

BLOG POST August 31st 2023

A new South is taking the wheel

Auteur

Sébastien Treyer

Executive Director

 Reading time: 6 min

The recent BRICS summit (Brazil, Russia, India, China, South Africa) is just the first in a series of major international events to be held this autumn, initiated or chaired by major emerging countries. A new South, increasingly structured into coalitions and alliances, is at work defining and framing the international agenda, at a time when conflicts between North and South, East and West, could prevent the acceleration of the ecological transition and the international cooperation that is essential to it. Can this rebalancing of the international agenda help to reduce tensions? Is it the first sign of a new way of building an international community, or does it herald a division of the world, with each side having its own institutions and rules for cooperation?

BRICS+

The expansion of the BRICS club to include six new countries¹ has been in the news recently as a strong signal that the lines of force in the international political arena are being reshaped. The importance of this event is as much symbolic as it is concrete. Symbolically major, it is the first formal manifestation of non-alignment being organised with the United States and its Western allies, even if the members of the club have extremely diverse political orientations, and until recently were even the best of enemies. With Russia at its heart, it is certainly not the essence of the Global South, nor is it the renewal of the non-aligned movement. But in concrete terms, it is on a central issue of global governance that the BRICS+ are focusing: the ambition to build an alternative to the current governance of the international financial system (centrality of the dollar, the IMF, the World Bank), dominated by Western countries. Many countries, beyond their political differences, probably expect this enlarged club, which represents a major part of the world economy², to respond better than existing institutions to their needs for access to financing for their sustainable development. The BRICS have, for example, set up a development bank (the New Development Bank), which is still in its early stages of development.

Africa, Latin America

Under the leadership of Kenyan President William Ruto, the African Climate Summit (September 4-6, Nairobi) has gone from being just another regional event to a key stage in the reconfiguration of the international financial system. While France gave impetus to the search for solutions to the immense financing needs of vulnerable countries last June at the [Paris Summit for a New Global Financial Pact](#), it was President Ruto who most clearly indicated that this agenda was now being driven loud and clear by the South, by Africa, and in this case by Kenya. It will not be easy for this summit, two and a half months after Paris, to take a decisive step forward in extremely complex and intertwined negotiations. But President Ruto's insistence on reducing global inequalities through new forms of international taxation is illustrative of the willingness and ability of Southern countries to define the agenda according to their own needs and their own analytical frameworks: a summit by and for African countries and societies, to define their priorities.

At the same time, Colombia will be hosting and organising the [Finance in Common Summit](#) (Cartagena, September 4-6), which will put the vision and challenges of Latin American countries at the heart of international discussions between public development banks, a major tool for finding solutions to these financing challenges.

Major emerging economies and the transformation of Bretton Woods

The G20 itself is in the middle of a sequence of presidencies by major emerging countries (India after Indonesia, before Brazil and then South Africa). India's G20 meeting on climate and the environment was blocked by clashes over the issue of fossil fuels, and did not result in a strong commitment on the subject. But there is still a chance that the meeting of the G20 heads of state on September 9-10 will make progress on [reforming the World Bank](#). The Indian government's decision to put the issue of lifestyles on the G20 agenda, while the challenges of sufficiency for the transition were mainly addressed by the IPCC and Northern NGOs, did not lead to any significant international momentum.

Another highlight is Morocco's hosting of the annual meetings of the World Bank and the IMF (Marrakech, October 9-15), the first time these meetings have been relocated to the African continent. Morocco will also host, under the aegis of the Policy Centre for the New South (a leading Moroccan think tank, whose name sounds like a manifesto) and the Centre for Global Development (an American think tank, fundamental to development issues), a major Global South think tank forum on the reform of the international financial system (September 11-12, Rabat).

Brazilian President Lula has seized the international agenda to mark a series of milestones throughout his term of office, from the Amazon Cooperation Treaty summit in Belém at the beginning of August, through Brazil's presidency of the G20 in 2024, to hosting the COP30 climate conference in the Amazon in 2025. Intertwining the issues of financing investment needs in the South with those of protecting the climate and biodiversity, this sequence will enable Brazil to position itself both as a partner of Western countries and as one of the promoters of alternatives developed with other countries in the South (the New Development Bank chaired by former president Dilma Rousseff, the announcement of the de-dollarisation of South/South trade, etc.). It will be essential for Brazil to reach agreement on the fact that requests for financial support for the Amazon, a great reserve of biodiversity and carbon, are not compensation for non-development, but investments for the sustainable development of indigenous populations and local communities, preserving biodiversity and carbon stocks.

Climate and development: one and the same agenda?

COP28 on climate, under the Emirati presidency, has also become a key stage in the negotiations on the reform of the international financial system: what new contributions and new taxes could finance the new fund created at COP27 on loss and damage? How can we accelerate the deployment of renewable energies in the poorest countries, where access to electricity is expected to trigger industrialisation and development, but where interest rates for these projects are up to six times higher than for the same projects in industrialised countries? The position of the Gulf States, oil producers and potential major providers of financing, who are shaping the agenda of this COP, will be closely scrutinised: is there the slightest chance that their role as presidency will lead them to agree to promote in the negotiations a collective ambition to move away from fossil fuels as a whole? Will the financing solutions they put forward be integrated into the existing multilateral framework or used to build completely separate alternatives?

While relations between China and the United States are highly conflictual in terms of defence and security, and trade, China has shown signs of its support for multilateral institutions in the environmental field, notably at COP15 on biodiversity last December. This busy autumn, when climate change and development financing intersect, will be a key moment to see whether China takes on a new role as facilitator in the reform of existing institutions, rather than creating new dynamics elsewhere.

What role for Europe?

What does all this mean for Europe? The European Union, and France in particular, is in the process of accepting the inevitable reduction of its economic, demographic and political importance. This process involves a process of pillorying, linked in particular to colonial history, which can be difficult to accept, and which affects all areas of cooperation, including the environment. The overtures it can initiate to give the new South a greater role in the governance of the world, particularly in financial matters, will be decisive in avoiding confrontation and renewing dialogue. They are also inevitable if we want the new contributors, among the richest emerging countries, to join existing institutions of international solidarity rather than create their own international financial system.

¹ <https://www.reuters.com/world/brics-invites-six-countries-including-saudi-arabia-iran-be-new-members-2023-08-24/>

² Prior to enlargement, the BRICS had just overtaken the G7's share of the world economy in 2023 (31.5% versus 30.7%).

GOUVERNANCE

FINANCEMENT DES ÉCONOMIES EN DÉVELOPPEMENT

CLIMATE

BIODIVERSITÉ

MULTILATERALISM

DEVELOPING COUNTRIES

EMERGING COUNTRIES

INTERNATIONAL FINANCIAL INSTITUTIONS