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From Panel 1 The World Land-Bridge: It’s Being Built!

The Power of the BRICS Process: Views from Russia

Professor Georgy Toloraya, Executive Director of the Russian National Committee for BRICS Research

CEC National Secretary Craig Isherwood: We are extremely pleased to welcome as our first speaker on the Russian perspective on the BRICS, Professor Georgy Toloraya, who is Executive Director of the Russian National Committee for BRICS Research. Dr. Toloraya has served in the past as a diplomat in both countries of the Korean peninsula, as well as here in Australia as Consul-General in Sydney, from 2003 to 2007. His scholarly expertise on East Asia has included a concentration on Korean affairs, especially the economic policies of South Korea. He has worked at the Russian Academy of Sciences Institute for the World Economy and International Relations, as well as heading the East Asia Department at the Academy’s Institute of Economics. Prof. Toloraya also teaches at MGIMO, the Moscow State Institute of International Relations, which is the university of Russia’s Foreign Ministry.

These days, as Russia this year chairs both the BRICS group and the Shanghai Cooperation Organization, Dr. Toloraya is especially busy with the new post he took up in 2011, when the Russian National Committee for BRICS Research was inaugurated and he became its Executive Director. The new organisation was formed by the Russian Academy of Sciences and the Russky Mir, or “Russian World”, Foundation, with backing from the Russian Foreign Ministry, pursuant to a Russian Presidential order after the 2011 BRICS summit in China. The Presidium of the Scientific Council of the Russian National Committee for BRICS Research is chaired by Academician Mikhail Titarenko; some of you may have read his message to last October’s Schiller Institute 30th anniversary conference in Germany, expressing appreciation for our movement’s decades of work for the Eurasian Land-Bridge and a new, just economic order in the world.

I invite Professor Toloraya now to speak to us on the BRICS process.

Professor Georgy Toloraya: Thank you very much, Craig, for your kind introduction. Good morning, ladies and gentlemen. Thank you for coming on this Saturday morning to this conference, which I think is very important, maybe a milestone.

It’s a sign of the changing times. When I left Australia about seven years ago, I would never have imagined that I would come here to present on BRICS. As a matter of fact, BRICS didn’t exist at that time. There was “BRIC”, which was a loose

grouping of countries, and nobody thought about it as an international phenomenon at that time.

And still, there are many sceptics, especially in the West. I recently had a meeting with a high-ranking ambassador. We were sitting in a country, which I won't name, by the seacoast, and we were talking about BRICS. He said, "Look, what is BRICS? It's just a photo opportunity for President Putin not to feel that he is alone, when he is in Brisbane or somewhere."

So, unfortunately there is a lot of scepticism, especially in the West. From the start, the U.S. media, and scholars, would say that BRICS is either impossible, or reactionary. I recently published an article in the Russian branch of *Foreign Affairs*, which is called *Russia in Global Affairs*. [I quoted] one scholar [who wrote], "No idea has done more to muddle thinking about the global economy than that of the BRICS." Usually the BRICS is criticised, based on the fact that the countries are so different, that they have many contradictions among them, that their economies are faltering now, for example in Russia, also in Brazil, and China is also not free of economic problems, and that the countries which are in BRICS not only have contradictions between them, like India and China, but also between suppliers of raw materials, like Russia and Brazil, for example, and consumers of raw materials, like China and, to a certain extent, India. So, obviously, they cannot be on the same page for commodity prices and things like that.

Also, the critics sometimes still interpret BRICS as just an economic phenomenon. Therefore, they state that since there's no economic integration between the BRICS countries, it's sort of an artificial grouping.

This is a misunderstanding of the essence of BRICS. I would dare say that BRICS is a fully political project, a project of the political elites of the BRICS countries—newly emerging powers—with a clear purpose: to defend their joint interests in this changing world, by promoting reforms and promoting change in the global economic architecture, as well as, eventually, in the world order.

That said, I would like, however, to contemplate how the BRICS strategy can be coordinated with the current Western strategy. Especially in the West, and the U.S., there is a firm notion that BRICS is anti-Western, especially anti-U.S. And, in fact, the U.S. is doing a lot to put pressure on the BRICS and try to disorganise it, in many aspects. For example, there was a lot of pressure on BRICS with respect to IMF reform, and also on BRICS in connection with the Ukraine issue. For example, before the summit in Fortaleza, Brazil, the U.S. and Ukrainian ambassadors made a joint demarche to the foreign ministries of all the countries, to try to persuade them not to work out a common position on Ukraine.

There are lots of examples like this, but I think this is a wrong attitude. Why? Because BRICS is really a union of reformers, and it is an inter-civilisational union, I would say. But, at the same time, everybody understands that we cannot move on, and cannot get progress, without cooperation with the dominant civilisation, with the West.

And, in fact, all the BRICS countries are more oriented towards the West, both in terms of values, and in terms of standards of living, and technology and foreign trade. The BRICS countries have much less [by way of] ties with each other, so far, than each of them has with the West—with the U.S. and European market, for example.

So, what BRICS implies is cooperation. It's not a zero-plus game. BRICS is supposed to cooperate with developed countries, in order to progress. But, at the same time, it should strive to solicit western cooperation on changing the world order in a way that it can be just, for everybody—for all the members of the world community, not just a few rich countries, which now dominate the IMF, for example, and all the economic governance organisations, and other global governance institutions.

Also, BRICS started as a union, or as a grouping, mostly based on economic issues. Now, it's quite a different phenomenon. We now have, I think, 25 tracks of cooperation within BRICS. We have lots of discussions on many issues. More and more, when we try to solve these individual issues, like ones in finance or trade, or cyber-security, for that matter, it turns out that before addressing these issues of global governance, peace and security, the rules of the game involved should be changed.

What are the modern challenges the world faces? I think we can say that one is a sort of fragmentation of international security. We have no universal rules, no international law being applied in a single, unified manner. We have, rather, “coalitions of the willing”, who try to solve this or that international conflict or problem, usually on a very biased basis, and others, which are not members of those coalitions, and whose rights are not protected by international law.

We also have a fragmentation of economic life. The world, more and more, is being divided into different economic groupings, which do not follow universal rules. We have the WTO, we have financial rules, but they are applied, also, in a very specific manner: with double standards, I would say. There are more and more free trade areas, or some kinds of economic unions, like the Trans-Pacific Partnership, which exclude themselves from the universal rules and in fact are aimed at diminishing some other countries, which they consider to be competitors. The Trans-Pacific Partnership is clearly directed against China, for example.

I have mentioned double standards already. They are very different. This is, obviously, seen on many occasions. I would only cite Ukraine. In the Kosovo example, when the country declared independence, it was accepted; while in the same situation in Crimea, it was not. There are lots of lies and double standards about what's going on in Ukraine now, but I won't address it; this is just an example.

Also, we are watching now a very dangerous process of the West's trying to break the strategic balance in the world that was created during the Cold War era, and which kept the world from a major world war since the end of the Second World War. The missile defence programs, the Prompt Global Strike strategy, the new kinds of weapons like drones, are dangerous. They can break the strategic balance and result in

a war that might well annihilate all of humanity. Craig and Helga were right about noting this very dangerous tendency.

To put it in a nutshell, we see a sort of geopolitical division—not like in the Cold War era, but an even more dangerous one, when the much more complicated world is now divided on different issues and in different spheres or spaces, and there's no mechanism which actually regulates it. The United Nations Organization cannot fulfil the goal it was created for. Sometimes it's just dysfunctional.

So, what should be done?

First of all, the BRICS countries think that what is necessary to be done, is to uphold international law—law as universal rules. It's important to note that there is a certain difference. Of course I'm no lawyer (I'm an economist by training and a diplomat in my career), but still I can say that international law is not based on any national law, but rather has certain special features. The BRICS countries, including even India, with its tradition of British common law, presume that law should be based on codified norms, which should be applied, while English or British common law, and American law, are based on precedent, as you all know well. Once a precedent is created, this is a justification for what goes on and on. If the U.S. invades Iraq, this sets a precedent for other countries to follow suit. I think that this is not what is supposed to be the basis for international law, and the protection of law. Stating the rules and observing them is one of the most important purposes of the BRICS countries.

Second, as I mentioned, the central role of the UN should be upheld. There are lots of precedents, where UN decisions are not applied, or are applied in a selective manner. For example, how many resolutions were adopted criticising Israel for what it is doing in Palestine? None of them are taken into consideration, while certain declarations that are useful for the West are being pushed through. There is a need to reform the UN and, in general, strengthen the international institutions included in the UN system, which are universal and that are transparent, based on certain rules, which cannot be bent towards one or another side.

I believe this is the role of the United Nations Security Council (UNSC), which should be reformed. Of course, BRICS is divided on this issue. All the countries of BRICS have set UNSC reform as their purpose, but there are different approaches. India and Brazil, as well as South Africa, are eager to get permanent membership on the UNSC, while China, supported by Russia—we are not really eager to give up the exclusive status of veto-wielding members that we have now. But I personally think that it should be changed. Of course, it may be not so patriotic, but I think that having the other countries, the BRICS countries on board, for taking responsibility for world affairs, is more important than protecting the existing order.

We also need to increase the BRICS countries' role in addressing all kinds of threats. I will speak about this in more detail later. It is also important that BRICS play an increasing role in preventing and managing conflicts, including regional conflicts. This is already on the agenda. Inevitably, during BRICS summits this

conflict discussion pops up, and the discussions are no longer limited to only economic issues. If you read the Fortaleza Declaration, for example, or the Durban Declaration, much of them is devoted to conflicts, to regional conflicts and other conflicts. Of course, BRICS has neither the desire, so far, nor the mechanism to regulate these conflicts, but this is something that I think should come in the future.

So, the basic principles on which BRICS is based, as I mentioned, and I'll say it again, should be, first, commitment to international law and the UN's central role. Second—neutrality in the case of conflicts, especially those with the participation of a BRICS country. This is important, as in China's case, where China has some problems with Japan, and with the South China Sea countries. I believe that the BRICS now, at this point of development, shouldn't interfere, otherwise it can break up their unity. This is a tactical move, but I think it is important at this moment.

Third, BRICS must develop a uniform policy with respect to regional conflicts, through consultations, and I will elaborate on this later, and, fourth, it should steer the BRICS by non-violence and objectivity.

One more thing, is the guiding principles that make up the foundation of BRICS. I'll read what they are. These are mutual respect and non-interference in the internal affairs of each other, a non-confrontational approach, mutual respect for the choice of each of the countries, openness, pragmatism, solidarity, a non-bloc character, and non-direction against third parties. This is very important. We stress again and again, that BRICS is not aimed against any third party, including the United States.

BRICS should now think about creating a permanent consultation mechanism of foreign policy and security officials, and I think we'll have some progress on that at the Ufa meeting, during the Russian chairmanship.

- * Coordinate the position on conflicts in international organisations, like the UN and G20, and others.

- * Formulate common policies on national identity and human rights protection, which is very important for conflict-prevention in the future.

- * Cooperate on a network basis through regional organisations and outreach countries.

BRICS might suggest global treaties in new areas of security, for example the non-weaponisation of outer space, new types of weapons, as mentioned before, and others.

BRICS could also produce a joint declaration, or even treaty, on peaceful coexistence within the BRICS countries, which would be a milestone. You know, for example, the ASEAN case: ASEAN is based on the Bali Treaty, which cites the basic principles of inter-state relations and the peaceful character of this organisation. And I think that, while ASEAN is a regional organisation, BRICS can do much more by suggesting this kind of a global treaty, as a sort of declaration of what might be the new era in international relations.

There are even some suggestions that BRICS might eventually have a joint peacekeeping force, under the auspices of the UN. But I think we are still far from that, because there is a strong allergy within BRICS, when some suppose it might some day become a sort of military union. It will not, because the BRICS countries don't need this, and it would never be a NATO-type military-political union, simply because the principles and the foundation of BRICS are quite different.

If we speak about further challenges we might fight together, these would include: new types of weapons; weaponisation of outer space; terrorism; drug trafficking and international organised crime. Information and cyber-security are especially important. It's no secret that the Internet now is governed by small groups of companies and individuals, based in the United States. Unfortunately, they do use the Internet for their own advantage, starting with cyber-spying and gathering essential information, to threatening to block the Internet access of countries or persons who are not acceptable, I would say. BRICS, I think, would have a desire to become leaders in the global Internet, because BRICS, after all, represents more than half the world population, and a large number of Internet users, a number that will grow day by day. I think that this is one of the major topics of BRICS cooperation, to create this kind of international new rules for the Internet and a coordination mechanism.

Also, the BRICS are all countries with vast ocean-related interests, and maritime security is one of the areas where they could cooperate. Illegal migration is also relevant to BRICS countries, [as are] food, energy and water security. Water security is increasingly a challenge to the development of the future world. Ecology and greening our economy is especially important for BRICS. All countries face this issue, especially China. I think that BRICS can do a lot to bring these issues to the forefront, as well as to help create and impose new rules for the Internet. Disaster relief is also one of the areas in which we would like to cooperate.

So, these are the areas in the non-economic sphere that are important for BRICS.

I would also name a few areas of cooperation which are now crucial for BRICS, in the non-political sphere. First and foremost, is changing the international economic and financial architecture. We all know that the IMF, based on the Bretton Woods post-war system, although it was supposed to be an international body, is much under the influence of the U.S. and European countries. The decisions made there are based not on consensus, but on the voting rights and the possibility for the U.S., and sometimes Europe, to wield the decisions they think are important for them, not for the recipient of the aid and not for the global economy as a whole. Our efforts, the BRICS countries' efforts to change the situation have, so far, more or less failed. The demands for reform of the IMF and World Bank have been consistent, and decisions were taken and a directive adopted to change, for example, the quota system—the quotas, and the voting quotas of the BRICS countries and newly emerging economies, but they have, so far, been blocked, and blocked by none other than the U.S. Congress.

There was a sort of declaration from the BRICS countries, that unless there is substantial reform before the beginning of 2015, we'll have to do something. Although it's not published, it's not something that is stated, I have a strong feeling that the Asia Infrastructure Development Bank [Asian Infrastructure Investment Bank—AIIB], which was mentioned earlier, is one of the answers to the virtual domination of the U.S. in the IMF and the Asian Development Bank.

This is now taken as a challenge by many countries, but some of the closest U.S. allies decided to join it, quite unexpectedly for China, I should say. So, we shall see how it will work. Anyway, the AIIB as I understand, is concentrated, or focussed, on projects in Asia, and not even the Asia-Pacific Region as a whole, but rather Southeast Asia and Central Asia. So, it's a regional bank, so far.

Much more important is the New Development Bank, which was first proposed by India several years ago, given the Delhi summit, and now this idea has taken shape, and the agreement on the bank is supposed to become operational after the Ufa summit in Russia. I can answer some questions about this later, but would just only say that the BRICS New Development Bank is a very important instrument not only of support for the infrastructural and other projects that are important for the BRICS countries, and which are not expected to be supported by the IMF or other international financial organisations, but it is also a sort of first example of institutionalisation of the BRICS countries, gathered together, to work out joint economic, and not only economic, projects. One of the things I came to realise, [is that] when it comes to analysing statistics on BRICS countries, or economic tendencies, or political life, we are all basing our analysis on western or international publications. We don't know, because we don't have much access to Brazilian or South African statistics; Chinese, also we have only those which are English-language-based. So, what is going on in the BRICS countries, [what] we, as the scholars, the experts, and decision-makers [have], is much based on how it is interpreted by the West, by the western media. The BRICS New Development Bank is a place, I think, where the countries could directly exchange information, and their plans and their strategies. So, it may be more than just an investment bank. It might be a sort of analytical centre (or maybe one should be separate within the bank), for the future coordination of economic policies.

If you ask me about the institutionalisation of BRICS, I think this is a process that has already started. The BRICS countries are very reluctant to force this process, simply not to be condemned as creating some sort of a bloc. Especially China is very cautious not to push this process, because it could be interpreted as sort of a Chinese-dominated organisation, which would be the end of BRICS. I think this is one of the purposes of the policies of the U.S. and other western countries, to break the BRICS from inside it.

But, still, institutionalisation is needed. This year, we are going to create a so-called virtual secretariat, as a result of Russia's chairmanship. This is an Internet-based platform, which makes it possible for countries to exchange documents, to keep records, and to cooperate, for official channels, electronically, without actually

meeting each other. It's a first step, and I think that it's an important first step for the future creation of some kind of future BRICS institutions, which could be at first of a purely technical character.

For example, as a diplomat I know that when leaders meet each other, and you have negotiations with other countries, there's a person—I played this role many times—who sits and takes notes on what is being said. Imagine, every country has such a note-taker, and they all make notes. And there's translation. Everybody takes notes, and the text which is the result is kept secret, of course, because it's a national document. But these five texts, in the case of BRICS, are not necessarily the same, because you tend to misunderstand something, you can put emphasis on one or another thing, so what the leaders or others have agreed upon, in the future becomes a source of contradictions. One says, "You know, this and that were said and agreed." The other says, "No, no, no, this is what it was." So, I think we should keep a joint record of what's going on. This is one example of a role that a technical secretariat would play. It is just one example, of course, but it gives you an idea of the complexity of international relations.

One issue that would inevitably come up is the enlargement of BRICS, with other countries joining, including Australia, for that matter. I think that, so far, we have to be very cautious in this respect. First, as I've said, there is an unwritten criterion for BRICS membership. These are big countries, with big populations, and [ones that are] naturally central to their regions. Some of them happen to be civilisational platforms of certain regions, like China, or Russia, or India, even Brazil, for that matter; South Africa, to some extent, because it represents the whole of the continent, or tries to bring in this added value of representing the African mentality and African culture.

So, not all countries can be members of BRICS, just by virtue of wanting to. There should be some criteria. If you ask me, I would say that what we lack in BRICS now is, of course, two civilisations. That is, broadly speaking, European civilisation, and the Muslim one. I would suggest Indonesia as the first candidate. That's my own opinion, because it's a big, developing country with some 375 million people, and it fits the criteria of BRICS.

There are many other countries which would love to join. I won't name them, but there is sort of a line, already, of aspirants into BRICS. But I would caution against that, because BRICS just started. We are different, we have many problems. First, before enlarging BRICS, we should put our house in order. It's much easier to do this with five partners, than with six, seven, eight, nine, or whatever. I would also quote Parkinson's Law, that any committee that contains more than seven members has a tendency of being divided into factions and becoming dysfunctional. Inevitably, when you have some kind of a committee which is enlarged and enlarged and enlarged, later, inside the committee there appears a sort of group, or presidium, as we call it in Russia—a central deciding board, which consists of just three or five members. This is a joke, of course, but it has some sense to it. BRICS shouldn't be big.

But, it is very important for BRICS to cooperate with so-called outreach countries and organisations. This is a mechanism that should be created. We don't have it, so far. It has only started to be created, starting approximately three years ago. In Africa, there was a meeting between the BRICS leaders and outreach countries; in that case, it was African leaders. In Brazil, it was with leaders of Latin American countries. In Russia, we'll have simultaneously the Shanghai Cooperation Organization meeting, which will bring in some regional leaders, and they are the natural partners for BRICS outreach in Russia. My opinion, however, is that we should also take Europe as outreach, because we are located in Europe, and therefore we would wish so. If relations between Russia and the European Union were feeling better, I think that that could have happened, but I don't think it's possible at the moment.

So, we have this mechanism of outreach countries and outreach organisations. I think that in Russia's case, the Shanghai Cooperation Organization could be a sort of partner for BRICS.

I think it is necessary to take this process further. A formal institution, a formal status for countries that want to cooperate with BRICS should be created, maybe with two categories: observers, and partners for dialogue. So the leaders of these countries can be part of the process. For example, observers would be accepted at the meetings and the deliberations, maybe at first without any right to vote, and to make decisions, but anyway learning what's going on and presenting their point of view. And the other partners may also take part in certain big gatherings, and have some bilateral dialogue. I think that this is the first step, actually, for the enlargement of BRICS, and taking in new countries.

And just to end about my beloved Australia, where I spent so many beautiful years: in case Australia is interested, although it is widely accepted in the world as a part of an Anglo-American axis, it would be very nice if Australia could, being a big continent, not with much population, but, you know, things come and go, things can change—I think it would be only natural for Australia to become a dialogue partner, at first, and an observer of BRICS.

Thank you very much.