

The BRICS Challenge: China's Leverage, Internal Asymmetries, and the Future of Multipolar Finance.

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Introduction — Reimagining Multipolarity in Global Finance

The creation of the BRICS nations occurred within the context of a shift in the global political economy. The BRICS nations, Brazil, Russia, India, China, and South Africa are central to debates about western hegemony and the future of the global economic order. While the term 'BRICS nations' does refer to this group specifically, it has also been expanded to encompass many Indonesia, Egypt, Ethiopia, Iran, and the UAE, now making up around half the world's population. Representatives of the BRICS nations began meeting informally in 2006 and had their first official summit in 2009. This paper aims to examine whether BRICS represents a collective effort to democratise global finance or primarily serves Beijing's interests in countering US hegemony. In order to frame the bloc as a defender of Global South interests and an advocate for a more multipolar financial order, BRICS discourse places a strong focus on the concepts of sovereignty, non-interference, and equitable development.

Theoretical Framework — Multipolarity, Dependency, and Chinese Financial Statecraft

This article employs the concept of multipolarity to describe the emergence of developing global economic powers, which challenge traditional western hegemony. Dependency theory understands the development of international relations through the relationships, usually between the global north and the global south, when some nations are dependant on others for trade and economic aid. This helps us understand the asymmetric relationships between BRICS nations and G7 nations. Neo-mercantilism is a policy perspective which prioritizes exports over imports, controls the movement of capital, and centralizes financial decision making. This perspective helps us understand BRICS nations as independent from states in the global north, and not reliant on other nations for trade and economic aid. However, just because BRICS nations are not dependent on states in the global north and the G7 does not mean their economic outcomes are not interconnected. Despite their independence from traditional Western-led institutions, BRICS economies remain deeply interconnected with global markets. The rise of BRICS therefore signals not a break from global economic integration, but the emergence of a multipolar world.

Since the 2008 global financial crisis, global capital flows have increasingly diversified and moved away from traditional Western-led institutions. The IMF, World bank, and Chinese ministry of commerce statistics data reveals that financial flows within BRICS member nations are progressively aligned with Chinese capital initiatives - signalling a Sino-centric order (IMF, 2023). China functions as both the financial core and policy anchor for a network of developing states. This inherent structural unevenness allows Beijing significant influence on the groups financial priorities, evident in its

influence on institutions like the New Development Bank (NDB) and proposals for settling trade in local currencies (Hopewell, 2017). Though these actions are frequently presented as a move away from the US dollar, detractors caution that they could simultaneously promote the international use of the renminbi, solidifying China's status as a dominant financial backer in the Global South (Farrell & Newman, 2019). World Bank international debt statistics indicate that China now rivals or exceeds the World Bank and the IMF in annual lending to developing economies (World Bank, 2025). China's role in sovereign debt governance has increased since the pandemic in 2020, which plunged many developing countries into debt (Zeitz, 2024). When nations' expenditures exceed their revenues, they turn to borrowing, in this case BRICS nations turn to foreign governments such as China. The debt owed to China by developing nations is only increasing, demonstrating an unequal power dynamic within BRICS. The NDB is a clear example of China challenging the traditional global economic order. While other BRICS members (predominantly Brazil and India) operate secondary economic hubs, financial flows within BRICS are centred around Beijing.

It is hard to view BRICS as a single group when they each have unique histories, cultures, government systems, and economic strengths. Within BRICS there are many different identities and goals at play (Olawale et al. 2025, 327-328). For example, BRICS members have different political systems, such as democratic India as opposed to authoritarian Russia and China. Does this variety make it harder to see the BRICS nations as a single group (Olawale et al. 2025, pp.328). Furthermore, within BRICS, there is a clear hierarchy, with China alone comprising 70% of GDP. From this perspective, dependency theory is not wholly irrelevant within BRICS, as not all member states are as economically advanced as China. Does this internal hierarchy create a tension with the bloc's anti-hegemonic rhetoric? For example, despite both being members of BRICS India and China have regular border disputes. In June 2020 troops from both countries clashed in the Galwan Valley, leading to casualties on both sides (Verma, 2024, p.397). These disputes create a challenge in developing a shared approach to global governance. BRICS is not a homogeneous bloc, while they may share some economic goals in seeking to provide an alternative to the G7, this does not mean their relations are harmonious. The question remains; do these less economically dominant states turn to China or the United States for trade and economic aid?

Internal Dynamics of the BRICS & Economic Asymmetry

The New Development Bank

The creation of the NDB was widely presented as a concrete step toward building a multilateral alternative to institutions such as the World Bank and the IMF, both of which have long been criticised for their Western-dominated governance structures and conditional lending practices (Wade, 2013; Humphrey, 2018). In principle, the NDB was intended to embody BRICS' commitment to equality, sovereignty, and development-led finance (BRICS Fortaleza Declaration, 2014). In practice, however,

the Bank's operational patterns reflect the same internal asymmetries that characterise the bloc more broadly (Hopewell, 2017).

The NDB's lending portfolio has consistently favoured large-scale infrastructure projects, including transport, energy, and urban development. These are sectors that align closely with China's comparative advantages in engineering, construction, and state-backed lending (Humphrey, 2018; Brautigam, 2020). While infrastructure investment is not inherently problematic, its prioritisation has marginalised alternative development approaches such as smaller-scale social investment, industrial upgrading, and employment-focused projects, which have historically featured more prominently in Brazilian and Indian development strategies (Bresser-Pereira, 2019; Narlikar, 2020). Although the NDB's formal governance framework grants equal voting rights to each founding member, influence within the institution extends beyond formal rules (NDB Articles of Agreement, 2015). China's disproportionate financial capacity both within the Bank and in the broader global economy creates significant informal leverage, allowing Beijing to shape strategic direction, project selection, and long-term priorities in ways that other members struggle to match (Hopewell, 2017; Farrell & Newman, 2019). This dynamic raises questions about whether the NDB functions as a genuinely multilateral institution or as a multilateralised extension of Chinese development finance.

Economic Power and Political Will

These economic asymmetries extend beyond development finance and directly shape BRICS' political decision-making processes. The 2023 Durban Summit provides a clear illustration of how material power translates into political authority. China forcefully advocated for rapid BRICS expansion, particularly favouring the inclusion of resource-rich and geopolitically aligned states from the Middle East and Africa (Stuenkel, 2024). This position contrasted sharply with the more cautious approach adopted by Brazil, India, and South Africa, which raised concerns regarding institutional coherence, governance capacity, and the dilution of decision-making influence (Narlikar, 2023). That China's expansion agenda ultimately prevailed underscores Beijing's growing ability to set the tempo and direction of the bloc (Hopewell, 2023). Expansion, while rhetorically framed as South–South solidarity, has also functioned to consolidate China's leadership role by increasing the number of members economically dependent on Chinese trade, finance, and investment (Brautigam, 2020; Farrell & Newman, 2019). Rather than flattening power relations within BRICS, enlargement risks reinforcing existing hierarchies.

Divergent Realities and the Technology Contest

BRICS' shared rhetoric of multipolarity often obscures the deeply divergent geopolitical realities and development trajectories of its members (Ikenberry, 2018). China's long-term economic and strategic direction is guided by its Five-Year Plans, policy instruments rooted in a state-centric planning tradition inherited from Soviet-era socialism and adapted to contemporary Chinese

governance (Naughton, 2018). China's current emphasis on high-technology sectors such as artificial intelligence, biotechnology, and advanced manufacturing reflects a deliberate strategy to escape middle-income status and achieve developed-economy standing (Naughton, 2021). This long-term, technology-driven vision contrasts with the more immediate domestic priorities of other BRICS members, many of which remain focused on employment creation, social welfare expansion, and poverty reduction (Bresser-Pereira, 2019; Narlikar, 2020).

These internal differences are further intensified by the escalating geoeconomic and technological rivalry between the United States and China. As Chen argues, the technology and trade wars constitute "a far-reaching geopolitical and geoeconomic contest" rather than isolated commercial disputes (Chen, 2021, 85-86). US actions against Chinese firms such as Huawei—often framed in terms of national security—illustrate the political character of this rivalry (Harris, 2020, 269; Farrell & Newman, 2019). Despite these tensions, significant cross-investment and financial interdependence between the US and China persist, underscoring the complexity of the contest (Blackwill & Harris, 2016). Taken together, these dynamics suggest that while BRICS continues to articulate a vision of egalitarian multipolarity, its institutional practices and decision-making structures increasingly reflect a hierarchy shaped by China's structural power rather than balanced collective leadership.

Strategic and Geopolitical Implications - De-Dollarization or Re-Centralization?

The simplest way to see China's push for financial independence within BRICS is as a determined geopolitical manoeuvre to lessen its vulnerability to economic pressure from the West. Beijing views the dollar-dominated global financial system as a strategic vulnerability rather than a neutral tool, given the growing use of financial sanctions by the United States and its allies, especially following the invasion of Ukraine (Tooze, 2022; Farrell & Newman, 2019). The goal of BRICS activities is to protect member nations from the broad influence of US financial power. Examples of these measures include encouraging local currency trade, creating alternative payment methods, and investigating the possibility of a common reserve currency (Eichengreen, 2022).

These initiatives are also in line with China's long-term objective of building a coalition that supports its system of governance and is immune to political meddling from the West. Chinese-led finance places a higher priority on speed, non-interference, and sovereignty than lending from organizations like the IMF, which frequently set requirements pertaining to transparency or reform (Wade, 2013; Brautigam, 2020). Developing countries, especially those in Africa and Latin America, who want policy autonomy and consider Western conditionality to be invasive, find this hands-off approach appealing (Stuenkel, 2024).

But these actions have more complicated strategic ramifications than the collective BRICS discourse makes clear. Although de-dollarization is presented as a mutually beneficial process, the methods employed frequently strengthen China's financial dominance. For example, rather than establishing a

truly decentralized system, local-currency trade settlements often use the renminbi as the intermediary currency, increasing reliance on Chinese infrastructure (Hopewell, 2017; Eichengreen, 2022). Instead of attaining true financial multipolarity, this runs the risk of partially re-centralizing monetary power around Beijing.

The idea of a single financial front is further undermined by internal disputes within BRICS. India is wary of Chinese-led projects that would jeopardize its strategic independence, despite having similar worries about Western domination. As part of a larger hedging strategy against China, New Delhi places a high priority on interaction with Western institutions and security alliances (Narlikar, 2023; Pant and Saha, 2022). Depending on its domestic leadership, Brazil's commitment has fluctuated between promoting South-South cooperation and giving priority to participation with Western organizations (Bresser-Pereira, 2019).

China's Belt and Road Initiative (BRI) projects draw attention to these tensions. Although BRI provides essential infrastructure, questions about debt sustainability and transparency have been highlighted (Brautigam, 2020; Jones and Zeng, 2019). One-on-one hierarchies over multilateral governance are frequently strengthened by Chinese bilateral lending through the BRI, which frequently functions independently of and without coordination with BRICS organizations (Humphrey, 2018).

In the end, Western-led organizations continue to dominate because of their worldwide legitimacy, institutional depth, and ability to handle crises (Ikenberry, 2018). The ability of BRICS initiatives to offer systemic stability during financial crises has not yet been shown. Therefore, rather than creating the pluralistic global financial order it aims to promote, BRICS's current trajectory runs the risk of merely substituting one financial authority for another, even though it successfully challenges the symbolism of the dollar's dominance.

Conclusion and Policy Recommendations - Between Multipolarity and Monopoly

This paper has demonstrated that BRICS is in a precarious position between change and consolidation. By promoting currency pluralism, contesting the symbolic domination of Western institutions, and increasing development loans, the bloc has made a significant contribution to the diversification of global finance. However, the internal political economy of BRICS shows that equality has not come from diversity. China is becoming the main player in the bloc thanks to its sizable economy, cohesive institutions, and astute financial management. As a result, BRICS is at a crossroads where it can either replicate the hierarchies it was founded to oppose or develop into a truly multipolar organization.

In order to maintain its credibility as a Global South platform, BRICS must first resolve internal governance imbalances. When agenda-setting authority is still concentrated, formal equality in voting is insufficient. Clearer restrictions on unilateral initiative-setting, increased openness in financing

choices, and the rotation of leadership positions with significant responsibility are just a few of the governance improvements that member nations should pursue within organizations like the New Development Bank. In order to make sure that BRICS represents common goals, it would be beneficial to strengthen collective decision-making processes.

Second, non-Chinese BRICS members ought to take proactive measures to protect their political and economic independence. Coordinated approaches that lessen reliance on any one source of funding or currency settlement would be especially advantageous for South Africa, Brazil, and India. This entails fostering domestic industrial capacity, bolstering regional development banks, and preserving a variety of trade and investment alliances. Without weakening the organization as a whole, informal cooperation among the mid-sized BRICS members might also act as a counterbalance to China's structural advantages.

Third, rather than trying to contain a more fragmented financial sector, Western economies must adjust to it. Long-standing dissatisfaction with the governance and conditionality of the IMF and World Bank is reflected in the appeal of BRICS organizations. Significant reform would lessen the incentives pushing governments toward alternative arrangements, including more voting power for emerging economies, more flexible lending regimes, and quicker crisis response. In order to maintain systemic stability, Western policymakers should also understand that de-dollarization is a gradual diversification rather than a dichotomous process that calls for cooperation rather than conflict.

To conclude, BRICS is neither a monolithic extension of Chinese dominance nor a dramatic departure from the status quo. The future of global finance is being discussed in this dynamic and contentious arena. Institutional reform, strategic restraint, and the willingness of both BRICS and Western actors to interact with a shifting global order pragmatically rather than ideologically will determine whether it becomes a basis for inclusive multipolarity or a means of re-centralized domination.

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