



BRICS Trade & Economics Research Network (BRICS-TERN) has been established as a platform of non-governmental groups from Brazil, Russia, India, China and South Africa to assist the on-going cooperation between and among the BRICS countries with network-based policy research and advocacy on contemporary developmental issues

www.cuts-international.org/BRICS-TERN

BRICS Summit 2013 *Are they Adding Supportive Pillars?*

Prior to the economic crisis, the collective gross domestic product (GDP) of the G7 economies was double that of the entire emerging world and in 2012, the output of the G7 was just 12 percent greater than that of all emerging economies. The BRICS neatly represent, rather than entirely encapsulate, these shifts. The supportive statistics for its claim, driven of course largely by China, are also meaningful: the BRICS account for 21 percent of world GDP (IMF), 17 percent of world trade, and over 40 percent of the world's population. This year, the BRICS will (on a simple average) grow at almost 5 percent, well above the world average, forecast by the IMF at 3.6 percent for 2013.



In many ways, therefore, the BRICS summits serve to regularly establish an argument inherent in each of the five member states' foreign policy institutions and global governance mechanisms must adapt to suit the new landscape.

As seemingly flimsy as the BRICS grouping may be, it is increasingly clear that its largest member, China, is committed to its development, imbuing it with a momentum many thought would soon diminish. This commitment is borne of commercial interest (China is a counterparty to 85 percent of intra-BRICS trade), and pragmatic geopolitical necessity. China's ascendance on the global stage has rendered it vulnerable to the type of nationalist opposition any perceived hegemonic power almost inevitably attracts.

Lamido Sanusi, Governor of the Nigerian Central Bank, urged African countries to adopt a more cautious approach to engagement with China, suggesting that the world's second-largest economy is "capable of the same forms of exploitation as the west" under colonialism.

Channelling trade and investment agreements through a more collaborative emerging markets platform, such as the BRICS, provides China with an opportunity to deflect some of this bilateral tension. Chinese state and private sector players arrived in Durban with clear intent, resulting in several meaningful deals being signed. These included a US\$30bn currency swap deal with Brazil; a cooperation agreement signed between South Africa's Transnet and China Development Bank; and a two-year framework agreement reached between Sinopec and PetroSA to collaborate on the planned US\$10bn Project Mthombo refinery in Port Elizabeth's Coega Industrial Development Zone.

As expected, the BRICS Business Council, which consists of five senior business leaders from each of the member economies, was officially launched in Durban. Over 500 senior business delegates attended the BRICS business forum in Durban. It would be naïve to assume that no commercial inspiration will derive from this powerful clustering.

Finally, since gaining its invitation to the BRICS, South Africa has consistently countered accusations of its minnow status by asserting its potential role in acting as a "gateway" to the rest of Africa. President Zuma's call for African heads of state to attend a specifically created BRICS Leaders Africa Dialogue Forum could be viewed as a proxy for Pretoria's success in using BRICS membership as a means to develop a wider African consensus.

On these measures, the Summit could easily be viewed as an affirmation of the rationale underpinning the BRICS grouping's establishment. Crucially, much binds the BRICS on a commercial level, and it is here where gains of the affiliation will be more intimately felt.

(<http://africanarguments.org; 02.04.13>)

INSIDE

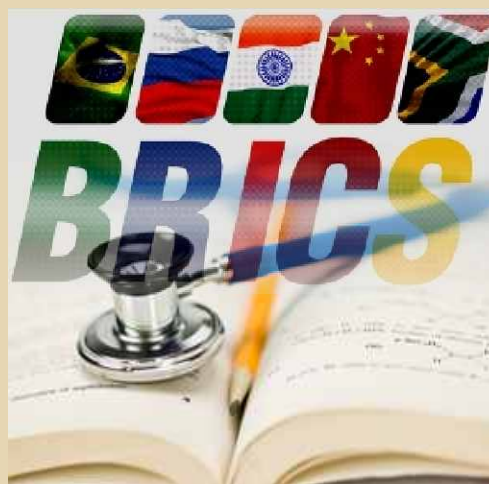
BRICS to Promote Joint Health Initiative	2
BRICS in Expansion HSBC Index	3
Research and Networking Activities	4

BRICS to Promote Joint Health Initiative

Brazil, Russia, India, China and South Africa are stepping up intra-BRICS cooperation in the health sector. A joint communiqué released on the sidelines of the 66th World Health Assembly in Geneva said that BRICS Technical Working Groups will focus on five thematic issues, such as strengthening health surveillance system; reducing non-communicable disease risk factors.

BRICS representatives also discussed the World Health Organisation (WHO) report on Monitoring Achievements of the Millennium Development Goals. BRICS have also announced that they are looking to jointly promote access to affordable, safe, efficacious and quality medical products through the use of the Agreement on Trade-Related Aspects of Intellectual Property Rights.

The five nations also reiterated their commitment to support WHO as a coordinating authority in global health. BRICS have emphasised on the importance for technology transfer as a way to empower developing countries. (www.thebricspost.com, 23.05.13)



Russia-China Agree on Oil Deal

Russia's state-owned oil company Rosneft will supply US\$270bn worth of crude oil to China. The deal is likely to make Moscow China's biggest energy supplier. Rosneft said the contract envisages the export of 365 million tonnes of oil to China over the next 25 years.

The deal will reshape the geography of oil exports from Russia, currently the world's largest producer of crude. Most Russian oil currently goes to Europe via a network of pipelines from West Siberia, while only a fifth of it is exported to Asia.

Rosneft and China National Petroleum Corporation (CNPC) will jointly develop three offshore fields in the Barents Sea and eight oil deposits in East Siberia. In 2009, Russia completed construction of a 2,700 km pipeline across Siberia to China's Manchuria region, and in 2013 Rosneft and CNPC signed an agreement to deliver 37 million tonnes of oil a year. (*FT*, 21.06.13)

ArcelorMittal to Expand Steel Capacity

Arcelor-Mittal SA, the world's largest steelmaker, will resume its expansion of long steel capacity in Brazil with an investment of US\$165mn beginning in June 2013. The first phase of the project will expand two mills and install a new rolling mill.

A second phase would be contingent on market demand. In 2011, the company shelved expansion in Brazil. Overall, ArcelorMittal will invest US\$400mn in the Americas in 2013. Brazil's low steel demand should begin to reverse in the next few years as government efforts to upgrade the country's infrastructure gather momentum.

"We should see per-capita consumption on the order of 250 kgs," ArcelorMittal Brasil CEO Benjamin Baptista said, noting Brazil's GDP per head of around US\$11,000. (*BS*, 07.06.13)

Brazil-China Agriculture Ties

Brazil is looking to cement agricultural ties with its biggest trade partner China. The Brazilian Congress is expected to vote on a bill facilitating China's participation in land purchasing in Brazil.

China is Brazil's biggest trade partner in agriculture. Brazil will pitch for China to import more pork, chicken

and corn from the Latin American country. Brazil is also eyeing an agreement on corn export with China. Brazil is also interested in attracting Chinese investments to fulfill the needs of port and transportation infrastructure to boost agricultural production.

In a major boost to economic ties between two countries, China and Brazil have signed a new bilateral accord to use their national currencies in bilateral trade in a deal that will cover the equivalent of up to US\$30bn in trade exchanges per year, for three years.

(www.thebricspost.com, 03.05.13)

Brazil-Russia Defence Deals

Russia and Brazil are looking at the possibility of joint development of Parana, an advanced surface-to-air missile system. Delivery of the finished items, their licence production, implementation of projects for joint development and production of new air defence equipment are due to be high on the agenda of cooperation.

According to Rosoboronexport, Russia's state intermediary agency responsible for import and export of the full range of defence products, Brazil is an important buyer of Russian missile defence systems, especially Russian air defence equipment items such as the Pantsir-S1 gun-missile system and Igla-S man-portable missile system. (www.defence.pk, 09.04.13)

India-China to Resolve Border Issues

Chinese State Councillor Yang Jiechi and Indian National Security Adviser Shiv Shankar Menon will attend the boundary talks, known as the 16th meeting between special representatives on Sino-Indian border issues.

India's External Affairs Minister Salman Khurshid announced that India and China are working on a new border defence cooperation agreement and that China has made suggestions on border protocol.

Chinese premier Li Keqiang said "India and China have not shied away from addressing the boundary question, have wisdom to find a fair and mutually acceptable solution... We have been able to put all issues on the table," Keqiang said. China is India's second largest trading partner and the nations have set a trade target of US\$100bn by 2015. (*TH*, 26.06.13)

China-Russia Investment Deals

China has announced plans to step up investment in the country. Northeast China's Heilongjiang Province is planning to increase investment in Russia by US\$1bn by 2015, and US\$2bn by 2020.

The Chinese province, which borders Russia, plans to boost its trade volume to US\$26bn by 2015, and US\$52bn by 2020. Heilongjiang accounts for about a quarter of China's total trade with Russia. Trade between the province and Russia in 2012 rose 12.2 percent year on year to US\$21.3bn.

Gazprom is also planning to conclude a 30-year gas-supply contract to provide 68 billion cubic metres of Russian gas to China annually beginning 2014.

(www.thebricspost.com, 01.04.13)

India Eyes SA Power Sector

The Indian power sector is looking at making significant inroads into South Africa. The Indian Electrical and Electronics Manufacturers' Association, led a delegation to the two-day 15th Power & Electricity World Africa 2013 expo that ended in Johannesburg.

Indian companies were out in force as they tried to boost the annual US\$2.5bn exports to the African continent. Expoconsult India and Confederation of Indian Industry (CII) with the support of the Ministry of Commerce & Industry arranged the Indian Pavilion at the expo. 39 Indian companies participated in the areas of electrical equipment, power generation, transmission lines and parts and renewable energy.

Sanjeev Sardana, Chairman, Indian Electrical Association said that US\$4.5bn exported from the power sector by India each year, US\$2.5bn was to Africa.

(www.thebricspost.com, 11.04.13)

China-India Investment Roadmap Soon

Chinese Premier Keqiang has encouraged enterprises in both China and India to tap the potentials of each other's markets and seize investment opportunities. Li said the deepened cooperation and common development of China and India, the world's two biggest developing countries, will create an incredible impetus to the world.

"The biggest stage for China-India cooperation is in the economy, the greatest potential is in the market, and the major players are the enterprises. The enterprises of both countries hold the key to expanding two-way trade and mutual investment," Li stressed.

"If China is called the 'world factory', India is the 'world office'. India has upgraded its very dynamic service sector, especially in the IT industry, significantly since the year 2000?."

(Xinhua, 21.05.13)

BRICS Investment in SA Rises

BRICS investment and attention has turned unmistakably towards South Africa. The Chinese government is planning to coordinate a buying mission for their retail trading houses and state-owned enterprises in September, and was looking at spending R5 billion in provinces across the country.

South Africa's trade with its BRICS partners increased by 108 percent between 2007 and 2011, while the country's trade with the European Union (EU), only grew by 12 percent during the same period.

These included agreements signed with China for setting up a cement plant in Limpopo province, and another with Chinese conglomerate Cherry to explore the possibility of setting up ship repair and a small ship building facility in Richards Bay in KwaZulu-Natal.

The Industrial and Commercial Bank of China, which has a 20 percent share in South Africa's Standard Bank, also agreed to invest its share of dividends over the next five years in local renewable energy projects.

(www.thebricspost.com, 02.05.13)

Russia-China-US to Set Rating Group

Rating agencies from China, Russia and the US launched a new credit rating company in Hong Kong to challenge the current industry leaders and promote reforms in the global rating system.

The new joint venture, the Universal Credit Rating Group, will be both a complement and a challenge to the existing rating companies.

The "Big Three" global credit rating agencies, all based in the US - Standard and Poor's, Moody's, and Fitch Ratings have been criticised for their favourable pre-crisis ratings of insolvent financial institutions like Lehman Brothers.

A rating system provides a way of comparing companies in terms of their credit worthiness. This is not a single value for any company, but a region or space that depends on many-many factors. So it is important to try to measure and understand a company's credit worthiness from many perspectives.

(www.thebricspost.com, 26.06.13)

BRICS in Expansion HSBC Index

The latest HSBC survey revealed China PMI has increased and all the BRICS countries have stayed above the 50 mark which indicates expansion. The HSBC Emerging Markets Index (EMI), a monthly indicator derived from the PMI surveys stood at 52.6 in March, a minuscule increase from the February reading when it stood at 52.4.

The HSBC composite manufacturing and services PMI for China increased in March to 53.7 from 51.4 the previous month. In India it stood at 51.4 in March, Brazil also at 51 and Russia at 53.4.

Among the developed nation, financial uncertainties continue to weigh on growth in Europe; in the US, the latest surge in business investment may be fading while demand will be impacted by fiscal cutbacks.

(www.thebricspost.com, 04.04.13)





Brazil

International Trade Regulation for Technical Barriers to Trade

The project aims to analyse and compare WTO and regional rules regarding technical barriers to trade, private standards, harmonisation and mutual recognition of Technical Barriers to Trade (TBT), the decisions of the WTO Dispute Settlement Body related to the theme, the discussions within the TBT Committee, and the TBT rules in new generation preferential trade agreements.

WTO-plus Rules in Preferential Trade Agreements and Perspectives for Brazil's Future Negotiations

The policy paper analyses WTO plus rules found in preferential trade agreements of US, EU, China and India and tries to identify trends and models that could be adopted by Brazil in future negotiations.

Russia

Globalization, the WTO and the NIS: Broadening Dialogue for Sustainable Human Development

Currently the Newly Independent States of the former Soviet Union (NIS) are facing the immediate problem of integration into world-wide economic structures, and particularly into the WTO.

The programme "Globalization, WTO and New Independent States: Broadening Dialogue for Sustainable Development" is devoted to these important, but complicated and complex issues. In the framework of this programme information and awareness activities, analytical work and multistakeholders discussions (with participation of non-governmental organisations, experts, governmental institutions, trade unions, business associations) took place both at the regional level (Eastern Europe, Caucasus and Central Asia) and in countries – Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan and Uzbekistan.



India

Comparative Report on National Development Banking

CUTS International is currently involved in a project that seeks to draw up a Comparative Report on National Development Banking in Brazil, India, China and South Africa. In light of the lack of information on the banking and environmental/social policies among BRICS national development banks, Friends of the Earth International (FOE US) will be hosting an international conference at the University of Hong Kong on emerging economy national development banks where the report is scheduled to be published.

CUTS International, together with organisations from the other three countries (Mais Democracia, GHub and Groundwork) are responsible for writing up the country-specific chapters of the report that will be put together by the FOE US.

China

BRICS Cooperation and Trade Facilitation

This is a research project carried out by Shanghai WTO Affairs Consultation Centre cooperated with the BRICS Study Centre of Fudan University. The major point of this research is the following:

Due to uneven gains brought about by economic globalisation, the BRICS countries differ in their attitudes towards this process and their preferred approach to issues such as trade liberalisation.



South Africa

BRICS and Green Economy

South African Institute of International Affairs (SAIIA) worked with the University of Pretoria to arrange a workshop on BRICS and Green Economy on May 23, 2013. Commissioned researchers from all BRICS countries presented their initial findings on the linkages between national green economy policies and global economic governance debates, including in the G20. This one-day conference, BRICS at the Crossroads, was part of a one-week initiative focused on governance innovation. This was declared by the organisers (the Centre for the Study of Governance Innovation at UP) as the most popular day in the week's events. Delegates included members of the diplomatic corps, as well academics and research think tanks.

Sources

BS: Business Standard; FT: Financial Times; TH: The Hindu