



Roundtable of BRICS Ambassadors
Significance of Emerging Economies and the Way Forward for Cooperation

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A Report

1. Introduction

- 1.1 Over the last two decades, the Brazil, Russia, India, China and South Africa (BRICS) group of countries has emerged as a force to reckon with. This is duly reflected by the increasing share of BRICS in the world economy. From a share of a little over 10 per cent in 1990, they now have more than 25 per cent. Their share in world trade has also increased significantly – from 3.6 per cent to over 15 per cent in two decades.
- 1.2 There are indications showing that they are having increased focus to intra-group trade. This is specifically reflected by trade data for two countries, namely Brazil and South Africa. Trade between these two countries is around 20 per cent of their total trade. This is increasing for other countries in the group.
- 1.3 Given this context the meeting was organised to discuss our thoughts on the way forward for the on-going cooperation among BRICS, and the impact it will have on rest of the world. These thoughts will be taken forward to Durban and beyond through CUTS` recently established initiative called BRICS Trade & Economics Research Network.
- 1.4 More than 20 participants representing the Government of India, ambassadors of the BRICS countries, representatives from the G-20 countries, business associations, consumer and other civil society groups, research institutions and media took part in the deliberation on how best to take forward the role of emerging economies.

2. Opening

2.1 Chair: Pradeep S Mehta, Secretary General, CUTS International

Speakers:

- Carlos Sergio Sobral Duarte, Ambassador of Brazil
- Deng Xijun, Deputy Chief of Mission and Minister Counsellor, Embassy of China
- Alexey M. Idamkin, Counsellor (Political), Embassy of Russia
- Mark P. Reynhardt, Counsellor-Political responsible for Multilateral Affairs & BRICS, South African High Commission in India
- Bipul Chatterjee, Deputy Executive Director, CUTS International

2.2 Bipul Chatterjee welcomed the participants and acknowledged the presence of all stakeholders including various diplomats. He posed a question: How do we promote a fair globalisation led by real economies not by financial economies? In other words, should not globalisation be led by development? This is what we should discuss today. We have to find the means to address coherence between real and financial economy. He said the structure and financing of the proposed BRICS Development Bank could provide an answer to this question. We urge our governments to collectively lead this process.

2.3 Pradeep S Mehta highlighted the expectation from BRICS and said less powerful non-aligned states are wondering whether the rise of the BRICS merely marks the emergence of other global elite, which may not pay much attention to their interests than traditional western powers. Smaller, poorer developing countries, especially in Africa, are watching to see if the five nations can evolve into true advocates of their interests.

2.4 He asked whether the BRICS group of countries collectively create an alternative platform to post World War II global discourse on economic, political, social and security issues. Their role in respective regions is to collectively building peace and prosperity through economic and other means of dynamic engagement.

2.5 Rajeev Kher expressed the need to have a sustainable and grounded relationship among the BRICS countries by correcting the asymmetrical trade flow among the BRICS. He reminded the importance to work on the inherent strengths of the BRICS countries. He

opined issues of energy security and trade relations can be better addressed by a multilateral approach which BRICS can provide.

2.6 He also spoke about how the technology scenario is changing, and BRICS countries can make sector specific contributions. Small and medium enterprises are one area where all the emerging economies want to see growth and collaboration. 21st century trade issues like trade and energy security are the areas where BRICS countries should cooperate.

2.7 Carlos Duarte spoke about increasing contribution of BRICS countries to the world GDP. He also mentioned the resilience of BRICS economies was remarkable in the light of global economic turmoil, and this showcases the strength of the domestic markets in these countries. The BRICS development bank should look at financing projects for infrastructure and sustainable development in emerging and developing countries.

2.8 He also opined though the projections of growth figures from BRICS should be taken with a pinch of salt, but collectively the prospects of these countries are bright. The potential of cooperation is great, global governance is one area where the BRICS should work in coordination.

2.9 Deng Xijun said the BRICS countries and other emerging economies have become an important force in new world order, their significance cannot be denied. He also informed currently BRICS countries are cooperating in 30 areas, and coordinating positions on important regional and international issues. This is also due to the common aspirations of these countries for development and poverty reduction.

2.10 Highlight some future issues for cooperation, he mentioned corrective pricing which will be a 'win-win' for all. Looking for commonalities rather than differences should be the focus, and will go a long way in dealing with the critics. Collective rise and participation of emerging economies is important to promote a fairer international economic and financial mechanism.

2.11 Alexey M. Idamkin presented his view on BRICS from the G20 perspective. In light of the economic crisis G20 had the opportunity to fundamentally reform the Bretton Woods Institutions and to steer them toward a global course that would tackle the global

financial crisis and the global climate crisis together. He opined the BRICS have played a leading role in prevention of uncontrolled proliferation of world economic crisis. The G20 is working to bring harmony to sometime contradictory objectives of developed and developing countries.

2.12 Mark P. Reynhardt informed the theme for upcoming BRICS summit in Durban is “BRICs and Africa-partnership for development, integration and industrialization.” We need to think about how can we help our region and neighbourhood? In this way we can bring the collective energy, and then discuss issues about how can we unlock Africa potential? Trading in local currency and financial sector cooperation are issues of importance which should be deliberated by the leaders.

2.13 He gave insight on the run up to upcoming BRICS summit in Durban. He said one of the most important issues is the BRICS Development Bank, which should be seen as an instrument of niche financing for the needs of emerging economies, rather than an alternate to International Monetary Fund. The establishment of the BRICS bank will be a long process and we must not hasten it as there are several relevant factors to be considered.

3. Discussion

3.1 Pranav Kumar, Director and Head, International Policy and Trade raised the point about BRICS and its engagement with India, Brazil and South Africa (IBSA). Carlos Duarte, responded by saying that IBSA is now a 10 year old alliance of India, Brazil and South Africa, which has different contours than Russia and China, and some problems which are unique to the three countries.

3.2 Reynhardt added that South Africa is equally committed to IBSA, whose agenda is different than BRICS and will complement each other.

3.3 Axel Harneit-Sievers, Country Director, India, Heinrich Boell Foundation, raised the need for institutional mechanisms in the on-going cooperation. Responding to which Rajeev Kher mentioned the BRICS are in process of establishing various institutional mechanisms and this will take some time as we are in the “toe holding” stage right now.

3.4 The following are some important areas for BRICS to cooperate and collaborate on:

- Employment generation schemes in Africa
- Ensuring food security through sustainable trade and investment
- Synergy between IBSA and BRICS
- Innovative financing mechanisms and development finance issues
- BRICS are lacking a secretariat, which will greatly institutionalise the cooperation process
- BRICS website should be created as an interactive platform. Institutional memory should be preserved through this website
- Track 2 initiative can establish and run a virtual secretariat

4. Conclusion

4.1 The participants agreed that the expectations from the BRICS coalition is quite high and institutional mechanisms should be developed to assist delivering measurable outcomes in areas of trade, investment, climate change and poverty reduction, among others.