the chair's way of sorting them in a cohesive manner.*



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