

# **BRICS Trade & Economics Research Network**

## **Strategy Paper**

### **1. Introduction**

1.1 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. Its purpose is to assist the on-going cooperation between and among the BRICS countries with network-based policy research and advocacy on contemporary developmental issues.

1.2 The Network is established by a group of like-minded organisations. They are:

- Fundação Getulio Vargas, Brazil
- EcoAccord, Russia
- CUTS International, India
- Shanghai WTO Affairs Consultation Center, China
- South African Institute of International Affairs, South Africa

### **2. Rationale**

2.1 BRICS countries represent 43 percent of world's population, 18 percent of global trade, attract 53 percent of the foreign capital, accounts for about 25 percent of global gross domestic product on purchasing power parity basis and are currently generating about 45 percent growth of the world economy.

2.2 Between 2001 and 2010 intra-BRICS trade increased 15 times. It is increasing at an average rate of 28 percent annually and currently account for US\$ 230bn. Bilateral investment flows among BRICS countries are also increasing. Some of them (individually and as part of regional blocs) are engaged in preferential trade agreements with others in the group. Consumer expenditure as a percentage of gross domestic product ranges from 35 to 61 percent and there is a strong and growing middle class with rising annual income. These factors are expected to contribute significantly to their future growth and their position in global economic governance.

2.3 The genesis of BRICS-TERN stems from the Sanya Summit of BRICS leaders, held in April 2011, which calls for greater cooperation among the BRICS economies, forming the necessary base for a strong economic growth and development. The Sanya Declaration laid out current and future action areas, which emphasises on the need to hold BRICS think-tank symposia, and consider establishing a network of research centres of BRICS countries.

2.4 BRICS-TERN is envisaged to play a vital role to complement and assist the relevant initiatives of governments of BRICS countries who are coming together and devising coordination mechanisms to align their positions and responses at global fora. It will seek to enhance public participation in economic policy-making and on matters of economic governance through network-based policy research and advocacy on trade and regulatory issues including competition and investment policies, and economic diplomacy.

### 3. Strategic Objectives



#### **Promotion of Fair Markets**

Effective regulations are vital for ensuring healthy development of market economies, protecting producer and consumer interests and promoting fair competition. BRICS-TERN will assist the on-going efforts of promoting effective regulations in the areas of trade, competition policy and investment policy.

#### **Inclusive Growth**

BRICS countries represent a development model, which emphasises on social welfare optimisation. However upon deeper reflection the spectacular growth of these countries is accompanied by socio-economic realities of low human development which are becoming a cause of concern for social stability. BRICS-TERN will work towards policy solutions for sustainable human development in the medium to long term.

#### **Sustainable Development**

BRICS countries support the development and use of renewable energy resources as a means to address sustainability concerns. BRICS-TERN through its networking activities will play a role in emphasising the importance of cooperation and information exchange on knowledge and technologies to address climate change concerns and other relevant issues of sustainable development.

### 4. Proposed Operational Plan

4.1 BRICS-TERN initiative will be launched at a meeting to be held in Shanghai, China on 19<sup>th</sup> November 2011. Founder members will discuss its rationale, strategic objectives and operational plan. As an initial idea, members will present an overview of preferential trade agreements that respective countries are engaged with.

4.2 It is envisaged that Shanghai meeting will come out with a minimalistic agenda to launch this initiative. The agenda will be gradually expanded as per needs, capacity and availability of resources (human as well as monetary). Also, the network will consider adding new members like research & advocacy organisations, business chambers and others based on mutual consultation.

4.3 The secretariat of the BRICS-TERN initiative will be entrusted with the founding members on a rotational basis. Initially, CUTS International will act as its secretariat.

4.4 The founding members (including new members) will meet at least once a year to take progress of the agenda and its implementation. Agenda for future activities will be discussed at this meeting and electronically also on a regular basis. Preferably, this meeting will be organised at the time of BRICS Summit. The next Summit will take place in New Delhi in 2012.

4.5 The initial agenda of BRICS-TERN will consist of the following activities/outputs:

- Quarterly newsletter – CUTS International will take lead in producing this publication with inputs from all members and it will be disseminated widely in BRICS countries and to the trade and regulatory policy community at large; over time efforts will be made to produce this newsletter in local languages by the partners
- Position papers – BRICS are taking positions on various issues of global economic governance – they will be analysed to understand divergences and possibilities of convergence – five such papers will be produced in a year – one by each founding member on identified subjects – SCCWTO will take lead and coordinate
- Policy briefs – trade and regulatory policies including competition and investment policies of BRICS countries and their implications on their economies, in respective regions particularly in least developed countries (including the impact of their duty-free, quota-free market access initiatives on LDCs), to other BRICS countries and at the international level will be analysed – five such papers will be produced in a year – one by each founding member on identified topics – SAIIA will take lead and coordinate
- Policy research – initially a research agenda on preferential trade agreements of BRICS countries and the possibility of multilateralising regionalism will be developed – FGV will take lead and coordinate
- Policy advocacy – while all of the above will have advocacy components at national, regional and international levels, initially the Network will have a focused policy advocacy agenda on climate change concerns and other relevant issues of sustainable development – EcoAccord will take lead and coordinate

4.6 Founder members of BRICS-TERN will inform their respective governments to raise initial resources to implement its activities. They will keep each other informed on fundraising and other aspects of taking the initiative forward.