



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

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## The Ufa Declaration: *An Analysis*

Assessing whether a multilateral summit was a success or not is notoriously difficult: Observers' expectations and definitions of success can vary greatly, and, more importantly, it may take years to grasp the ramifications of international agreements.

The documents signed at the 7<sup>th</sup> BRICS Summit in Russia provide some important insights about the current dynamics that shape the grouping – and how to think about its potential in the coming years. A recent study by the University of Toronto shows that the BRICS achieved 70 per cent compliance with the Fortaleza Summit Commitments made in 2014, continuing its high rate of compliance from previous summits.

Similar to all previous declarations, the BRICS' Ufa Declaration repeatedly underlines the grouping's "commitment to the United Nations as a universal multilateral organisation entrusted with the mandate of helping the international community maintain international peace and security, advance global development and promote and protect human rights."

The BRICS do not seek to overthrow global order; rather, they seek to reform some existing structures or create complementary ones. None of the BRICS grouping's proposals question the basic rules and norms that undergird today's global order and the legitimacy of key institutions such as the UN Security Council are not questioned.

The BRICS leaders say they 'strive to facilitate market inter-linkages, robust growth and an inclusive and open world economy characterised by efficient resource distribution, free movement of capital, labour and goods, and fair and efficiently regulated competition'.

While all eyes in the next years will be on the National Development Bank (NDB), the ultimate success of the BRICS grouping will, to a great part, be defined by members' capacity to cooperate economically.

As expected, the Ufa meetings mark the inauguration of the NDB and the Reserve Agreement, the first tangible institutional manifestations of the BRICS grouping. This is indeed a historic achievement, even though the greatest challenges lie ahead: Many such projects have been announced with much pomp but never took off.

In the Ufa Declaration, leaders say that 'the NDB shall serve as a powerful instrument for financing infrastructure investment and sustainable development projects in the BRICS and other developing countries and emerging market economies and for enhancing economic cooperation between our countries'.

The history of the BRICS grouping can be divided into three phases. In the first phase (2001-2007), "BRIC" (then still without South Africa) stood for little more than an investment category invented by Goldman Sachs. The second phase (2008-2014) saw the emergence of the BRICS as a political platform, though of largely informal nature.

2015 began the transition to a third phase, marked by a process of institutionalisation and the launch of the NDB and the Contingent Reserve Agreement. Institutionalisation generates ample opportunities, but also global expectations, making it easier to judge the grouping's performance and capacity to address global challenges.

<http://www.postwesternworld.com/2015/07/09/the-declaration-analysis/>

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### Russia: A Dependable Partner of India

Indian President Pranab Mukherjee said "Russia is India's 'dependable partner' in defence and energy sectors irrespective of Moscow's growing ties with any other nation."

In response to a question on the issue of Russia's move to supply defence equipment to Pakistan during his meeting with Russian President Vladimir Putin, Mukherjee told reporters accompanying him on a visit to Russia, "Our relationship stands apart. Russia is and will be a dependable partner in defence matter and energy security despite the relationships with other countries developed by Russia or developed by India".

Referring to the Annual Summit meeting between Prime Minister Narendra Modi and Putin held in Delhi in December 2014, Mukherjee said there was progress on defence, nuclear energy and space cooperation. Trade between India and Russia is US\$6bn annually, which is 0.8 per cent of India's total trade of US\$765bn.

(BW, 12.05.15)

### China-Brazil Confirm Trade & Investment Deals

Chinese premier Li Keqiang lifted the wraps on a multibillion-dollar series of trade and investment deals with Brazil, as Beijing looks to invest US\$50bn in South America's largest economy. The news unveiled as a huge boon for Brazil as it endures a fifth straight year of low growth after a period of rapid expansion fuelled by an Asian demand for commodities that has since slowed.

Li's host, President Dilma Rousseff, hopes Brazil can direct Chinese cash to overhaul decaying infrastructure as the country's tourist magnet Rio de Janeiro prepares to host South America's first ever Olympics in 2016.

Headlining deals agreed on Li's first official visit to Latin America were a pair of finance and cooperation deals worth US\$7bn for Brazil's state-owned oil firm Petrobras.

Brazil's government has been hit by a huge graft scandal embroiling its flagship company in 2014, but the oil giant received a boost earlier in 2015 in signing a US\$3.5bn financing deal with the China Investment Bank.

(TG, 19.05.15)

### SA Hit in US-China Trade Battle

The collapse of the Doha trade negotiations has pitted the US against China in a bid to dictate new global terms of trade, with developing countries like South Africa caught in the middle. South Africa's former Ambassador to the World Trade Organisation (WTO), Faizel Ismail, told a colloquium on China and Africa relations at UCT there was "a massive global competition for the ability to make new rules in the world trading system".

The current rules were set up in 1947 by the victors in World War 2, the US and the UK, and later the EU, but since the collapse of the Doha Round of negotiations towards a new system, the US had begun to 'move on its own' – launching direct negotiations with selected countries.

These were contained in the Trans-Atlantic Trade and Partnership Agreement with the EU and Trans-Pacific Partnership Agreement with countries like Japan, Mexico and Canada. "If you like, it is the alliance of the willing," Ismail said, referring to the coalition put together by the US in the first Gulf War.

(BR, 23.05.15)

### India to Compete with China in Trade & Commerce

Even as it cooperates with China on the international stage, India will also compete with it in the areas of commerce and trade, Prime Minister Narendra Modi said. He also told the Time magazine in an interview that both countries had learnt from history since their 1962 war.

Modi admitted that a large part of the long Sino-Indian border was still disputed. He said, "Still, I think both countries have shown great maturity in the last couple of decades to ensure and commit to economic cooperation which has continued to grow over the last 20 to 30 years to a stage where we currently have an extensive trade, investment and project-related engagement between the two countries".

Time magazine asked him if he would like a special message to Chinese President Xi Jinping ahead of his trip to Beijing in July 2015. "I firmly believe that the relationship between two countries, the India-China relationship as you are referring to, should be such that to communicate with each other there should really not be a need for us to go through a third entity," he said.

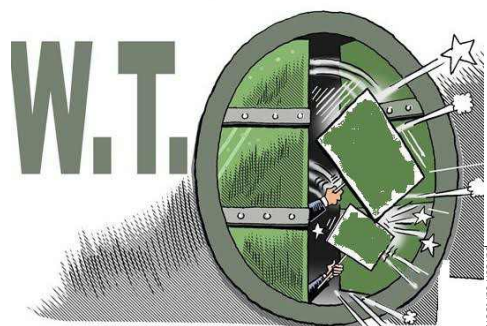
(BS, 07.05.15)

## India-Brazil Cross Swords with US at WTO

Switzerland and the US have begun a campaign at the WTO to not renew a moratorium on 'non-violation complaints and situations' for intellectual property rights that expires at the end of the year. Intellectual property laws are governed internationally by the Trade-Related Aspects of Intellectual Property Rights (TRIPs) Agreement. The moratorium first came into being in 1995, when the WTO was born and has survived by way of several extensions.

A non-violation and situation complaint can be raised against a WTO member when it undertakes a certain action which, while not violating WTO rules itself, denies another member an expected benefit by nullifying or countering another action or policy required by the WTO. Introducing subsidies to undo the effect of lowered tariffs would be an example of an action that could potentially attract a non-violation complaint. A proposal to continue the moratorium has been submitted by Brazil on behalf of a group of 19 countries that includes India and China.

(TH, 23.06.15)



## India to Resume PTA with South Africa

India is readying to go into diplomatic overdrive with South Africa to get the next round of negotiations on a Preferential Trade Agreement (PTA) going by December 2015.

According to a senior government official, a series of initiatives have been lined up following Indian External Affairs Minister Sushma Swaraj's Durban visit in June 2015, during which he was personally invited by South African President Jacob Zuma to attend the India-Africa Summit scheduled to be held in New Delhi in October 2015.

He said that a summit meeting between India and South Africa would ideally open up opportunities to lay down the groundwork for taking bilateral economic cooperation between the two countries to the next level, including giving a push to the protracted PTA negotiations. Towards this goal, a joint working group of government representatives of the two countries on trade and economic affairs would be set up.



(MW, 04.06.15)

### Russia-China's Parliamentary Cooperation

"Parliamentary cooperation between Russia and China is at an all-time high and the two countries' parliaments will strengthen bilateral ties via talks", a Committee Chief of the Lower House of the Russian Parliament said.

Russian President Vladimir Putin has repeatedly said that Russia-China relations have never been better, as well as collaboration between Russia's State Duma, or Lower House of Parliament, and China's National People's Congress, Vyacheslav Nikonov, Chairman of the State Duma Committee on Education stated.

Top legislators of both sides will hold more talks in order to strengthen bilateral cooperation at the upcoming parliamentary forum of the BRICS bloc in Moscow. Cooperation between the two parliaments goes back a long way and has broad prospects, Nikonov said.

Both sides are making more efforts in a wide range of areas such as economy, security, education and culture as well as on Asia-Pacific issues, in a bid to consolidate the Russia-China comprehensive strategic partnership of coordination.

(Xinhua, 04.06.15)

### China-Africa Cooperation Progresses

Both China and South Africa will hold a series of activities on mutual exchanges in South Africa's nine provinces and major cities, which will open a new chapter for the people-to-people and cultural exchanges between the two BRICS members.

This is just one example of how China and Africa are preparing to take their cooperation one step higher. Looking at the broader picture I hope the year of China in South Africa can open up more opportunities, not only for the land of the Zulu but also Africa in general.

A strong Intra-African trade will ensure self-reliance and economic prowess. In this regard, China is helping many African countries build railways and road networks for easy connectivity, as well as the movement of goods and people across the vast continent.

The economic growth of South Africa through the cooperation with China can help other African countries to boost their trade.

(Cri English, 06.06.15)

### India-Russia to Enhance Bilateral Ties

President Pranab Mukherjee hopes to further the bilateral ties between India and Russia following his visit to Moscow on May 07, 2015. Mukherjee said that it will be the first time that an Indian military contingent would participate in the Victory Day parade to be held in Russia in 2015.

Further, the President went on to highlight the multi-phase Kudankulam project between India and Russia and said that the two countries have set out a strategic vision for further development. On 'multifaceted' partnership and growing ties between the two countries in organisations, such as the UN, BRICS and the Shanghai Cooperation Organisation, Mukherjee said that India's relationship with Russia covers a wide canvas, including cooperation in multilateral forums and consultations on global security issues and regional developments.

India- Russia ties have an enhanced level of cooperation in almost all areas of the bilateral relationship including political, security, trade and economy, defence, science and technology and culture.

(BS, 07.05.15)

### Brazil-China Strengthens Bilateral Relations

Brazilian President Dilma Rousseff met with visiting Chinese Vice Premier Wang Yang in efforts to boost ties between their two countries. Wang said Chinese President Xi Jinping's visit to Brazil in 2014 outlined a blueprint for bilateral relations, while Premier Li Keqiang's visit to the country in June 2015 injected new impetus into their pragmatic cooperation.

He called for concerted efforts to implement the important consensus reached by the leaders of the two countries. Both sides should work together to stabilise bilateral trade volume, strengthen cooperation in investment, production capacity, infrastructure, finance and agriculture in a bid to further boost their pragmatic cooperation, said Wang.

Efforts should also be made to improve people-to-people exchanges and enhance coordination in international affairs, he said. Rousseff spoke highly of the successful visits to Brazil by President Xi and Premier Li, saying the visits have consolidated the comprehensive strategic partnership between the two countries.

(GP, 28.06.15)

### Brazil

Centre for Global Trade and Investment-A Escola de Economia de São Paulo da Fundação Getulio Vargas (CGTI-EESP/FGV) has been undertaking a significant amount of research related to BRICS countries.



It has continued its work on the calculation of currency misalignments, especially for Brazil, US, EU and China. Additionally, CGTI has also been making efforts to analyse the effect of non-tariff barriers (NTBs) and the impacts of mega preferential trade agreements over BRICS countries' economies. The effects of private regulation - private standards is included. More recently, CGTI initiated research on investments and the New Development Bank with special focus on its impacts on Latin America.

### Russia

Centre for Economic and Financial Research (CEFIR) is participating in a project by the Eurasian Economic Commission (EAEU) aimed at assessing the effects of the deeper integration policies which resulted in a decrease in the level of non-tariff barriers in trade within EAEU countries as well as with EAEU's major economic partners, namely the EU, US and BRICS.



CEFIR is also working on another project from the EAEU entitled 'EAEU trade policy and member-states' participation in global value chains'. The aim of the project is to review EAEU countries' position in global value chains and suggest a tariff schedule that will enhance member-countries' position in global value chains. Special attention will be devoted to an assessment of possible changes in EAEU's tariffs with its major trading partners, such as EU, BRICS, US, etc.

### India

CUTS International is currently working on a discussion paper on the outcomes of the most recent summit in Ufa and the potential future role of the New Development Bank. In spite of much scepticism, given the increasing role of the group emerging economies in the new global architecture, this paper will seek to shed further light on the motivations of the BRICS countries and their ambitions in the future.



CUTS will also soon be publishing a paper that looks at privatisation across Brazil, India and South Africa in order to understand how these countries have implemented privatisation despite public opposition and what measures were effective in overcoming opposition without sacrificing efficiency.

### China

The Shanghai WTO Affairs Consultation Centre organised the 4<sup>th</sup> BRICS Trade and Economic Research Network meeting in Shanghai, China. At the meeting Dazhong Cheng made a presentation on 'GVCs and China: Firm level



Evidence.' He explained that ownership structure and trading modes have an effect on the destination and product mix choices of Chinese industrial exporters. In

particular, foreign firms' exports and processing trade tend to be destination-specific and more specialised in product, and therefore the relevant firms are more likely to maintain a particular link within a specific GVC.

He remarked that increased understanding of the relative importance of different types of firms and different trade modes in Chinese export growth might be useful for re-examining and improving Chinese macro-level foreign trade policies and strategies.

### South Africa

South African Institute of International Affairs (SAIIA) hosted a media briefing in the run-up to the summit in Ufa in July. Researchers from SAIIA presented on different aspects of the BRICS countries and conducted a Q&A session with the journalists. The whole idea was for the media to be aware of the issues were likely to be prioritised at the Summit and also gain some insight on the kind of focus areas that would be useful for the BRICS countries to pursue. Two SAIIA researchers also attended the BRICS academic forum in May.



### Sources

BS: Business Standard; BR: Business Report; BW: Business Week; GP: Global Post;  
MW: Mining Weekly; TG: The Guardian; TH: The Hindu