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TRANSCRIPT

Event

"China's Power: Up for Debate 2026 Debate III: In the Next Decade, a China-Dominated BRICS Will Displace the G7 as the Most Influential International Grouping"

DATE

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FEATURING

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CSIS EXPERTS

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Bonny Lin: OK, folks. We're going to get started. OK. Thank you again for joining us for our last debate. And we have two very excellent experts to take two different positions on this. But let me first introduce a debate question, which is: "In the Next Decade, a China-Dominated BRICS Will Replace the G-7 as the Most Influential International Grouping."

Arguing for this debate is Sarang Shidore. He is director – he is to my left. And he is director of the Global South Program at the Quincy Institute, he was also a member of the adjunct faculty at George Washington University. He currently also serves as co-chair in the think tank track of the G-20 meetings. Prior to his current role, Sarang was director of studies at the Quincy Institute, senior research scholar at the University of Texas at Austin, and senior global analyst at the geopolitical risk firm Stratfor, and previously also spent more than a decade in engineering and product management in the technology industry.

Arguing against Sarang is our own Ambassador Edgard Kagan, who is senior advisor and Freeman Chair in China Studies at CSIS. He served most recently as U.S. ambassador to Malaysia for Presidents Trump and Biden from December 2023 until February 2026. He previously served as special assistant to the president and senior director for East Asia and Oceania at the National Security Council.

So before we start, we're going to do our typical poll of the debate from the audience. So for folks who were here in the morning, I think you just scan the poll, the QR code, or you can go to the online link, which is pollev.com /ccsis099. And we'll just give folks a minute to submit your responses.

(Pause.)

Sorry, is the top one yes or no? I can't see truly. Agree, disagree. Wow. Let's just give folks another minute. OK, I think this is about it. Yeah, I think, Edgard, you have – you clearly have the easier side of the debate. (Laughs.) So the question is, can you move it up from 74 percent? OK. Let me turn the floor to Sarang to go first, and then – we'll start with opening statements, and then a discussion afterwards. Thank you.

Sarang Shidore: Thank you, Bonny, to CSIS and you, for hosting this really interesting series. And congratulations on the 10th anniversary as well.

So I'm very glad today to discuss a very important topic with my friend Edgard Kagan. And we're going to discuss BRICS and the G-7. And my position, as defined, is for the motion that, in a decade – in the next decade BRICS will be more influential than the G-7. So let me kick off by stating some assumptions that underlie my argument.

And the first set of assumptions relates to the international system in the next decade. I am going to assume that there will be no great-power war through the next decade, nor will there be a massive regional war that will completely overturn or massively shock the international system – that completely brings us to a whole new world. That that's not going to happen. That's the assumption. Number two is that AI will not destroy humanity, right? We all believe that, right? So. And number three is that climate change will be a serious challenge, but not a systemically destabilizing threat. So these are three. So essentially what I'm saying is there's not going to be a massive rupture in the international system, OK? We will see significant shifts, but not a blow-up.

And, paraphrasing Robert Dahl, I will also define influence, quote/unquote, as "the capacity of an actor to shape the attitudes, decisions, policies, or behaviors of another actor." Classic definition. I would also slightly modify the description of BRICS as a grouping with Chinese dominance, if I'm allowed to do that, to one with Chinese preeminence. So dominance indicates sort of the unipolar BRICS. And what I'm saying is, no question, China will be the biggest player in the room. No question. But it's not utterly dominant. OK, so that's kind of a slight tweak. And then, of course, I will look through the next decade to make my assessments.

So with these assumptions defined, let me take on the question posed. Let's start with some structural mapping and kind of get back to the first principles. How do BRICS and G-7 differ? What are the differences? Well, it's sort of obvious if you look at the list of countries on each side, right, of the ledger. All states in the G-7 are wealthy U.S. treaty allies. And all of them have been historically supportive of an order with the United States globally dominant. That's the historical post-World War II history of these states.

And whereas BRICS states are essentially non-West – non-wealthy Western states that are broadly dissatisfied with the global order. Now, of course, there are different levels of dissatisfaction. That word, you know, envelopes a big spectrum. And what I have written previously as well is that BRICS is made up of two main components. The first is what I call the Global East – which is, of course, Russia and China. But now, in the expanded BRICS, one could add Iran to that as well – as states that have an adversarial relationship with the West and the U.S.

The other set of states is a set of Global South states that are essentially reformist, not radical. And almost all of them have good ties with G-7 nations. So these are states that are classic practitioners of hedging and multi-alignment, like India, Brazil, South Africa, and so forth. The other thing is, when we are talking of influence in the world of these two groupings, who is being – who is – who's the goal of the influencing, right?

The goal of influencing from, let's say, the G-7 is not the U.K., right? Because it's part of G-7. It's probably not Italy as well. It is not Denmark. It is – in fact, for both of these groupings – it is a space that sits in between, the vast space that we call the Global South. I mean, you can call it different names, but I'm going to use Global South as a shorthand. And so the contestation, which I would argue is not an explicit contestation where BRICS issues declarations against G-7 and vice versa but a subtle one – subtle one, is in the terrain of the Global South.

Now, how do BRICS and G-7 compare in terms of their raw performance? So that's the first metric. How are they doing? Are they getting stronger? Are they getting weaker? So let's start with economic output, where BRICS is already well ahead in PPP terms, as we know if you can look it up, although lagging in nominal terms, OK? So there's a gap there, as we saw in the discussion on U.S.-China as well, right? And in nominal terms, BRICS output is 60 percent of that of G-7, and likely to reach 80 percent by 2040, the end of the next decade. So it'll still be below the G-7 at the end of the next decade. But in PPP terms, BRICS 10, the 10 states that are now core members of BRICS, crossed the G-7's economic output in 2015, so 10 years back. And at the end of next decade, they will hit more than double, if projections are to be believed, of the output – raw output of the G-7.

So another way of looking at it is to think of growth rates, right? We all hear of GDP growth rates. The G-7 has been growing for the last 20 years, so it's a big time span, through the financial crisis, COVID, all of that, for both sides. The G-7 has been growing at 1.5 percent per year, annualized. Sorry, the G-7 has been growing at 1.5 percent. BRICS has been growing at 5.6 percent, annualized. And if you take out China – because the question is going to be, well, China is probably contributing to everything – the answer is 4 percent. So it's actually not bad – 1.5 versus 4 percent for the non-China nine BRICS states.

And then, what will happen by 2040? If we have the projections right, then China will be contributing a bit less than half of BRICS' output. India will be a little more than a quarter. That's why I said "dominant" is a slightly inaccurate word in this case, as it turns out in the future. And then one should also not forget Indonesia, which is a new member of BRICS and a fast-growing one by global standards. Five percent growth rates consistently for years. And Indonesia will vault to number three. Russia will be actually number four, economically, in 2040. So that's our map of the four core economic players.

In a world becoming increasingly shaped by technology, let us also examine the dimension of tech prowess. Here, Beijing will do most of the heavy lifting for BRICS. China is already well ahead of G-7 in three key areas – alternative energy, humanoid robots, and dominance in critical minerals. But China still

lags in several technologies – cutting-edge semiconductors, gene editing, quantum computing, new drug discovery. But experts project that by 2035 China will catch up or even surpass the G-7 in all of these technologies, including semiconductors, at scale. So that's less than a decade away.

What about AI, which is, of course, a big source of debate and controversy? China lags frontier AI models from the U.S. by about six to eight months, but China is likely to have considerable influence on BRICS states in AI. China's open-weight models, such as Moonshot's Kimi K3, as you guys must have seen in the headlines, are potentially more attractive with lower costs and performance. But that's not the only story, because some of the middle powers in BRICS are also trying to develop sovereign AI models. So, India, Brazil, Russia are working on that. Of course, they are not ready for prime time now, but by the late 2030s they should be.

But BRICS can be more impactful if all of this raw power, which clearly, as I've said, is growing – is growing faster than G-7's and is overtaking the G-7 by the 2030s, at various points. In PPP terms, already overtaken GDP. But BRICS can be even more impactful if it translates its growing material strength with greater internal cohesion, right? And how is it faring on that front? Well, we know that the G-7 is coherent because it's been around for 50 years and it's a part of a U.S.-led alliance system. There's no question. It's a set of states that's like-minded. It's been together, despite recent turbulence.

But where is BRICS? Well, BRICS is a lot younger, but still we can see some signs of increased cohesion. Over 20 years, the G-7's internal trade in goods is a fraction of its total trade – so how much is it trading with itself compared to the rest of the world, right – has grown from a pretty low level of 11 percent 20 years ago to 22 percent now. Still low, but it's doubled. The G-7's internal trade, as a fraction of its total trade, has dropped from 38 percent to 32 percent. So the G-7 is becoming less interconnected and integrated, in a sense, from the trade perspective. BRICS, which is very dispersed geographically, much younger, very diverse, has a lot of independent autonomous powers, is actually increasing, although still at a – not at a super-high level.

There's also some stats on export markets. I don't want to take up more than my allotted time so I will skip that and come back to that. Broadly, that number is reflected also in export numbers. Now, finance, however, remains an area where the G-7 has a very strong lead. There's no question. And, of course, the United States is primarily responsible for that. The U.S. dollar is king. Many times it's been predicted that the dollar is going to collapse and fall and get dethroned. We don't see any real signs of that yet. There is erosion at the margins, but the dollar is down in terms of reserves. There are

numbers we can talk about. There are local currency transactions happening. But nevertheless, so far the dollar is king.

The question is, what happens at the end of the next decade? And here, all experts will tell you the answers are all over the map. The argument is that, really, a slow decline of dollar – the dollar's dominance is projected – slow, slow, slow, till it becomes fast. So there's a tipping point at some point. When that will be, few know. It could be 2040. It could be 2050. It's not going to be in two years, for sure. So on finance, although I do believe that BRICS' payment systems that they're talking about, by the late 2030s, will become a reality, certainly in the retail side, I'm not saying that BRICS is going to – there's no question, it by itself is not going to dethrone the dollar. I think that debate misses the point.

What about norms and rules? I think this is a really important area on influence, because influence is not just about economic dependence, but if you see the model as being attractive. The United States has, for a long time, been the lodestar, because the U.S. set standards for almost everything – lifestyle, technology, economy, norms, values, institutions, you name it, right? The nineties – for those of you who remember the nineties – it was a unique period. But today, that is no longer the case. The unipolar era of norms and institutions crafted by the U.S. is over. There will be no natural successor state. Instead, we have fragmentation.

The Global South has become the zone of contestation. BRICS propagates norms without putting a headline saying, these are our norms. It doesn't do that. The West does, right? The BRICS don't talk about it. But effectively, they do propagate norms – sovereignty, minimal prescriptions for domestic governance, and less openly asymmetric demands from China to its partners than what we are seeing now in the current phase in the U.S. So this set of norms is a strong advantage.

One good example is the New Development Bank, where some of these norms have been implemented. We can go into details later. And which of these models has more of a future in a post-unipolar world? I would submit that the BRICS de facto norms are much more aligned with the Global South than what the U.S. has historically practiced, but also what it still practices. Because prescribing domestic models of governance is not over. It's still going on in a different way. Like South Africa, right, is an example. And also certainly asymmetry is being practiced.

So to try and wrap up, I would also look at the other side of the ledger, because it's not just BRICS that's, as I've argued, getting more coherent, stronger, more tech-savvy, more normatively appealing, but the G-7 is losing its mojo, right? It's losing its mojo. And why is it losing its mojo? Well, one reason is the spat between the U.S. and Europe and Canada at the moment.

It's in the headlines. We all know what's going on. Is that going to go away in two years magically? Will there be a restoration again – a second restoration? Chances, I would argue, are low, right? The hysteresis effect of what has happened will persist.

But even more so, the domestic divides in each G-7 country are turning out to be paralyzing. In Europe, if you followed the headlines, the politics of Europe is in turmoil. New sets of leaders may be in power by 2030 that have a very different vision of the West, that put Germany first, France first, and so forth. And the pressures for disaggregation in some form – obviously, there's a long history of cohesion. It's the NATO alliance, right? But the pressures for sort of loosening that are stronger – are getting stronger. This is very important to note on the other side of the ledger.

So could BRICS face the same or worse internal schisms? Again, we can take this up during Q&A, but my argument is, yes, BRICS is challenged by internal divisions. No question. I've written about it. But I would not overstate it either. So there's a doom and gloom argument about BRICS that it never will happen, never will do anything. I would take a cautious view on it, and a middle ground. So it will take time to adjust to new expanded members. And it will also need to find focus areas for them.

Last point, over the period we are looking at, which is the next decade, in general multilateralism and plurilateralism are challenged. I am not seeing a world in which – like nineties where international institutions were flourishing, new institutions were forming, everybody wanted to join them, right? They were mainly U.S.-designed, right? This is not the time when somebody else is creating a whole new set of institutions and everybody is joining them, and we are back in the nineties, led by China. No, it's not. Fragmentation is the name of the game.

But in that adverse environment, plurilateralism of the sort of G-7 and BRICS still has a future. And in that constrained space, my argument is, if you look, on balance, over the time period we have discussed, the trends in economics, technology, finance, norms and rules, and even internal cooperation, on balance, BRICS has a better chance of prevailing and being consequential as an influencer in that space, that is yet not a part of the G-7. That's all. I'll stop here. Thank you. And looking forward to the next.

Dr. Lin: Sarang, thank you. Very great, detailed arguments, with a lot of data to support your argumentation. I have to say, as you're pointing about – pointing out the G-7 decline, I can't help think – relate to what was mentioned in one of the earlier panels, the East is rising, the West is declining.

But, hopefully, Edgard can share with us a more optimistic perspective on why the G-7 is not declining as much, or perhaps maybe the BRICS aren't improving its power as much. Over to you, Edgard.

Edgard D. Kagan: Thank you very much. And I want to just commend Sarang for, in my view, a very good argument. And for those of you who haven't read it already, he published an article in August on this issue, where he was careful not to take too clear a side. So it was – I read it in no small part – I read it when it came out, but I reread it this morning in part to try and glean what he – which direction he might go. But I think it's incredibly well balanced, very, very thoughtful, very useful piece. And so for those of you who, you know, are looking for additional reading, and I'm sure there's lots of you, right – (laughs) – I think it's a great thing. And I think it really hits on what I would say are the majority, if not all, of the key issues on BRICS, and particularly is good at looking at it from a sort of U.S. policy perspective.

So I will confess that I was a little disappointed, one, at how much – how many of you were already on my side, because I'm sort of a contrarian and I always, like, feel better if I'm, like, sort of going against the conventional wisdom. (Laughter.) So that that makes me a little nervous. And also, I was deeply concerned, because I agreed with so much of what Sarang said. Look, there is no question that BRICS has become a thing. Now, you could argue about how you define influence, and I think that, in my mind, that's the sort of key thing here, is I think BRICS is still a long way from having the kind of influence that the G-7 does. And I'm skeptical that the gap will be closed in the next decade, for a number of reasons that I'll get into.

But I think that you have to acknowledge that – you know, who here is a conspiracy theorist? No one likes to admit they're a conspiracy theorist. OK, very good. (Laughter.) Xiangwei, I like that. (Laughter.) So if you're a conspiracy theorist and you believe in conspiracies involving Goldman Sachs, I would say BRICS is actually your best example. BRICS is essentially a creation of Goldman Sachs. And I think that it's fair to say that BRICS probably – you know, some variation of this might have happened, but it probably wouldn't have been the original collection if it hadn't been for Jim O'Neill and Goldman Sachs sort of looking at this as a vehicle. So there is a certain irony that if you really believe, and if Sarang really believes that, you know, BRICS will become the most influential international grouping, you're really arguing for the triumph of Goldman Sachs. (Laughter.) And, look, some people here may think that's a good thing. I'm not going to pass judgment. But I think that is clearly the reality.

So I think the economic data is very clear. On a PPP basis, BRICS is significantly more influential in the world, or has – a greater share of global GDP on a PPP basis is represented by BRICS countries. I would qualify that with something. I once was in the meeting – and I think you were – you'd

started at State – when the Chinese basically informed us that they were going to remove the peg of the renminbi to the dollar. I happened to be in that meeting. And I still remember Wen Jiabao saying something that has stayed with me for a long time. Which is: Show me anyone who will sell me anything for a PPP dollar. The PPP is obviously a very important concept in looking at economies.

But I think that when you start trying to translate that into international trade, if you start translating that into practical influence globally, I would argue PPP is deeply flawed. Because, ultimately, it is an internal measure that is strongly influenced by things like, you know, hypothetically, if you were trying to keep your currency low, that would make your PPP GDP look much higher, or at least low relative to the dollar. The U.S. is never going to look better. We can't manipulate our currency to have a higher PPP GDP. Most other countries can. And so I would just say that, as a practical measure, I'm not sure that that is the best representation.

And when you look on a nominal basis, you still have the G-7 being, you know, essentially significantly greater than BRICS. And it's really nominal GDP that translates, I would argue, most effectively into the bones and sinews of international power. But I think that there's something that's much more significant. And I think that the reason – and, look, I agree with much of what Sarang said and laid out. So I'll stipulate, you know, I think many of his points are fundamentally correct. I think that there's one that I would take argument with. And that is that internal divisions within BRICS don't matter, or don't matter that much.

I served in India for four years. I was the deputy chief of mission and then chargé d'affaires in Delhi at a time when there was tremendous friction between India and China over the Galwan incident, something which stands out as remarkably stupid by our Chinese friends. You know, has anyone ever been up to the Leh, Ladakh region? So I will just tell you, I could imagine few – and I realize I probably shouldn't say this, as we're on the record – but let's just say, if I were to think of parts of the world I wanted to sacrifice blood and treasure for, I'm not sure I would pick that. (Laughs.) And so you see this as a fundamental issue.

I mean, you have – within BRICS you have two countries which, I would argue, are clearly the two most influential economies, and that will be the dominant economies within BRICS in the 10-year period that we're discussing, that have a fairly significant border dispute. And in case anyone thought that this had sort of magically gone away, or that the desire to hold the BRICS summit meant that, you know, both sides have reached, yet again, a modus vivendi, the truth is we just heard from the head of the Indo-Tibet Border Police that there have been some fairly extensive disagreements, and, at least from the Indian perception, Chinese presence on the Indian side of

the line of actual control since the summer. So this issue, despite the fact that both countries had an incentive to try and manage this as part of the BRICS summit, this hasn't gone away.

To me, this highlights the biggest weakness of the BRICS. Like, you know, yes, I get that right now, you know, one can argue there's a lot of internal dissension between the U.S. and Canada – within G-7, between U.S. and Canada, you know, there's the threats at Greenland. But as a practical reality, this is still pretty theoretical. You don't have the possibility of – the realistic possibility of waking up in the morning and finding that there's been a major altercation between U.S., you know, border police and the Royal Canadian Mounted Police. I mean, I would be shocked. Whereas, if tomorrow I found out that there had been another Galwan incident, I wouldn't be that surprised. And I think that this exerts a significant constraint on BRICS. And I don't think that this is something that is going to be resolved. I mean, the political constraints in both places to reaching a meaningful agreement that would essentially eliminate or significantly reduce friction on the border are immense. So as a practical matter, I don't see this happening, certainly in the next decade.

But I think, more significantly, is you have very, very different interests. And I would argue, one of the things that has kept the G-7 influential is the G-7 does things. And look, I had the misfortune at early stages of my career of being involved with the G-7. It is a pain in the butt. Like, trying to do the joint statements, trying to negotiate the issues, get some sort of agreement, even with seven countries that are militarily allied, closely integrated, have a long history of working together, it is hard. And this – you know, it always feels like each time it – each time I get pulled back into it, I think, boy, it should be easier this time. It's not. So I don't want to overplay the alignment within the G-7. But the practical reality is, on almost every major issue in the last 30 years, the G-7 – or, major international issue – the G-7 has been an important grouping in trying to address it. I'm not going to pretend it's always been successful. And I'm not going to pretend it couldn't have done better. But the G-7 does things. And countries look at it.

And so far, it's hard to point to an international issue that BRICS countries have used BRICS as a forum for coming to a common position on how they're going to address it. Like, if you look closely at the BRICS statements – and I'd just – I would encourage people, if you're interested look at the BRICS joint statements, and how they have changed. What is remarkable is they have become much more similar to G-7 statements over the years. And that is both something positive for BRICS, that speaks to Sarang's argument that it's being institutionalized, they're looking for ways to cooperate, do more, find common interests. But it also speaks to the fact that there are certain pressures to do this that actually water-down the ability to do something. So when the G-7 is its most effective it's not based on joint statements that are

carefully negotiated. It is when there's a crisis and the G-7 leaders speak to each other and try and coordinate amongst themselves on what common action will be. And we have yet to see BRICS do that.

I would also make a couple other points on what I think the challenges are with BRICS. So the G-7 – despite what I said, the G-7 is actually relatively cohesive. Part of that is it has very carefully not grown. The only exception was Russia being brought in, in the nineties, and then being ejected in 2014. A lot of countries are interested in joining the G-7. I mean, you should talk – is anybody here Australian? The Australians who were around in the seventies when Canada joined are still deeply bitter about the fact that Canada got in and the threshold was set just between Canada and Australia. Countries want to join the G-7. Not all. China hasn't wanted to join the G-7. It's not clear that China would have been invited, but they've made very clear that they're not interested. However, in general there's a lot of interest.

And the proof of that is, of the BRICS members, depending on how you count Saudi Arabia or not, 10 or 11 BRICS members, five have been invited as guests to the G-7 in the last five years, and have attended. Now, here's the thing, can you imagine a world where the BRICS invites a G-7 member to attend as a guest? I can't. Even if it would be a smart thing to do, it is very antithetical to the way the organization has developed. So I would argue that, you know, what are the things that will be signs of influence? One, the economy. And there's no question. Yes, the BRICS will grow in nominal terms. I would argue nominal still counts. You can argue about what the exact weighting should be, but the idea that BRICS is a lot bigger than G-7 in PPP terms, I don't think is all that convincing. Also, it's worth keeping in mind, 89 percent of international transactions involve the dollar. Four to 7 percent involve BRICS currencies.

Now, you can argue about the dollar's advantage, you know, structural imbalances, blah, blah, blah. But the truth is that most BRICS countries are very, very skeptical of trying to move away from the dollar in an organized way, both because, look, under this administration they're worried about retaliation, but even then it's not totally clear for them that they benefit from that, that they're better off in a dollar – in a renminbi-dominated financial system than a dollar-dominated financial system. I think they'd like to see more balance, but I'm not sure that any of them wants to be the first to go. It's sort of like the mice talking about how it would be great if the cat wore a bell around its neck. They all agreed. Then the question is, who's going to put the bell on? Well, nobody really wants to take the lead in belling the cat when it comes to, you know, explicitly trying to move away from the dollar. Or no one who hasn't already been pushed aside.

And then I would say the last thing is the growth of BRICS, in my view, actually signals why it will not displace the G-7. You can make the case that

the original Goldman Sachs model, which was just BRIC, South Africa got added later – the original Goldman Sachs model, at least there was some coherence and some rationale. The truth is, the growth, and including the members that have been formally added as well as the partners, you get an increasingly disparate group of countries, who have less in common. So even if you were able to resolve China-India friction – and, as I said, I don't think it's – I don't think it's likely, but, look, maybe it – maybe somebody waves a magic wand and it happens. I think the fact is, you have such fundamental differences between the interests of the original members – UAE, very, very different than Ethiopia. You know, fundamentally different economic interests, different stages of development.

And so I'm skeptical that that goes away. So I would argue that the real question for BRICS is when BRICS actually gets its members to make sacrifices to support a common objective. Up until now, the only real sacrifice has been China writing checks to create the BRICS Development Bank, and now the New Development Bank, which I think has been welcomed. But the truth is, it's still a small global player. One interesting thing is that, based on their own statistics, the amount of money they have loaned out has actually gone down in the past year. So, you know, that would suggest – now, it's not a huge difference, but, you know, you would expect, like, for a bank whose official capital is 100 billion (dollars), they have about 20 billion (dollars) currently out in loans. And it's gone down from about 21 billion (dollars) last year. Not a huge difference, but I think the direction of travel is important.

So I think for all those reasons you see BRICS as a hedge. And I agree with Sarang. For its members, I think it's a hedge. It is better to be in than out, if you think that it's going to develop into something that, at the very least, offers you the opportunity to have bilats. You know, for new members it's the opportunity to have bilats with leaders from the PRC, China – or, I'm sorry – the PRC, India, Brazil, in particular, South Africa and Russia as well, though I don't think people have been lining up to see Putin in quite the same way that they did before Ukraine. So I don't think BRICS is going to disappear. And I agree, as I said, with much of what Sarang said. But I think in terms of influence, the ability to influence the international system, the ability to influence the direction of travel for where things are going, I don't see BRICS replacing the G-7, even if I agree with many of Sarang's points about the challenges the G-7 faces.

And the real reason is that internal cohesion matters. And, you know, if you look at the guiding principles of the largest member of BRICS, if you look at Marxist-Leninist philosophy and theory, Marxism-Leninism believes that a well-organized, cohesive party can triumph against much larger numbers. And so, if you believe in the Chinese view of the world, it's hard to believe that the BRICS is going to become the kind of cohesive, well-organized force

where people are willing to make sacrifices for each other in the coming decade, that the G-7 has shown over the past 50 years that it's able to do. Thank you.

Dr. Lin: Thank you, Edgard, for a very, very strong argument for the G-7.

Now let me turn to Sarang for any rebuttals. And I think Edgard flagged a couple of things, including, like, identifying an issue in which the BRICS have actually rallied around and pushed forward. So over to you.

Mr. Shidore: Yeah. Thank you. What a formidable friend. (Laughter.) I love it. I love it.

Amb. Kagan: Look, seriously. Read this. (Laughter.) He is – he knows what he's talking about.

Mr. Shidore: Thank you. We just love each other, you know. (Laughter.) But, no, but, seriously, great points. And I thought some of them might be there. And they are certainly there in some of what I have written. But let me try to complicate the complication, if you will. (Laughter.) Yeah. So I think we can – we can – think tankers, you know, we love to do that, so.

I think you're quite right, Edgard, that there was a man called Jim O'Neill, who was not a citizen of a BRICS country, who wrote a paper in 2001, and it became a marketing tool. BRICS didn't start out as being a – really, a super geopolitical club. Remember, 2006, when the first foreign ministers met, was a time when Russia was a friend of the West, when unipolarity was very much dominant. Outside the Middle East, the world was seen as a growing, dynamic – you know, real estate was booming here, emerging economies, the term comes in, and these countries say, hey, we are a fantastic destination in the financial markets. Invest in us. So it's a brand, right? But even in the first BRICS joint statements, there are – the goal of multipolarity is mentioned. So they're coming together mainly as an economic club. And they still are mainly an economic club. But they have in mind a reform of the global order, right from the start.

The other interesting thing about this is that Jim O'Neill is seen as a father of BRICS in some sense, intellectually. But the true father of BRICS may have been the three Eurasian countries of Russia, China, and India, because in the nineties they decided to form a club called RIC. Now we've forgotten it, because it's – you know, the young students here won't remember it. But RIC was the attempt in the nineties, when, by the way, in many respects Russia, China, and India were – had better relations with the U.S., but were also, in some sense, trying to forge alternatives. It was a unipolar era. And they were looking to create some other hooks. And they said, why don't we get together as Eurasian countries, essentially, and form a club?

Now, once Jim O'Neill wrote that paper, this was picked up by the RIC capitals and said, you know what? We already have something going here. Let's add B. And then someone thought later, hey, we don't have Africa, right? So they added S. And so it's a – there are complex – there are complex causes for BRICS. But I would not put so much weight on how it started, because lots of things start in certain ways and then life, you know, evolves. And one example actually is ASEAN. ASEAN is a really good microcosm. And you were in Malaysia. You know it very well. ASEAN starts out in many ways with U.S. tutelage. You know, it's a Cold War-ish project, anti-communist countries. And over time, it becomes a regional integration mechanism led by the region, where anti-communism – now it's part – Vietnam is a part of ASEAN, very willingly embraced part of ASEAN. Singapore and Vietnam wouldn't talk to each other at the U.N. back in the Kampuchea days, Cambodia days, and now they are best of friends.

So things evolve. The modern world is a creation of colonialism, in many ways, but how much influence does Europe have today on the world? Almost – you know, very little. Countries have come into their own. So over time, things happen. Time is a very important factor here. And we are not just looking, although history is important – and I completely agree with you, Edgard, that G-7's achievements over decades are there for us to see. The same club of countries, by the way, also – that was OECD, but related – created the IEA, and the Strategic Petroleum Reserves, and all of that that's helped us during this crisis in the Middle East. So there are 50 years to play with, 50 years of an alliance to work with, and two decades of unipolarity in between, as huge factors for G-7's history that BRICS doesn't have.

But remember, we are not talking about yesterday. We are talking about tomorrow. Imagine how the world would be in 2037, 2038. How was the world 12 years ago? How was the world in 2014, 2012, right? Very different from now. So my argument doesn't rest on the past. My argument rests on the future. All of the curves that one can draw, including nominal GDP, are going in one direction. G-7 down, BRICS up. And on nominal, we get 80 percent of G-7 GDP. Now we talked earlier in the morning, or yesterday was it, that China has 70 percent of U.S. GDP, in nominal terms, and yet it's a great power. Again, I'm not comparing – nation-state competition doesn't compare to this, right? But the point is, economic footprints are more complex. And I would still argue that, over time, BRICS has an edge in many dimensions, except finance. I think I take your point on finance, no question.

If anyone can predict to me where the dollar goes in 15 years, I think they will know – I mean, they will have the champ status at this entire –

Amb. Kagan: They'll be rich.

Mr. Shidore: Yeah, they'll be rich. They can get rich. On some other things, I think you pointed to a very important point on India and China, which is very interesting. There is no question that India and China have a past of war, and have a present of tension. We have had a recent present of a clash. People have died. When people die, that matters. And I completely take your point that this is not an easy relationship. To complicate that complication, though, if you look at what has happened recently, or even in the last 10-15 years with India and China in multilateral fora, right, the evidence is quite interesting.

India and China are in a room that is marked "bilateral," and they have all these disputes. There is a border dispute. There is Pakistan, which is a big issue. There are trade issues, right, imbalance, and so forth. Then they enter a room that says "multilateralism," whether it's the WTO – in the old days when the WTO was more functional – whether it's BRICS, whether it's SCO, actually, whether it's even the U.N., they never make speeches attacking each other in the U.N. India and Pakistan do. But India and China don't, right?

So there is a maturity at the level of one great power and other middle power-plus that they separate issues because they're full spectrum countries in their own way. India is also a full spectrum power, although obviously significantly weaker than China. Nevertheless, if you look at the stock market, it's got every sector. It's you name it, it's there. And it's a very big stock market at this point. So what they have forged, and this crisis was a test actually.

If 2020 – if there was a crisis that would have unhinged or upset the India-China multilateral cooperative impulse, it was 2020, because we haven't had people die on that border for decades, right? Even the '87 crisis did not involve deaths. So the two countries passed the tests. Yes, there's some reportage of more tensions on the east and so forth, but I believe that this will not blow up their cooperation in BRICS. They will continue to engage in BRICS. Indeed, are doing so in the Delhi Summit. So I'm less worried than my friend on that paralyzing, or otherwise unhinging BRICS.

I think the more serious question for BRICS is something that Edgard pointed out, which is that it has built something. And I would say the NDB is very interesting because, yeah, the scale is much smaller than the World Bank, but the way it is pioneering a normative space of lending, centering sovereignty, and governing, because as we know in the World Bank the U.S. holds the veto. You need 16 – you know, basically the U.S. can veto any admission, any change, any expansion of shareholders, and so forth. In the BRICS Bank, the five founding members of BRICS have equal votes, which has been – which was actually China's, you know, long-term sense of how to build something. And India was very much a part of that conversation.

Actually, India proposed the NDB. So it was not China. And Brazil proposed what they have a currency swap arrangement called the CRA, which hasn't been used yet but if there's a future crisis of liquidity it could be. That was proposed by Brazil. So these countries have figured out ways of playing roles and have shared power, the five founding ones, the most important ones. And that's a new model of multilateral lending. And I think this model, again, like I said, on influence, the reason 20-plus countries are waiting in line to join BRICS – and, by the way, the G-7 may invite countries to summits, but there's no question that they will not be admitted into the G-7, right? In BRICS, there's a chance you could be admitted.

Now, how much admittance is good for BRICS and how much admittance makes it too sprawling is a very good question. Many argue that the expansion was too fast, too many too fast. The question is, will it take – will it blow up BRICS, or will it mean a speed bump and an adjustment period for the next three, four years? My bet is, sticky institution as it is, it will overcome the bumpiness and find a space for these members. Remember, the five countries that – six countries that really drive BRICS are the original five, I would add Indonesia to it as well. Very important. And on those six, I see a lot of promise in them steering things forward.

Finally, just a couple of points. I would say that there's also this very interesting question of what BRICS could do best. I think there are two or three things BRICS has been able to do that – some are in the headlines, and the others are not. One is the NDB. We discussed that. The other interesting dynamic in BRICS is not in the headlines but is happening, or has happened. I am in conversation with, you know, folks in New Delhi, and in Brasilia, and places in the Global South.

And I know for a fact that, for example, the Indo-Brazilian understanding and conversation would be nowhere near what it is, but for BRICS. BRICS has given a platform for these two countries that are very far away. Middle powers. Both are very big countries, right? Brazil is a very major player and a massive natural resource great power, actually. India, of course, in Asia. And they have no – there's no interaction. There's no real history of interaction. No disputes, but no dependence, or trade, or anything either in the past.

But BRICS has made them meet very frequently, because BRICS doesn't just meet at leader levels. BRICS meets throughout the year. There are committees and commissions, and they work on questions. They exchange best practices. They do talk shop things, which may feel like, what have they done? Nobody does very much these days. We live in a world of kind of slow progress on any multilateral front. But the fact that there is this mutual socialization within the Global South is a very interesting phenomenon that

BRICS is spawning. No other organization – the U.N. is too big. SCO is Eurasia.

BRICS is the only transcontinental Global South-oriented – although China, Russia, obviously more important, but all these other countries in the Global South – that are actually meeting productively, slow as it is, in ways that the G-7, all of those old institutions, are dead, right? So if the Global South means anything, if there are going to be alternative diversified relations that we are going to see as the United States changes, then BRICS is going to be the seed of many, even if it doesn't hit the headlines from a summit statement. And it's very important to note these kinds of drivers and dynamics. So I'll stop here. More to say, but, Bonny, I know you have many questions for us.

Dr. Lin: Just one quick question. So, as you look forward, is there one or two examples of a major international issue in which you believe the BRICS could weigh in significantly on?

Mr. Shidore: Yeah. Yeah. So I think – there are some things I think the BRICS, if it grows as I think it will, can make a difference. One is the NDB. I agree with you, that NDB's lending is slightly down whatever this year. But remember, it's expanding its lending in local currencies as well. So, again, below the surface of the dollar headline are these loans that are being fashioned in local currencies. Again, doesn't dethrone the dollar, but creates new spaces, which are not born of war. Because we know the Russia-China relationship, which is de-dollarized, is born of war, right? But this is not being born of war. This is being born of the old-fashioned idea of multilateralism, which supposedly is dead. And so that's one.

The other areas I think BRICS has a real opportunity are in spaces that are actually major crises in the Global South, that the existing order is not addressing. One of the reasons so many countries want to join BRICS is not just because they want another summit to fly to and have fun in. There are lots of those these days. What they want to do is they want to find alternative venues in a time of uncertainty, because the U.S. role is seen to be declining. Unipolarity is seen to be declining. And nobody knows what's coming next. Nobody thinks China is going to dominate the whole world. So in this uncertainty, what do you do as an investor when there's uncertainty? You hedge, right? So they are investing in BRICS for that reason.

And the things that are missing, or deficit public goods items in the world today, I can see several. But I would point to a couple. One is climate. The other is health. The third is development finance. And perhaps the fourth, in which BRICS has not proactively acted to form an organization but I think the time is ripe, is trade. In trade we have today a great outpouring of rejection of trade in this country. Trade is sort of a threat, possibly. That's true in the

U.S. But the rest of the world doesn't see it that way, right? Most countries are signing trade agreements in the WTO style.

Whether it's China-ASEAN deepening, whether it's India, you know, Brazil, Brazil-EU, Mercosur-EU, Peru-Indonesia. There's so many combinations. So many things have been happening. And the BRICS is of one mind on trade. Now, mind you, everybody has their own pet sectors they want to protect, right? It's never been – free trade is a myth, right? But greater trade integration as a principle has not been abandoned. And I think BRICS countries actually all agree with it as a principle. And they could do more. And there's an opportunity.

Dr. Lin: Perfect. Thank you.

Edgard, your rebuttal?

Amb. Kagan: Yeah. I mean, look, I think Sarang made excellent points. I would just reinforce what I said, which is I'm less optimistic than he is about China-India. And look, I may well be wrong. And so I'm not going to say I'm totally confident. On the other hand, those who've bet against China-India rapprochement over the past 30 years haven't lost a lot of money.

And using the RIC example, which I think is actually excellent, what brought the RIC to a sort of screeching halt was China's very, very strong reaction against India's nuclear tests. And that was actually one of the constraints. It was one of the reasons why the restarting of discussions and the initial BRICS discussions were fairly explicitly conditioned to be more about economic issues, because there was still political friction. So I think that just highlights. But I mean, look, I take the point. Look, it could be that there will be real improvement. You can argue that they are looking – they've found ways to reach a modus vivendi.

But, you know, I think that Sarang's point on India-Brazil is excellent. But when you talk to Indian and Brazilians who've been involved in these discussions, the reason that they do a lot more coordinating with each other under the guise of BRICS is to make sure that they're not driven by China. So this is – I mean, it's in the same way that some of the G-7 countries used to very quietly get together to make sure that they had a coordinated position vis-à-vis the U.S.

I would go back to my point. I mean, I think you can argue there will be issues of digesting more members. And I think that's very clear. And it may well be that Sarang is right, that it's not going to change the overall direction of travel. I would say that the G-7 is an example of the fact that countries, which by and large have a fair amount of experience in multilateral groupings, have decided that the best way to retain cohesion and the ability

to actually do things is to keep it small. And as I said, even at seven it's incredibly, incredibly hard.

And you can see – I mean, look, I would argue, again, the BRICS joint statements look a lot more like the G-7 joint statements than they used to. And part of that is because every government suffers from bureaucratic creep. Over time, like, you know, within each government, there's more and more issues that, you know, the finance ministry wants addressed, the trade ministry wants addressed, the environment ministry, the health ministry. And so over time you see these things get into the summit documents.

But in every one of these things there's a least common denominator effect. More players and more disparate players – like, again, I would argue there's far more cohesion between the G-7 countries – in terms of how the systems work, but also levels of economic development, ambition for government, role of government, vision of the international system – than there is within BRICS countries. There is general principles – and I agree with Sarang. I mean, I think the BRICS countries want a more equitable distribution of power in the international order, though I am a little skeptical. I think our Chinese friends – and I think this is one of the challenges of BRICS – is in the end I don't see China willing to accept real constraints on its freedom of maneuver as a sacrifice to BRICS, and to the idea of creating a cohesive BRICS.

And I think that this, in the end, gets to the heart of the difference. Which is that China, at least so far, has not given the impression that it sees a future where it accepts significant constraints on its freedom of maneuver. Now, you can argue that the U.S. has – whatever constraints the U.S. once accepted, the U.S. has gone in the opposite direction. And I think that's largely true. But I still think that to create a cohesive and effective body, you need to have commonality of interests. And I think that once you get past broad principles that still is hard to do with BRICS. And I think that, ultimately, this is really a very foundational question. And I think it's true for the G-7 as well. I mean, I want to suggest I'm totally optimistic about the future of the G-7.

Ultimately, for the G-7 to be effective there has to be a sense that there's a commonality of interests and a willingness to share collectively the burdens of leadership. I would argue that's definitely not there for BRICS. I think you can make the case that right now there's far less of that at the G-7 than there once was. Now, the big question is going to be, what is the next global crisis and what drives it? And it is possible that G-7 countries won't be able to come to a common position on it. That will be a blow for the G-7. However, if I had to bet, and if people here had to bet, I suspect that you would be more likely to bet that the G-7 will get its act together to look for area of common effort than BRICS. For the very simple reason – and particularly, the BRICS as it's currently constituted.

And there's a real question on the partner countries who gets in at what rate. And if you let the partner countries in, you change it even more. I mean, the partner countries – I mean, first of all, already the growth of BRICS changes the dynamic. There was a lot more cohesion between the original members because they shared similar interests on a variety of things. And I think Sarang's point on multilateral cooperation is correct, with one significant exception. And that is on the most important questions. On minor questions, India and China do great cooperating together in multilateral fora. But look at what China did to the G-4 proposal on U.N. Security Council expansion, and how ambivalent China has been on Security Council expansion. And for a variety of reasons.

But if you look at the most recent BRICS joint statement, they can't even agree that India and Brazil should be members of an expanded Security Council. They basically say they welcome the aspirations to do more in the U.N., which is code for this. And look, I don't want to suggest that this is something that the G-7 has done great on either. But for an organization whose explicit goal is rebalancing of the global order to include a greater role for developing countries, the fact that they can't even agree on endorsing membership for two of the original members to me is a pretty significant sign that there are real cohesion issues, and that there are real limits on what BRICS can do.

I mean, in the end it's hard to believe an organization that can't do easy stuff is going to be able to do hard stuff. It's possible. And, you know, in many ways it would be good for the world if you thought that there's a group of countries that can come together to do important things. I mean, using the points that – climate. Historically, you know, these are not countries which have an easy time agreeing with each other on climate, other than at the most superficial level. Health, I think, yes, there's a lot of interest in greater coordination on global health. And I think that, you know, one can argue that U.S. actions have left the field more open. But there's still a lack of willingness to actually underwrite the resources necessary to really have BRICS countries collectively step up on global health. And in the end, there's still the problem that even if they wanted to do it, they would be less likely to welcome a BRICS branding than to be seen doing it bilaterally.

On development finance, look, I agree completely. There is an opportunity there. There's been an opportunity there since the founding of BRICS. You can argue the New Development Bank is a step in the right direction there. But, look, for all the countries involved, their NDB commitments are tiny fraction of what they have done in terms of supporting international development. So you don't see, I would argue, fundamental changes, even when you have countries that arguably have a good sense of what it would take to improve international development finance.

And on trade, you know, look, as you can tell, I love Sarang. I have deep respect for him. I disagree on trade a little bit because, look, one of the things that's causing friction right now is that China is having problems with almost all the other BRICS members because of the sense that it is bound and determined to increase its own exports, at their expense. Now, you can argue with the phraseology of that, but the fact is every single BRICS member, with the exception of Russia, and arguably Iran, is worried about Chinese exports and the domestic political damage that the loss of manufacturing is doing. And I would argue more broadly, China's determination to dominate global manufacturing – and you can argue about how much of this is explicit policy, how much of this is what's happening in practical terms.

But the reality is, China, depending on what numbers you believe, represent about 28 to 30 percent of global manufacturing last year. It's probably going to go up to mid-to-upper 30s in the coming five to six years. If you look carefully, the way in which countries have developed has been – or, the most effective way. And, again, you can have disagreements on this, talk about the costs, downsides, et cetera. But a lot of countries that have successfully increased their per capita GDP and the standard of living of their people have followed an export-led manufacturing model.

And I would argue that what China is doing right now is really calling that into question. Now it's too early to be sure, but I think that there's more likely to be friction on this point, which undermines China's credibility as a leader within BRICS – and I would argue more broadly as a leader of developing countries – in the coming decade, than – or, certainly, in the coming few years. I mean, it's hard to – it's hard to know what the trajectory will be, and if there'll be some course correction on the part of our Chinese friends.

So I think all these things do mitigate against us. I mean, I think in principle China wants the form of a trade global trade architecture. But it has – part of the reason why we are in the situation we are in today is China hasn't really wanted to actually carry out the steps necessary to support a global trading architecture that would be seen as credible across the globe. So in all those – for all those reasons I still believe, as much as I agree with Sarang's basic points, I think that the challenges to moving from good idea to effective and influential grouping still continue to be very high.

Dr. Lin: Thank you.

Before I open the floor to questions from the audience, I do have one question for each of you – or, actually, the same question for both of you. Just stepping out of this debate – and I know we asked you to debate China-dominated, China-preeminent BRICS versus the G-7. But, Sarang, you

mentioned moving forward you expect a much more fragmented international space. And you also said that you don't you don't see any other major groupings emerging, aside from the BRICS. So the question for the two of you is, just putting aside the need to choose the BRICS or G-7, as you look forward are there other groupings that you would put – multilateral groupings that you would put as more influential than either BRICS or G-7, that you feel that we should pay more attention to?\

Mr. Shidore: Yeah. Well, I think there will be action in regional – oh, thank you. There will be action on the regional plane. I think regionalism has a future, because fragmentation doesn't mean all against all, right? Not every nation is fighting trade wars with other nations. Not every nation is looking to fight wars with other nations, or ramping up tensions. In fact, ASEAN is a fantastic – again, you know so much about this – ASEAN is a fantastic example of super-diverse countries who, by the way, in the 1960s – (laughs) – the conventional wisdom was that this was going to be a basket case zone, with all the tensions, and the endemic poverty, and basically no industrialization. And then Vietnam went through this horrific set of wars. And, I mean, nobody would have predicted that ASEAN would be the most dynamic region of the Global South today, and has been for some time.

So I think regionalism has a future. I would also not count out SCO as a Eurasian initiative. It is a kind of a security-centric root. And security seems to be still its flavor, although they are now talking about everything. But there is a reason why both India and Pakistan wanted to join it, and Iran. And the interesting thing there, just as I mentioned BRICS is – by the way, I didn't mention this one point that the India-China thaw after the 2020 clash, first, there's a military disengagement agreement. That's a very basic, you know, mill-to-mill type of thing to stop war. But the political thaw happens in a BRIC summit in Kazan in 2024, when Modi and Xi actually meet and talk the big questions. Again, it doesn't solve all the problems, but it converts what had been a military crisis management process into a political thaw, that allows some investment openings, and some flights, and so on. Again, measured and contained. So the SCO is also creating that space broadly in the region. And I would not – I would not underestimate its potential.

Those are the – those are the two planes I would see, Eurasia and some regions. Again, Africa has an integration project of trade integration, African Continental Free Trade Area. On paper, it looks great. There is some implementation, slow as it is. But, again, 20 years ago African countries were all super hub and spoke, right? African capitals to European capitals, essentially. And even now that's true for flights. But they are doing much more together than they ever did before. So this is a sign of kind of the shifts in the world order away from unipolarity to new structures. And these new structures are all still early. It's going to take, I would say, more than 2039.

The full game is going to be played out through the 2040s, barring great systemic war. So I'll stop.

Amb. Kagan: Look, I would agree. I mean, for me, part of it was over the next 10 years. I feel pretty confident over the next 10 years, G-7 will be more influential than BRICS. Beyond that, I think there's some questions. And I would argue that, you know, regional groupings potentially offer real sort of potential to have an impact. The challenge on this, and this is the thing, like, in the end, like, you know, what is key to the success of Southeast Asia and ASEAN? To no small degree, it was a global order underwritten by the United States, with security being provided by the United States. And, look, you can read Lee Kuan Yew, and I don't know how many people here – how people here feel about him. But very few people ever accused Lee Kuan Yew of not being pretty smart.

Lee Kuan Yew believed, to the end of his life, I'm told, that one of the reasons that ASEAN developed and Southeast Asia developed was because of the U.S. engagement and the U.S. war in Vietnam. That that created the space for Southeast Asia to develop in a way so that it was much less vulnerable to conflicts amongst themselves, as well as to being undermined from the outside. And that that led directly to the rapprochement between the United States and China that really reduced China's incentive to destabilize the region. So I would argue that, you know, ASEAN's success, in many ways, speaks to the value of the international order, where someone is willing to underwrite it in one way or another.

The big question is, is China willing to do that? And when you look at other regional groupings, is who's willing to do it? So I started my career, my misspent youth, serving at the U.S. Embassy in Abidjan in Côte d'Ivoire. And at the time, the big issue was the Liberian civil war, which was right next door. And Nigeria was basically underwriting a West African intervention in Liberia. And you can argue about what their motives were. You can argue about how effective it was. But the fact is, Nigeria was willing to have kids come back in bags in order to help assure stability and address a regional problem.

Over the last 80 years, the United States has shown a willingness to do that. And the United States has also shown a willingness to underwrite economically a trade order which, you know, you can argue benefited the United States, but clearly there's a lot of people in the United States who believe it didn't benefit the United States relative to the rest of the world. And that's part of the reason why that has been called into question in terms of U.S. politics in the past decade. I think the key thing, for all these regional bodies, is who's willing to underwrite it? Who's willing to sacrifice? Who's willing to have kids come back in bags? Who's willing to write checks?

And right now, the answer is, very few are really willing to do that. And, you know, I think that Sarang's point about a more fragmented order I think is absolutely correct. I think you can't question that. But I would argue, in a more fragmented order, a smaller, more like-minded, more cohesive body is likely to be much more effective at influencing the direction of travel than a larger, disparate, not very well organized, we have internal contradictions body, like BRICS. So with that, I think we should take some questions. But thank you.

And, look, I want to say again, it is a tremendous privilege to get to have a serious discussion with Sarang. You know, I'm not going to pretend that he persuaded me. (Laughter.) But on the other hand, I have kind of a stake in not being persuaded. But I will say, I think his arguments are very good. And I think if you look 15 or 20 years from now, that's a very different question than the next decade. Thank you.

Dr. Lin: Great. Thank you.

Let me open it up for the audience. Questions, comments? Yes.

Audience Question: Do I need a mic?

Dr. Lin: Yes, you do need a mic.

Audience Question: I just wanted to know if you would comment on the G-20, because that was the big innovation when Edgard and I were in the government. And it was supposed to include non-G-7 countries that were important. And it did do some things over time, but it didn't really enter the discussion today at all.

Dr. Lin: We'll collect one more question back there.

Audience Question: So my question is – and I appreciate your comment about Goldman Sachs inventing the BRICS. Fifteen years ago, this question would have been very easy to answer. Emerging market, you know, big market, rising middle class, income, whatnot. But things have changed. And two things that has happened, which was COVID-19, which exposed the supply chain vulnerability, and the energy crisis after Ukraine, which exposed Europe, to some extent, how dependent we were. So now I think, does it make sense to you to see, in in light of these two, how does – which group? I mean that does that – question to you, Sarang – how would you address that? Do you see more cohesive nature with G-7 now, because onshoring or all these trends are going to favor G-7 more, which are more market, less producer, unlike BRICS? Thank you.

Mr. Shidore: Do you want me to start? OK. So I think it's very interesting, the idea of cohesion, right? Because if we believe in the world as a fragmented – more fragmented world order, which I think most people would sort of say is happening, then the question is – first of all, the question is, is there any space for cooperation beyond bilaterals, right? So you can take the very pessimistic view that none of these groupings are going to go anywhere, right? That would be the most pessimistic, death of everyone except bilaterals. We are in an all-against-all world, super self-help, realist paradise, right? (Laughter.)

But I do believe there will be a space, as long as there are humans, for multilateralism of some kind. And you can – again, we can show all the – all the things both of us have talked about are together supporting that view, right? So, in that sense what would be a model? And you mentioned this – I think you mentioned G-20. The other one was on something like Pax Silica, for example. So I think the model of – the G-7 model comes out of the post-World War II era, right? Alliance system, common values, we are all in this together, and we march in lockstep, essentially, right, on big questions of the day.

That model of creating cooperative webs is dying. I think the model of this new plurilateralism is actually going to be less of the first kind, although, again, now it feels like the G-7 is more cohesive. But if you get more fragmented world order, if you get nations pursuing their own interests much more, then they will join these clubs because they realize there is a net gain somewhere. But they will join them on a thinner basis. The basis has to be thinner. Only then actually they will work. So I'm going to turn this argument around on its head – (laughter) – and say that the organizations that will succeed may be tortoises and slow plodding, and may only have a couple of checkboxes checked every decade, but have a better chance of sustainability than those that say we are all in this together, we are common democracies. And the reality is changing under their feet.

So, not to say that something like Pax Silica, that is driven – and the Chinese may have their own version. And, by the way, I share my friend Edgard's concerns about Chinese trade practices. And I think there are concerns in the Global South about China shock 2.0. These are real concerns. The question I always ask is, in response to the supply chain problem, which is real, the U.S. is designing a Pax Silica. Good luck to that. I think it'll be a great thing if it happens. How are the Global South countries responding to China? They are taking individual sectoral steps, right? Like Indonesia on textiles. They are being wary. They are careful. They don't want to become close friends with China.

But they are not launching a trade war. They are not creating a full-spectrum, wall building, you know, because they still believe in trade, right?

They believe in trade and the idea that trade is generally good. So I think the bottom line is I see the U.S. and the G-7 still working in a model of let's create a club of like-minded countries, OK? And the rest, which BRICS represents one good example, perhaps the best one, not actually having a headline. There is not a headline that says, we are going to create this world order with this design, where we only trade with each other, or we only have a supply chain limited to ourselves. Will never happen in BRICS. But there are lower ambition and careful, long-term interest-based initiatives that keep going and work on through the long haul.

So failure isn't going to happen. Nor are you going to get instant success. But I would argue this is more sustainable – messy as it looks – than something like a Pax Silica, you know, initiative. Which, by the way, may succeed in specific materials and things. I'm not denying that it's a good thing to do. But as a headline project of let the G-7 lead in maintaining the old order, restoring the old order, creating a bloc that excludes China, telling countries to reduce China, that's not the message capitals want.

Capitals are saying – you know what Colombia did? Or not – a good example, actually, Indonesia. Indonesia has joined BRICS, right, which was a surprise, and it's also trying to join the OECD, right? (Laughs.) So, I mean, this is a classic hedging strategy, which India also practices, which is the Global South's reality. And those who understand that, if the Chinese object to Indonesia joining the OECD, they'll have a problem, right? If the United States goes to India and says, if you're doing BRICS and de-dollarizing, we'll put a tariff on you, that is not received very super well in Delhi, although they're very careful, because it doesn't have – again, short-term benefits – but it doesn't have a long-term – as a strategy, does not have a long-term win written on it. The other – the first strategy has a better chance of success.

Dr. Lin: G-20?

Mr. Shidore: Ah, G-20, thank you. So, G-20, I think, is a very interesting initiative where you have everybody in the room, in a way, right? So you have the G-7 in the room, the key BRICS countries in the room. It came out of a financial crisis, subsequently took on COVID. It's taken on debt.

Audience Question: It existed before the crisis.

Mr. Shidore: Yeah, yeah.

Audience Question: The crisis was its –

Mr. Shidore: Came into its own, yeah.

Amb. Kagan: And the crisis is what led it being taken to leader level. Before, the G-20 was head of the central bank and finance minister. And so it was a very narrow financial remit. In some ways, that was perfect for the financial crisis. The only issue was the financial crisis was so important that you needed the leaders there. So I'm sorry.

Mr. Shidore: Yeah, no, no, no. No worries. So I think the G-20 is – some have argued that the G-20 is the only game in town in terms of truly global multilateralism, because the U.N. is paralyzed, right? The U.N. is kind of paralyzed, and no disrespect to the agencies that do amazing work. And there are technical experts and amazing people. But at the highest apex level, it is paralyzed. And G-20 is a club where 20 leaders can meet as people, and informally, right, without the legal trail and all that, have understandings, go away, seems to suit the current set of leaders. The kind of leaders we have today in the world are very personality-driven, strong personalities, very personal styles, informal, transactional, maybe. So I'm not writing the G-20 off. I think it has a lot of possibilities. Obviously, it is even more diverse than – it's the most diverse club there is of smaller clubs, right, because it's got basically north, south, east, west. But as a crisis management tool when there's a global crisis, what is the apex body today? I think the G-20 fits the bill the best.

Amb. Kagan: So I would just add, I agree on the last point, because that's what it was created for. The G-20 was created as a response to what, you know, you can argue was the biggest crisis, in many ways, of the last 20 years. Because, look, I mean, you could say, oh, but what about Ukraine, what about COVID? But if the global financial crisis hadn't been handled relatively well – and, again, you can argue about how well it was handled, bailouts, all that other stuff. But when you look at what people thought the range of possibilities were, we came out pretty much on the good end of that range. And that's what the G-20 was created for.

At the same time, you know, I would argue – or, I argue that the G-20 highlights the challenges for BRICS. The G-20 has effectively become paralyzed in the past six or seven years because of geopolitical tension. And I was involved in G-20 meetings. And, you know, essentially, you have, on most things, the U.S. lining up with the hosts. And we had, particularly after the invasion of Ukraine, China and Russia, and really in many ways Russia, China trying to take a more ambiguous role, objecting to consensus. So the G-20 would work potentially if you had a crisis where there was some set of common interests.

But the reality is, as it's configured, it actually shows the challenges of trying to have a very diverse group. And I agree. I mean, the G-20 essentially was

created in recognition of the fact the G-7 no longer was able to do what it once did. And it was recognition of the fact that China was – also, I mean, there's something that has been sort of forgotten, but Tom will remember, that there was a big discussion about Asian regional architecture that took place from like 2003 to 2009. And the G-20 essentially addressed some of that by creating a mechanism for Asians to have a bigger voice in global governance.

Now, look, if you are, you know, not Indonesia or Korea or Australia, you might question that. (Laughs.) But I think that the G-20 was designed to address that. The problem is, as a practical working tool, the G-20 has become much less effective because of geopolitical tension. And I think that it speaks to what I suspect will be a challenge for BRICS, which is that it is possible everyone in BRICS is actually going to love each other and hug trees together in the coming years. India and China will resolve the border, find a way to manage it, that there won't be issues among some of the other countries.

But I think most of the people here probably have learned, if you're going – again, if you're going to be making bets, betting in favor of greater international cooperation and goodwill usually isn't where you're likely to get the best returns. And so, you know, look, I don't want to make any predictions, but, like, BRICS is an outcome of a long period where you basically had strong forces pushing towards globalization. One of the questions is going to be, if you have fewer forces pushing towards globalization – I would argue that we can – you know, we can argue about how much that has changed, what the pressure is. But we're still seeing sort of the wave. And it might be the last stages of the wave. It might change. It might be, you know, a strong reaction against it.

But it's hard to believe that BRICS works the same in an era where globalization – where you're seeing deglobalization as it did. Because it really was a product – and, you know, going back to Jim O'Neill, it was a product of globalization. It was a product of the assumption that these are the markets that are going to see the most growth in the coming years. An assumption which, actually, was largely correct. So I think that it speaks to the challenges of cohesion. Like, the G-20 is a cautionary tale, I would argue. Still could be very useful. Like, if aliens suddenly invade the Earth, like the G-20 will probably be the forum where we coordinate our response. (Laughs.) But as long as you have the kind of frictions that you do between the leading members, I think it's going to be very hard for the G-20 to do more – to really significantly address key challenges.

The other question, look, I think that what's clear is the combination of Ukraine, COVID, and I would argue Iran, calls into question a lot of the supply chains. And I don't hear anyone saying, you know what? We really like being

dependent on one place for our supplies of critical components. Everybody would like to diversify supply chains. And so I think, again, this creates challenges for a China-led organization, because China is trying to increase dependence on it, even if it's not an explicit goal. The practical reality is China doesn't want to see diversification, because that basically means moving trade flows away from China.

And I think that the broader question is, what kind of trade order do people want? I don't think anybody wants to be too dependent on any one player. And so I would argue that that's going to be a challenge. And, look, I can say minilaterals clearly have a lot of potential. You know, you can argue about, you know, they're not going to replace these big groupings, et cetera, et cetera. But the fact is, you can get smaller groups to work together on areas of common interest much more easily. And, you know, I think the jury is still out on Pax Silica.

But I think that you can see the Quad, AUKUS are examples. And I was involved in both taking Quad to leader level and creation of AUKUS. You can say, you can find ways. Even then, though, it's hard. And that's what I think – that's why, again, I go back to the point that cohesion matters. And over the next decade, I feel very confident. And you should vote for me. (Laughter.)

Dr. Lin: I think that was the point that I was trying to get to. OK, so we're going to vote one more time. And I just want to close by saying that the two of you are fantastic. And I love the line, Edgard, you said that if aliens come we should look to the G-20. (Laughter.) That should be our takeaway from this panel. So let's take a moment to vote. And then, I apologize, we are already over time. So after we vote and we see the results, we will wrap up this conference. Whoa, that went low. (laughs.)

Amb. Kagan: It's about the same.

Dr. Lin: It is about the same, yeah. And I promise you, Truly is not actually controlling the numbers back there. (Laughter.)

Amb. Kagan: Should have been nicer to Truly. (Laughter.)

Dr. Lin: Well, thank you both for this fascinating and really important discussion and debate to help close off our conference. I think we covered a lot of ground, not only on the two organizations but also more broadly on the changing international landscape, the role of multilaterals, and what to expect in the future. So let's give a round of applause for our two excellent speakers. (Applause.)

So with that, that marks the close of this conference. Thank you for – many of you, for joining us for most of the day. Really appreciate it. And hopefully,

we'll have another conference next year, and we hope that you'll be there too. Thank you very much. (Applause.)

(END.)