



BRICS Trade & Economics Research Network (BRICS-TERN) has been established as a platform of non-governmental groups from among 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 Leaders Calls for Reform of International Institutions

The fifth BRICS Summit was held at Durban, South Africa on March 26-27, 2013. This completed the first cycle of Brazil, Russia, India, China and South Africa (BRICS) Leaders Summits. The BRICS Summits were convened to seek common ground on areas of importance for five BRICS countries. The member countries want to exploit opportunities created by the on-going global power shift to position themselves individually and collectively in the changing world order.

President Vladimir Putin of Russia sees BRICS as a 'game changer' and a 'key element in global governance', while Prime Minister Manmohan Singh of India describes BRICS as a 'key growth driver'. President Dilma Rousseff of Brazil sees 'BRICS contributing to the emergence of a democratic international order and helping bring balance in global economy'. President Xi Jinping of China said, 'BRICS could assist in the rise of Africa'. President Jacob Zuma of South Africa said that BRICS is not a 'talk shop' and it will be help 'amplify' the voice of the five countries in global political, economic and social fora.

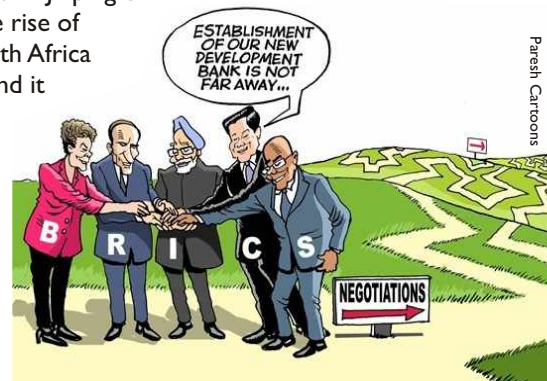
The BRICS Summit Declaration of March 28, 2013 displays self-reliance. A few examples are: the leaders opined that the next WTO Director General should be from developing countries; they expressed their unhappiness with

the slow pace of reform of the international economic organisations and at the way in which Western counties were addressing the persistent global economic problems by spreading financial instabilities to other countries; and they demanded that the UN Security Council coordinate its approaches with the African Union and Economic Community of West African States on African issues.

Many concrete steps were announced and most notable was the decision to set up a BRICS Development Bank, proposed by India at an earlier summit, to help developing countries develop infrastructure. According to Bloomberg, intra-BRICS trade reached US\$282bn in 2012, a steep rise from US\$27bn in 2002. It is expected to reach US\$500bn in 2015. In 2012, 20 percent of global foreign direct investment came into BRICS countries, up from six percent in 2000. The combined foreign exchange reserves of BRICS are above US\$4tn.

The success of BRICS as a significant pole in global affairs will depend upon how their economies perform and how they implement initiatives announced and how well they coordinate their positions. Their success also attracts other countries. BRICS said they are for openness and inclusiveness. This means that they may admit more counties in the future. Given its large population, rapid economic growth and strategic location, Indonesia could be a potential future member. As yet, BRICS remains an informal grouping with no charter and secretariat. This is possibly its strength. If more countries join, the forum itself may become unwieldy and decision making difficult.

The fourth meeting of the BRICS TERN was held at Umhlanga, South Africa on March 13-14, 2013. A resolution was adopted at the meeting to be recommended at the BRICS Leaders' Summit on March 27, 2013. Among its 12 points calling for greater but common voice for developing countries at international forums, the BRICS TERN also demanded special focus on potential areas of cooperation, such as technology transfer and climate change. It was suggested that in multilateral trading negotiations deadlock can be broken by adoption of a gradual approach and advancement in those areas where progress can be achieved by infusing creative thinking to bridge gaps.

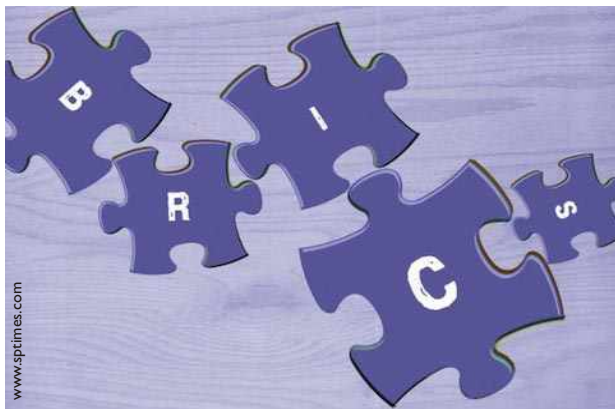


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BRICS Business Council

At the BRICS summit in Durban, the member countries have set up a Business Council that will bring the partnership of the five nations to a new level, Brazilian President Dilma Rousseff told business representatives.



The Council will serve as a tool for business cooperation among business circles of the BRICS member states: Brazil, Russia, India, China and South Africa. The presidency of the Council will rotate among the member states' business representatives, with the country that is hosting the organisation's annual summit taking the chair.

Russia's presidential aide Yury Ushakov said that the Council's main task would be implementing multilateral investment projects. (www.en.rian.ru, 27.03.12)

Brazil-Russia Arms and Nuclear Deals

Russian Prime Minister Dmitry Medvedev met with Brazilian President Dilma Rousseff on a visit to Brazil to seal defence and nuclear technology deals.

Moscow will advertise its advanced energy expertise and technology aiming to get involved in Brazil's plans to build new nuclear power stations to meet surging demand for electricity that has overwhelmed its generating capacity. Medvedev also focussed on the sale of Russia's anti-aircraft missile technology, including the Pantsir S1 combined missile and artillery system and Igla-S portable surface-to-air missiles.

Brazil is interested in buying three Pantsir batteries with medium-range missiles and wants to acquire the technology to build the missiles itself in the future. Brazil is beefing up its air defences ahead of the World Cup soccer tournament next year and the 2016 Olympic Games to ward off the threat of a terrorist attack. (www.reuters.com, 20.02.13)

Russia-China Energy ties

China's new President Xi Jinping visited Russia on his first overseas trip since being selected as the country's Premier. The visit focussed on strengthening ties with Moscow and discussed strategic energy deals.

China agreed to double oil supplies and has thrown its support behind the construction of a natural gas pipeline from Russia. The China Development Bank Corp. has also agreed to lend OAO Rosneft, the state oil producer, US\$2bn backed by 25 years of oil supplies.

In exchange, the China National Petroleum Corp. will be granted access to Arctic resources. Gazprom is also planning to conclude a 30-year gas-supply contract to provide 68 billion cubic meters of Russian gas to China annually beginning 2014. (www.thebricspost.com, 22.03.13)

India-SA Pushing Trade Talks

India and South Africa are pushing for an early finalisation of the country's preferential trading agreement with Southern African Customs Union (SACU) that could result in two-third duty cuts for select items traded between the partners. Other members of SACU include Botswana, Lesotho, Namibia and Swaziland.

India has proposed that duties on select products be slashed on an average by 70 percent as part of the Preferential Trade Agreement. India expressed satisfaction at the steps taken towards having a long-term arrangement for bilateral trade in gold, diamonds and minerals between India and South Africa.

South African officials have also agreed to assist India's public sector sourcing agency MMTC in meeting relevant officers for enabling it to import various minerals directly from the small and medium mine owners and producers of coal and other minerals. (BL, 15.01.13)

China-Brazil and SA-Russia Trade Deals

China and Brazil signed an agreement to do up to US\$30bn of trade in their local currencies, a step toward cutting dependence on the US dollar and Euro.

South Africa also signed a number of agreements with Russia and China, from maintenance for Russian helicopters in Africa to exchanges of solar and nuclear technology, as leaders of the five-nation BRICS forum of emerging market powers met to strengthen cooperation and reduce dependence on the West.

Brazil Finance Minister Guido Mantega said that these agreements would account for nearly half his country's annual US\$75bn trade with Beijing. Trade between BRICS countries ballooned to US\$282bn in 2012 from US\$27bn in 2002. (www.boston.com, 26.03.13)

SA sees "Tourism Boom" from China

Growth in South Africa's tourism sector from its Chinese market boomed in 2012, increasing by 63.5 percent between January and September, making China the country's fourth-biggest overseas tourist market. Over 96,000 Chinese tourists visited South Africa between January and September, up from the 59,187 who visited over the same period in 2011.

The Minister of Tourism, Marthinus Van Schalkwyk said, "Since our country took its place among Brazil, Russia, India and China in the BRICS in 2011, we have witnessed an increase in trade relations between China and South Africa, with considerable Chinese investment in South Africa and an increase in interest, awareness and understanding between our two countries".

In 2012, South Africa concluded joint marketing agreements with several partners in China to build understanding of tourism destinations, to package and promote a larger variety of products and experiences and to make SA as affordable and accessible as possible for Chinese travellers. (www.southafrica.info, 25.01.13)

Brazil-China's Forum for Intra-Investment

BRICS summit was dominated by discussions over medium-term investment in the countries' economies, particularly how the countries can work together to improve infrastructure. Brazil hoped that it could count on the other members' support for investment relating to up to US\$4.5tn of infrastructure projects in the next five years.

China was 'interested' in stimulating investment in infrastructure projects in Brazil and neighbouring countries. President Dilma is also said to be pushing for the creation of a special Brazil-China forum of top-level executives to facilitate investments and business between the two countries. Of special interest for President Rousseff are projects focused on improving highways, ports, airports and energy infrastructure in Brazil.

She said the BRICS must 'make every effort' to bolster their own economies and markets, and that emerging economies 'cannot allow advanced countries' problems to create obstacles for economic growth in countries such as ours.' *(TRT, 29.03.13)*

India-SA Ties through Private sector

India will assist Africa in charting its own development through institution-building, infrastructure development and technical and vocational skill development, announced Manmohan Singh, India's Prime Minister. "Africa needs to take charge of their own future," said Singh stressing that human resource development and capacity-building assistance are at the core of India's cooperation with Africa.

Singh said that the pan-Africa e-Network for tele-medicine and tele-education, which is functional in 47 countries in Africa, is a major success story of India's institution-building partnership with Africa. India's enterprising private sector is one of the key drivers of the India-Africa partnership. *(www.thebricspost.com, 28.03.13)*

China-Brazil Seeks Private Equity Cooperation

China and Brazil are expecting that cash-flush private equity groups will invent more deal making opportunities in 2013. Investor interest in the two economies has long outpaced the number of available investment opportunities for private equity, resulting in funds sitting on large amounts of un-deployed capital.

More than US\$100bn of funds in Asia are waiting to be put to work. This is the largest amount of dry powder in years, according to Mitul Patel, Head of Asia Research at Preqin, the data provider.

"We are at the stage now where entrepreneurs are finding things to be harder than expected, they are recognising the need for more operational advice," Roy Kuan, Head of Asia for CVC said. *(FT, 21.01.13)*

SA to Assist BRICS in Investment in Africa

South African Deputy Director General at the Department of Trade and Industry said his country would take the lead in increasing BRICS involvement in developing and cooperating with African economies.

China, and Africa's second largest Asian trading partner, India, believes that BRICS will be able to leverage South Africa's influence in exploiting the continent's ever-expanding investment opportunities.

According to a joint report from the World Bank and the African Development Bank, rapid modernisation and upgrading of information infrastructures in just the past five years has enabled the number of African cellular subscribers to reach 650 million in 2012. The growth is 'quickly changing lives, driving entrepreneurship fuelled in part by collaborative technology hubs, and delivering innovation and home-grown solutions for Africa'.

(www.bricspost.com, 02.01.13)

China to Boost Investment in Russia

China's sovereign wealth fund China Investment Corp. has signed a memorandum with Russia to strengthen cooperation in infrastructure and the development of Siberia, the far eastern part of the country.

The memo, signed in Moscow on March 22, set out principles for the two nations to step up cooperation in investing in large infrastructure and logistics projects, the natural resources sector and leading manufacturing and service companies. The investments will focus on large infrastructure and logistics projects, high value-added projects in the natural resources sector and leading manufacturing and services companies.

The Russian Direct Investment Fund, a State-sponsored private equity fund, and China Investment Corp launched the joint Russia-China Investment Fund in the middle of 2012 to invest US\$1bn in Russian private equity deals. *(WSJ, 25.03.13)*

BRICS to Check Tax Abuse

Expressing concern over abuse of tax avoidance treaties, the BRICS grouping promised to enhance mutual cooperation to prevent erosion of revenue.

"We agree to extend the cooperation on the following issues of tax policy and tax administration, including development of a BRICS mechanism to facilitate countering abusive tax avoidance transactions, promotion of effective exchange of information," said a joint communique issued after the two-day meeting of the heads of Revenue of these nations in New Delhi in January 2013. The five nation grouping made a commitment to address these concerns by preventing the base erosion and profit shifting through mutual cooperation, the communique added.

The communique also expressed an agreement amongst BRICS Countries for working together towards capacity building, improvement of systems and sharing of resources, and aims at extending it to the area of tax administration in a way that will benefit the people of BRICS Countries. *(IE, 19.01.13)*



BRICS to Raise Common Voice at Multilateral Trading Forums

Partners of the BRICS Trade and Economic Research Network (BRICS TERN), Fundacao Getulio Vargas, Brazil; EcoAccord, Russia; CUTS International, India; Shanghai WTO Affairs Consultation Centre, China; and South African Institute of International Affairs, South Africa met in Umhlanga, South Africa on March 13-14, 2013 and recommended the following resolution to the BRICS Leaders Summit:



1. That BRICS continue to support the primacy of the multilateral trading system and consider the development of shared principles for the future of the WTO taking in to account the ideas in the Geneva Consensus on Trade.
2. That BRICS should critically consider the Future of Trade report to be launched in April 2013 by the high level panel convened by Pascal Lamy and identify any relevant recommendations to be taken forward within member countries and their respective regions.
3. That BRICS should work in close partnership with other like-minded countries to conclude the WTO Doha Development Round of multilateral negotiations. To this end the BRICS should work towards a balanced package to be adopted at the 9th WTO Ministerial Conference in Bali, Indonesia in December 2013 that includes elements on agriculture, trade facilitation and a package for least developed countries.
4. That BRICS should support a common candidate with the necessary experience and skills for the position of WTO Director General.
5. That BRICS follow closely the negotiation of the Trans Pacific Partnership and Trans-Atlantic Free Trade Agreement with a view to better understanding the impact of such mega regional trade agreements on the multilateral trading system. In this regard, the BRICS TERN expressed concern about the lack of transparency in these negotiations and the implications for the primacy of the WTO rules.
6. That BRICS explore the possibility of a multilateral investment agreement in conjunction with consideration of trade and competition policy issues. To this end, the BRICS could propose the formation of a joint working group between WTO and UNCTAD on trade, investment and competition policy issues.
7. That BRICS acknowledge what the group has already achieved in the first year of its existence, including the anticipated decisions from the Durban Summit on a BRICS development bank, BRICS Business Council and BRICS Think Tank Initiative. The BRICS TERN expressed support for the on-going efforts of the BRICS to build strong institutions to enable cooperation among members.
8. That BRICS progress the work of the Contact Group on Economic and Trade Issues including the reconciliation of trade data, exchange of experience on investment promotion and protection, and the study of ways to increase the trade of value-added products among BRICS members. BRICS should adopt measures to improve the access to information on trade and investment relations between the members.
9. That BRICS consider development of a long term plan for the next cycle of summits with specific goals and clear timeframes for implementation in priority areas, inter alia the proposed BRICS development bank, investment and trade.
10. That BRICS ensure that its interactions with African partners are undertaken with a view to promoting sustainable development and support for regional integration. In this respect, BRICS TERN welcomed the participation of the United Nations Economic Commission for Africa in its meeting in March 2013.
11. That BRICS begin discussions on issues related to trade and climate change, including technology transfer opportunities and response measures.
12. That BRICS TERN will focus its joint research activities in 2013 on the future of the WTO and investment regimes at the bilateral and multilateral levels.

Sources

BL: The Hindu Business Line; FT: Financial Times; IE: Indian Express; TRT: The Rio Times; WSJ: Wall Street Journal