



BRICS – Trade & Economics Research Network

Brazil, Russia, India, China and South Africa (BRICS) have witnessed an exponential increase in their importance at the global economic platform since the turn of the new millennium. The resilience of the BRICS economies in the wake of the global economic crisis has put them at the forefront of the global economic affairs. The BRICS represents 43 percent of the world’s population, 18 percent of global trade, attracts 53 percent of foreign capital, accounts for about 25 percent of world’s 2011 gross domestic product based on purchasing power parity and is currently generating about 45 percent economic growth in the world economy.



The genesis of the BRICS Trade & Economics Research Network (BRICS-TERN) comes from the Sanya Declaration on April 14, 2011. This calls for a greater cooperation among the BRICS economies, forming the necessary base for strong economic growth and development. The Action Plan formulated at the Sanya Summit lays out current and future action areas. This *inter alia* emphasises the need to organise BRICS think-tank symposia, and consider establishing a network of research centres of all BRICS countries.

The BRICS-TERN is a step forward in this direction. The network is founded by reputed research organisations from each of the five member countries, who have proven expertise in areas focusing on trade and development.

The trade within the BRICS between 2001-2010 increased 15 times, and is increasing at an average rate of 28 percent annually and currently accounts for US\$230bn. Although the intra BRICS trade is still very modest it has a promising future with a potential to traverse the growth trajectory at rapid pace. Consumer expenditure within these economies as a percentage of the gross domestic product ranges from 35 to 61 percent and there is a presence of a strong and growing middle class with rising annual incomes. These factors would contribute in increasing the total demand for commodities. The Sanya Declaration highlighted the importance of promoting cooperation among each other and deepening their economic, trade and investment ties.

BRICS-TERN would play a vital role to complement and assist initiatives of governments of member countries who are coming together and devising coordination mechanisms to align their positions and responses at global fora. In this process, it seeks to enhance public participation through research and advocacy activities aimed at promoting welfare of their people so that their voice is heard at the global stage.

BRICS-TERN has been created with the purpose of promoting economic growth among nations by facilitating South-South cooperation, through research on various economic issues pertaining to development, trade & regulatory reforms, food security, climate change and sustainable development among others. It would advocate the views of stakeholders across these countries for better global governance and influence international policies to promote a more equitable development in the global economic order.

BRICS-TERN would also work on building capacities of stakeholders like governments, citizens, producers and research organisations across the BRICS to enhance capabilities of these players to play a major role globally.

The network will be launched in a meeting in Shanghai, China in November 2011, to be hosted by the Shanghai WTO Affairs Consultation Centre.

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Decade's Growth Beats all Forecasts

Brazil's trade surplus grew more than expected in August as the value of exports climbed to its highest this year, outpacing strong import growth. The country had been expected to post a surplus of US\$3.5bn.

In 2010, Brazil's trade surplus dwindled to US\$20.3bn from US\$25.3bn the previous year as the fastest economic expansion in nearly three decades, coupled with a strong currency, increased demand for imports. In the first eight months of 2011, the country has accumulated a US\$19.96bn trade surplus, nearly double the US\$11.62bn trade surplus accumulated through August 2010.

In August 2011, exports reached US\$26.16bn, up from US\$22.25bn in July and US\$19.24bn in August 2010. Imports last month totalled US\$22.29bn, compared with US\$19.12bn in July. *(Reuters, 01.09.11)*

Russia, India & China Trade Meet

Ahead of the annual Indo-Russian summit in 2011-end, the next Russia-India-China Trilateral Conference is being organised in Rostov-on-Don, Russia, with the aim to bring together the private sectors of these countries to synergise business activities for mutual benefit.

The initiative, which is being supported by the Ministry of External Affairs and Federation of Indian Chambers of Commerce & Industry, will provide an opportunity to deliberate on area of common interest among the business communities of the three countries.

The bilateral trade between Russia and China is large and touched US\$55.45bn in 2010. Trade between India and China exceeded US\$40bn in 2009-10 and that between India and Russia was at US\$4.5bn. *(FE, 14.09.11)*

India-South Africa Set Trade Target

India and South Africa decided to increase two-way trade between both countries to US\$15bn by 2014 from US\$10.64bn while concluding the India-South Africa CEOs Forum. The forum is headed by Ratan Tata from India and Patrice Motsepe from South Africa.

The minister said both sides would also be holding bilateral meetings to have a Preferential Trade Agreement with the South Africa Customs Union (SACU) comprising Botswana, Lesotho, Namibia, South Africa, and Swaziland. South African Trade Minister Rob Davies said that the relationship with India had been growing enormously. Indian companies are among our largest investors in South Africa. *(BS, 30.08.11)*

Yuan's Role in Global Trade

Yuan, the Chinese currency, is emerging as major international currency and as per a recent survey by the HSBC, 50 percent foreign trade of China would be done in Yuan by 2015, said Biswajit Dhar, Director General, Research and Information System for Developing Nations, an autonomous think-tank working under the Ministry of External Affairs.

"The future of the world is based on the depreciation of the US\$ in the global market and Euro zone crisis being faced by the European Union nations. In the same period, two major global economies – India and China are emerging with their own way of governance," Dhar said.

Earlier the BRICS countries used to meet occasionally to discuss their issues, but with China's initiative, these countries are meeting frequently and setting firm agenda for the last few years. China is actually moving its own agenda through BRICS, he said. *(TNN, 02.09.11)*

South Africa Boosts Export in India-China

"South Africa is looking at ways to boost its exports of value-added goods to Asian giants like India and China", Rob Davies said. He said South Africa's trade with India has hit a combined trade of US\$6bn in 2010, but pointed out that Indian statistics already suggest inter-country trade had passed the target set to reach US\$10bn by 2012.

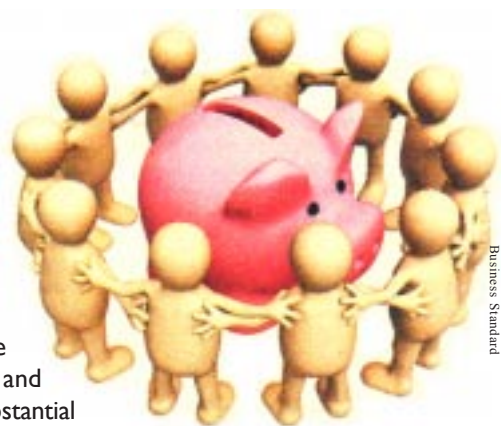
He said the final calculation of trade figures, however, depended on figures connected to the export of gold to India. However, an understanding had been developed with China for the Asian country to assist South Africa to ramp up value-added exports. *(ET, 14.09.11)*

Hit Fertiliser Cartels with Alliances

Fertiliser is an important input in the agricultural production. For developing countries the rise in fertiliser prices leads to concerns of food security and a spike in subsidies, which in turn, implies fall in development expenditure by the government and transfer of burden to the consumer. China is the leading consumer of fertilisers; it consumes 30 percent of the world's 165 million tonne supply of fertilisers a year.

On the other hand, India consumes 14.5 percent, while Brazil consumes about six percent. About 70 percent of the world trade in two key fertilisers, potash and phosphate, is controlled by three transnational companies – Canpotex, Belarusian Potash Company and PhosChem. The anti-competitive practices of these firms have led to substantial increase in fertiliser costs for the importing countries.

It is estimated that in the continuing presence of fertiliser cartels, the price of potash would steadily increase from US\$574 per tonne in 2011 to US\$734 in 2020. Nations among the BRICS network and beyond will continue to be affected by the increasing fertiliser prices. To counter such anti-competitive practices, the major fertiliser importing countries must come forward and form a buyers' alliance. *(ET, 28.03.11)*



Business Standard

BRICS Rating Agency

The Chinese Dagong Global Credit Rating agency, the largest one in South-East Asia, intends to establish a new international rating agency together with Russian partners for the sake of serving the interests of BRICS and challenging the American three: the Standard and Poor's, Moody's and Fitch.

Dagong has already had talks with one potential Russian partner, the RusRating company. Russians fully supported the Chinese initiative but refrained from giving any details.

Meanwhile, Russian rating agencies know that Dagong is considering at least two versions of partnership: either



buying Russian rating agencies or entering shares with them. Their main condition of taking part in the Russian market is access to the client database so as to raise the quality of their ratings.

Dagong has long been reproaching the S&P, Moody's and Fitch for biased ratings, in particular because of their political commitments and serving their sponsors' commercial interests.

It is obvious that the BRICS countries will get serious competitive opportunities in the world markets if they have high-quality and politically unbiased ratings of their creditworthiness and financial responsibility. (VoR, 08.09.11)

Mining-Energy Fuel Relationship

Brazil is showing signs of working together with its trading partners in energy and mining. In iron ore, steel, oil and clean energy, Brazil and China share many common interests and the new relationship will be prosperous for both economies.

With more than 19 billion tonnes in proven reserves of high density iron ore, Brazil is the world's largest provider of this valuable commodity. Iron ore has also traditionally been Brazil's largest export to China, contributing more than 22 percent of aggregate total by the end of 2010.

China's five-year plan for 2011-2015 is set to drive the need for commodities and Brazilian companies are equipped to supply their needs. (CD, 13.09.11)

Brazilian Oil Business Closes Deal with Russia

The board of Brazil's HRT Participacoes voted to close a deal with Russia's TNK-BP for the sale of oil exploration blocks in the Solimoes Basin in the Amazon, HRT said without disclosing financial details.

HRT announced that TNK-BP signed an agreement to buy a 45 percent stake in Amazon oil exploration blocks from Brazil's Petra Energia, continuing its expansion into foreign markets. HRT is the majority stakeholder and operator of the blocks.

The Board unanimously decided to keep the terms negotiated and not reopen discussions with the company TNK-BP. (Reuters, 16.09.11)

India-China to Boost Bilateral Trade & Investment

Led by industrialist Anil Ambani, corporate leaders from India are slated to establish channels for sustained dialogue with their Chinese counterparts once a new forum focused on boosting economic and commercial ties between the two neighbours is set up.

The India-China CEOs forum is being set-up with the objectives of developing a roadmap for increased cooperation and mutually beneficial contacts and partnership between the two countries.

The forum would address issues pertaining to the promotion of trade and investments, encouraging business alliances and possibilities for collaboration between Indian and Chinese companies and exploring business opportunities in third countries. (PTI, 18.09.11)

Looking Forward to Expo

Diplomatic relations between China and South Africa were established on January 01, 1998. South Africa granted China Market Economy Status and the commencement of free trade agreement discussions between the SACU and China was announced in June 2004.

One of the outcomes of the recent BRICS meetings relates to the Chinese government offering South Africa an opportunity to stage an Expo in Beijing, China from November 24-26, 2011.

To assist the South Africa to increase manufactured/ value-added exports from South Africa to China, the Chinese government proposed the staging of the South African Expo in China. South Africa will, therefore, utilise the platform for the purposes of both penetrating the Chinese market and attracting FDI. (CD, 15.09.11)

SA-India Exploring Opportunities

South African companies are being urged to use the leverage of its government's strong political relationship with India to develop new business and investment opportunities. Trade volumes between South Africa and India doubled from 2007-2010, with India becoming South Africa's sixth-largest destination for exports and its ninth-largest source for imports.

Indian investment in South Africa is estimated to be more than six billion dollars with several major Indian multinationals such as Tata, Reliance, and Mahindra and Mahindra having established a firm foothold in the local market place.

South African investment in India is so far only at around the 250 million dollar mark, spearheaded by SABMiller, First Rand and Airports Company South Africa, which won a lucrative contract to rehabilitate Mumbai Airport. (IPS, 20.07.11)



Fundação Getúlio Vargas – Brazil

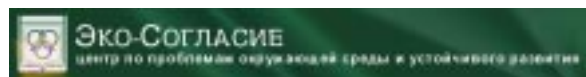
Fundação Getúlio Vargas was founded on December 20, 1944. Its initial purpose was to train qualified personnel for the administration of the country's public and private sectors. The institution went beyond the education boundaries and ventured into the domains of research and information, becoming a benchmark for quality and excellence.

FGV's Centre for Global Trade and Investment employs the methodology of the Global Trade Multi-system analysis of trade regulation, designed specifically for the Centre. This analysis includes the main sources of regulation of international trade and its impact on business competitiveness.

<http://portal.fgv.br/en/>

EcoAccord – Russia

The Centre for Environment and Sustainable Development "ECO-Accord" was established in 1992 as a non-governmental, non-for-profit citizens' organisation and registered in the Russian Ministry of Justice.



Eco Accord has a programme called "Globalization, the WTO and the NIS: Broadening Dialogue for Sustainable Human Development" which involves the 'Newly Independent States of the erstwhile Soviet Union' (NIS) which are facing the immediate problem of integration into world-wide economic structures, and particularly into the World Trade Organisation (WTO). They also publish a monthly newsletter called 'Bridges', to provide information about international trade and sustainable development.

<http://trade.ecoaccord.org/english>



CUTS International – India

Established in 1983 as a voice of the poor to express their developmental needs and aspirations, CUTS International is a leading Southern voice and face of consumer empowerment through its rights-based approach and activities for influencing the process and content of inclusive growth and development. It has its headquarters at Jaipur, India with overseas offices in Lusaka, Zambia; Nairobi, Kenya (2003); Geneva, Switzerland (2007) and Hanoi, Vietnam (2007).

From consumer protection work in India it has expanded its scope and interventions to subjects such as good governance and social accountability, trade and development, economic and business regulations including competition, investment and corporate governance issues, and human development, particularly women's empowerment.

www.cuts-international.org

Shanghai WTO Affairs Consultation Centre – China

The SCC/WTO funded by the Shanghai Municipal Government and established in October 2000 just prior to China's accession to the WTO, is a non-profit think tank dedicated to professional advisory services and international exchanges on WTO issues.



The SCC/WTO boasts a strong contingent of experienced researchers and veteran consultants in WTO affairs with expertise in multidisciplinary and interdisciplinary areas such as economics, politics, law, management, systems engineering, and information engineering. Upon approval from China's Ministry of Human Resources and Social Security, the SCC/WTO runs a postdoctoral program with a research focus on the global multilateral trading system.

www.sccwto.net



South African Institute of International Affairs – South Africa

SAIIA's research agenda focuses on the external engagement of South Africa and Africa with the rest of the world – with a view to countering the continent's marginal status in global political and economic affairs; furthering good governance, peace and stability in the region; and ensuring that Africa is placed on a long-term, sustainable growth path.

SAIIA achieves these objectives by doing solid, forward-looking policy-orientated research on issues of concern to the continent. This facilitates the building of research capacity in South Africa and the region, provides a platform for informed debate about policy options for African policymakers and other stakeholders, and enables the Institute to make input into policymaking on issues of concern to Africa.

www.saiia.org.za

Sources

BS: Business Standard; CD: China Daily; ET: Economic Times; FE: Financial Express; IPS: Inter Press Service; PTI: Press Trust of India; TNN: Times News Network; VoR: Voice of Russia