

## US attempts to weaken BRICS

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With talk that Venezuela and Mexico are formally applying for membership of BRICS (Brazil, Russia, India, China and South Africa), it is a good time to assess just what the Biden administration is trying



to do to weaken and break up the trading bloc. The US succeeded in regaining control over the Philippines as part of its planned encirclement of China. However, it desperately needs to control or contain countries that BRICS nations might use for trade, despite the existence of US sanctions. The US is losing global influence by the day and having to fall back on old tricks – but they are not all meeting with success. It failed, for example, to shift Thailand’s political leanings away from China in the last general elections, yet some of its tricks certainly are working.

### South Africa

Knowing BRICS was to announce its invitation of membership to six new countries at the summit in South Africa, the US administration used South Africa’s membership of the International Criminal Court to force President Cyril Ramaphosa to arrest President Vladimir Putin for war crimes should he attend. The purpose of the move by the US was to sow discord, hopefully stop Prime Minister Modi from attending as well, while disrupting the obvious success that BRICS was achieving by providing the media with an alternative narrative.

South Africa, the weakest of the five countries, was forced to advise the Russian President not to come in order to avoid a major international incident. Although Putin did not attend in person, he did attend via video conference, and the plan failed to stop Modi from going. Worse still for the US, the move actually brought India and China a little closer together.

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## **Indonesia**

In what initially appeared to be a weak and rather pointless PR stunt, US Defence Secretary Lloyd Austin chose to announce a 'joint statement' after a visit from Indonesian Defence Minister Prabowo Subianto. The purpose of the visit to the US was the signing of a military co-operation agreement to purchase 24 fighter jets and 24 helicopters. The so-called 'joint statement' was crafted to convey US policy as if it was also Indonesian policy. It claimed that both defence ministers believed China's expansive claims over the South China Sea to be against international law and that they both condemned Russia's war in Ukraine, demanding unconditional withdrawal by Russia.

The Indonesian Defence Minister was quick to issue a public denial there had been any statement at all. He pointed out that Indonesia's foreign policy was one of non-alignment, that the country was friends with China, respected the US and sought friendship with Russia – but something had changed. Shortly after the clarification, Indonesian President Joko Widodo released a statement that suggested Indonesia should perhaps pause and reconsider its interest in joining BRICS. This was a huge policy U-turn that has yet to be explained and could well affect the decision of several other countries in the region who have also expressed an interest in BRICS.

## **United Arab Emirates**

The UAE is one of the newest countries offered membership in BRICS. Having barely had time to consider its new position, the Biden administration issued the UAE with a warning not to export 'dual use' products to Russia. The idea is to disrupt the smooth trading flows within the BRICS membership and erode trust between the partners. This move may not be as successful as first thought, however. Many analysts familiar with the region point out that apart from anything else, one of the UAE's strongest allies is Saudi Arabia, a country which has also been invited to join and which is a very strong advocate for BRICS. The overall opinion appears to be that the UAE will claim (officially) that such trade will not happen but carry on as before, trading and exporting any goods Russia asks for.

## Argentina

Argentina's President Alberto Fernandez was convinced to apply for membership of BRICS by President Lula of Brazil (one of the BRICS founding fathers). With formal membership now granted, it means that there is – potentially – light at the end of the tunnel for Argentina to get out from under the long-term International Monetary Fund debt. However, both Brazil and Argentina suffer from the thorny issue of powerful families owning most of their country's debt – although Lula's return to office has mitigated things somewhat for Brazil.

The families in both countries are extremely pro-US, but in Argentina they are on a mission to wrest power back before the country is lost to them for good. Their membership of BRICS officially starts in January 2024. However, the next presidential elections will be held in October this year. New presidential candidate Javier Milei says that if he is elected, he will 'dollarize' the economy and reject BRICS. He claims by dropping the peso and adopting the dollar as legal tender, it will quell the country's hyper-inflation and therefore lower the cost-of-living crisis.

The claim, while correct in the short term, is somewhat disingenuous. If the move were possible (and it is by no means guaranteed), it could stabilise prices but not for long. Moreover, what Milei does not say is that to make it happen, Argentina would lose the ability to lower interest rates or print more money if required. In short, it would lose its central bank and its sovereignty to the US – and the families would remain in power. Worse, if the US were to raise interest rates to curb its own inflation, there would be nothing the Argentine government could do to counter the increase to keep its own economy moving. Milei also says nothing on how he would handle the 70% of Argentina's current exports to BRICS countries that will be greatly affected by such a move. Trading in US dollars is exactly what BRICS members are walking away from. He could effectively be proposing to cut off the country from a very large part of the world's market.

It should be noted that Argentina did try dollarization in the 1990s and it led to one of the country's worst economic crashes. Is this what the US has in mind to scare others within South America from joining BRICS? Milei has already won Argentina's open presidential primaries and is the front-runner for the October elections. He also says he wants to open the country to all imports and to end social housing and public works. These are moves which very much favour the families – the very families he claims to fight against.

## **India**

At the last G20 Summit, of which India is Chair this year, Modi worked hard to deliver a final joint statement that was neutral over Russia's aggression in Ukraine. In doing this, he truly fired up the ire of the Biden administration, which worked actively to change the wording right up to the last minute. The US' response to the final joint statement came in two forms. The first was to have Prime Minister Justin Trudeau imply that Indian government agents had been responsible for the killing of Hardeep Singh Nijjar (a Khalistani Sikh activist) in Canada in June. Presumably, the purpose of the accusation was to create division within India against Modi himself. The expected divisions between Sikhs and Hindus (Modi being Hindu) were intended to cause riots in the country while also giving the opposition Congress Party some material with which to attack Modi politically.

This was a clear example of US 'intelligence' services forgetting (or not bothering to check) history. In 1984, Prime Minister Indira Gandhi was assassinated by her own Sikh bodyguards after a military operation to remove Sikh rebels from the Golden Temple of Harmandir Sahib in Punjab. Given that her grandson is the current head of the Congress party, rather than create division, the ploy actually brought the two opposing parties closer together.

The failure meant that a second strategy was needed to bring Modi to heel, so to speak. Within the latest twelfth round of sanctions for Russia, the US and EU have targeted Russian diamonds. The connection to India might not be immediately obvious.

However, in 2022, it was estimated that India's Gujarat state – Modi's state and his key voter base – is responsible for cutting and polishing 90 per cent of the world's diamonds. In that year, India imported around US\$40.63 billion worth of diamonds from Russia, all cut and polished by workers in Gujarat. Without sufficient diamond volume, a large number of workers and small businesses would go under.

The plan to target Modi will only work if India, Russia and other countries involved in the trade are not prepared for it. But the US and EU have been vocal about their thoughts on sanctioning the diamond trade for some time and the chances are that countermeasures are already in place.

With such efforts being used to stymie the development of BRICS so far, one has to ask just what the US administration would do if near neighbour Venezuela did become a member? More to the point, how far would the US be prepared to go were Mexico – literally on its border – to become a member? Would the US engage in its own 'special military operation'?

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