



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](http://www.cuts-international.org/BRICS-TERN)

## BRICS Leaders Meeting along with G20 Summit

The leaders of the BRICS Group issued a statement in St. Petersburg in Russia while participating in G20 Summit. They emphasised the continued slow pace of the recovery, high unemployment in some countries and on-going challenges and vulnerabilities in the global economy, particularly in advanced economies.

The BRICS Leaders reiterated their concerns they had expressed in the Durban Summit in March 2013 regarding the unintended negative spillovers of unconventional monetary policies of certain developed economies. They emphasised that the eventual normalisation of monetary policies need to be effectively and carefully calibrated and clearly communicated.

BRICS Leaders also expressed their concern with the stalling of the International Monetary Fund (IMF) reform process. They recalled the urgent need to implement the 2010 IMF Quota and Governance Reform, as well as to complete the next general quota review by January 2014 as agreed at the G20 Seoul Summit in order to ensure the Fund's credibility, legitimacy and effectiveness.

In addition, the Leaders believe that the 9<sup>th</sup> World Trade Organisation's (WTO) Ministerial conference to be held in December 2013 will become a stepping stone to the successful and balanced conclusion of the Doha Development Round.

The Leaders welcomed the good progress made towards the establishment of the BRICS-led New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA).

On the NDB, progress has been made in negotiating its capital structure, membership, shareholding and governance. The Bank will have an initial subscribed capital of US\$50bn from the BRICS countries.

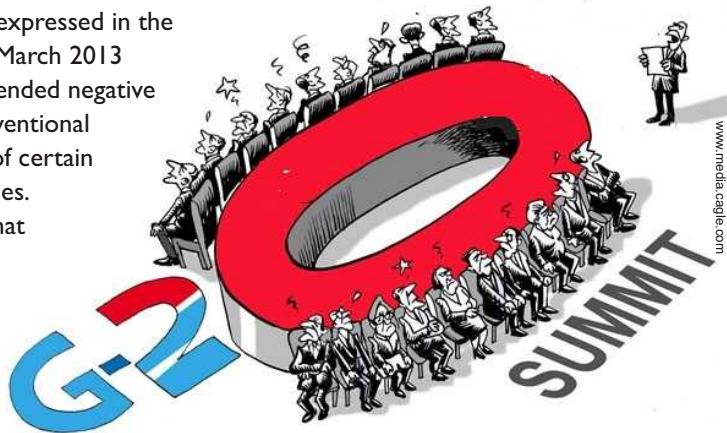
On the CRA, consensus has been achieved on many key aspects and operational details regarding its establishment. As agreed in Durban, the CRA will have an initial size of US\$100bn. Country's individual commitments to the CRA will be as follows: China US\$41 billion; Brazil, India, and Russia US\$18bn each; and South Africa US\$5bn.

In light of the progress achieved both in the negotiations of the NDB and CRA the BRICS Leaders expect tangible results by the time of the next Summit.

In addition, they welcomed the first meeting of the BRICS Business Council held recently in Johannesburg, South Africa, and encouraged the business community to increase contacts and cooperation. The Leaders noted the recent developments in the world economy and emphasised the necessity for intra-BRICS economic cooperation.

The Leaders of Brazil, India, China and South Africa congratulated Russia on the successful presidency of the G20 in 2013 and appreciated the emphasis by the Russian Presidency on the development agenda.

([www.g20.org](http://www.g20.org), 05.09.13)



[www.media-cage.com](http://www.media-cage.com)

### INSIDE

BRICS Internet Cable .....2

BRICS Virtual Secretariat and Bank .....3

Research and Networking Activities.....4

## India-China Consultation on Economic Corridor

China and India are working to speed up the construction of the economic corridor linking China, Bangladesh, India and Myanmar, said Chinese Foreign Minister Wang Yi. China is keen on developing an 'international highway' that will connect both the countries to China's Yunnan province and end in the eastern Indian city of Kolkata through Bangladesh.

India and China also began a series of five high-level consultations. Issues raised will range from trade and finance to the boundary dispute, with the aim of laying the groundwork for the Indian Prime Minister Manmohan Singh's expected visit to China in October 2013.

Both sides are currently in talks over a Border Defence Cooperation Agreement, likely to be announced formally during Singh's trip. (BP, 26.09.13)

## Russia-SA Aviation & Energy Cooperation

Russia is looking to increase cooperation with South Africa in the economic sector, Russia's Foreign Minister Sergei Lavrov said.

The South African delegation attended the 2013 Moscow's International Aviation and Space Salon air show in Zhukovsky, a district of Moscow. "We have some interesting joint projects in the aircraft industry. We opened a regional Russian helicopters service centre in Johannesburg, and plan to jointly produce a lightweight multi-purpose helicopter," Lavrov said.

The two countries are moving ahead with joint work in South Africa's nuclear energy sector. Russia's state-owned nuclear energy firm Rosatom said that it would create thousands of jobs in new nuclear units in association with stakeholders of the South African nuclear programme. (BP, 03.09.13)

## India-China's Energy Demand

Growth in China and India will drive world energy consumption, which is set to increase 56 percent by 2040, says a new report. The US Energy Information Administration (EIA) released its International Energy Outlook 2013 report. "Rising prosperity in China and India is a major factor in the outlook for global energy demand," said EIA Official Adam Sieminski.

"These two countries combined account for half the world's total increase in energy use through 2040," he

said. World energy consumption is set to increase from 534 quadrillion British thermal units (Btu) in 2010 to 820 quadrillion Btu in 2040, says the report. Energy use in emerging countries, outside the Organisation for Economic Cooperation and Development (OECD) club of developed economies is expected to rise by 90 percent in the same period. (Xinhua, 26.07.13)

## Brazil-China Argues for Solidarity among BRICS

Chinese President Xi Jinping and his Brazilian counterpart Dilma Rousseff pledged to boost solidarity and cooperation between BRICS countries. Xi said that China and Brazil should strengthen communication and coordination to oppose trade protectionism, safeguard the common interests of the emerging markets and continue to contribute to global growth.

China hopes Brazil could continue to exert positive influence in the Latin American region to push for the establishment of a China-Latin America cooperation forum and deepen the comprehensive cooperation partnership between China and the region, Xi.

Rousseff said Brazil hopes to strengthen high-level coordination with China and optimise the structure of two-way trade. Brazil supports Brazilian and Chinese enterprises to carry out strategic cooperation in such fields as oil, logistics and transportation infrastructure construction. (Xinhua, 05.09.13)

## Russia to Protect WTO Interests

Russian Ministry of Industry and Trade plans to establish a department designated to defend its business in the WTO and other international bodies. Details of the new advisory body have not yet been released but the department is expected to have more resources than the exports division of the Ministry of Economic Development that aids Russian businesses overcome administrative barriers in international markets.

Russia joined the WTO in August 2012. The new Department could play a vital role due to Russia's lack of experts and lawyers specialising in WTO law and trade policy. WTO back-offices exist in other member states, but they are usually set up by the companies themselves.

The Russian Union of Industrialists and Entrepreneurs President Alexander Shokhin said that 50 percent of Russian companies are yet to witness positive effects of the country's WTO accession. (BP, 31.07.13)

## BRICS Internet Cable

The President of Brazil, Dilma Rousseff announces the creation of a world internet system independent from US and Britain. While the immediate trigger for the decision was the revelations on NSA spying, the reason why Rousseff can take such a historic step is that the alternative infrastructure: The BRICS cable from Vladivostok, Russia to Shantou, China to Chennai, India to Cape Town, South Africa to Fortaleza, Brazil, is being built and it's, actually, in its final phase of implementation.

Brazil plans to divorce itself from the US-centric Internet over Washington's widespread online spying, a move that many experts fear will be a potentially dangerous first step toward politically fracturing a global network built with minimal interference by governments. (GR, 17.09.13)



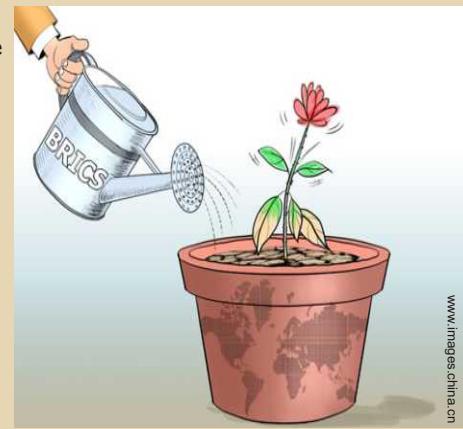
## BRICS Virtual Secretariat and Bank

BRICS will inaugurate its virtual secretariat for better coordination in global affairs among the member countries. The establishment of the BRICS Secretariat will be a significant political step for the bloc of five.

Sergei Storchak, Russia's Deputy Finance Minister emphasised the need for such an entity. "We will depend on modern technology and establish an electronic secretariat so that we avoid getting into too much administrative work. An electronic secretariat would store all necessary documents and information, processed and accumulated for future generations," said Storchak.

Some of the most important decisions have already been made, including a capital of US\$50bn. BRICS are close to reaching a consensus on creating a US\$100bn foreign currency reserve fund. The Contingent Reserve Arrangement was announced during the BRICS Summit in Durban in March.

(BP, 05.09.13)



www.images.china.cn

### SA-China Capital Market Forum

The first South Africa-China Capital Market Forum was launched in Johannesburg with the aim of increasing investment flow between the two countries. Humphrey Borkum, Chairman of the Johannesburg Stock Exchange (JSE) said that this forum will lead to productive collaboration between the JSE and the Shanghai Stock Exchange (SSE).

Chinese investment has risen to approximately US\$101bn in commercial projects across the African continent since 2010. The JSE and the SSE signed a MoU in 2012 to further boost trade ties.

As bilateral trade grows between the two countries, the renminbi (RMB) is expected to be more widely used as settlement currency. The Bank of China has opened more than 1,000 offshore RMB clearing bank accounts in more than 80 countries over the last four years. (CD, 09.08.13)

### India's Investment in Brazilian Oilfields

OVL, the overseas arm of state-owned Oil and Natural Gas Corp (ONGC), of India in collaboration with Royal Dutch Shell will buy the 35 percent stake in a Brazilian oilfield for US\$1.54bn.

While the Indian firm will pick up 12.08 percent stake in block BC-10, known as Parque das Conchas, the remaining 23 percent will go to Shell. OVL currently has a 15 percent stake in the block which is entitled for an extra 8 percent taken from the 35 percent stake being sold by Petrobras.

The BC-10 block off Brazil lies in ultra-deep water of 2,000 metres and began production in 2009. The Ostra field in the block pumps about 21,000 barrels per day of oil. A second-phase development is expected to start by the end of 2013, with a peak production of 35,000 barrels of oil equivalent per day. (TH, 18.09.13)

### Russia's Concern on Financial Liquidity in BRICS

Russian Finance Minister Anton Siluanov expressed concerns that the BRICS group of nations are concerned about reports that the US and other developed economies will end their current policies of monetary easing.

In a bid to increase liquidity and promote lending, Central Banks can resort to quantitative easing by flooding financial institutions with capital. Speculation

that the US is among some who are terminating stimulus packages has rocked money markets in emerging economies as currencies continue to lose ground to the greenback.

BRICS countries have watched with concern as capital began to flow out of their economies, reversing a trend that helped sustain them as the world's dynamo.

(www.sgtreport.com, 21.07.13)

### SA Urges for Forex Approach For BRICS

Business leaders from the world's leading emerging economies, BRICS, discussed ways to boost trade and investment within the five nations and with Africa. The two-day maiden BRICS Business Council meet was hosted by South Africa.

South African President Jacob Zuma said that BRICS is a "crucial forum" which would push for "inclusive development". He also referred to the massive capital flight from emerging markets that have weakened domestic currencies amid worries that the US Federal Reserve will halt its stimulus programme.

Urging the business community to take advantage of the opportunities in BRICS, Zuma identified the key sectors as "infrastructure, mining and minerals Beneficiation, the services sector, manufacturing, energy and financial services". (www.rvnewstoday.com, 20.08.13)

### Brazil to Follow Basel Norms

Brazil is looking to strengthen the regulation, risk management and supervision of its banking sector by implementing the new Third Basel Accord (Basel III). The Brazilian Central Bank has announced that the international regulatory standards will be adopted in its national financial system.

Brazil joins its BRICS partners, India, China and South Africa who have already adopted the Basel III framework of capital adequacy rules for banks. The new rules insist on banks to roughly triple the size of capital buffers they hold after each country finalises its own version.

Alexandre Tombini, President, Central Bank said that Brazilian banks will not need additional capital to fulfill the Basel III requirements. The accord is designed to strengthen the ability of banks to withstand financial shocks. (www.giftoftruth.wordpress.com 12.08.13)

# Research and Networking Activities

## Brazil



- Simulations of economic impacts for Brazil of the negotiation of preferential trade agreements (PTAs) with the country's major partners. The simulations are made through GTAP and include the reduction of tariff and non-tariff barriers. Another simulation exercise demonstrates the impacts for Brazil of the negotiation of the Transatlantic Trade and Investment Partnership (TTIP).
- Study on Technical Barriers to Trade (TBT), including the analysis of: WTO's most relevant dispute settlement cases on TBT; discussions held at the WTO TBT Committee; as well as the regulation of the issue under PTAs, including the mega-regionals (TPP and TTIP).

## Russia

A conference on 'Ecology, Politics and Civil Society in Contemporary Russia' (Yablokovskie Debates 2013), to be held in Moscow, on October 05, 2013 will bring together a 100 activists, environmental organisations and members of the offices of the party 'Yabloko' from 37 regions of Russia. Participants of the conference, dedicated to the 80<sup>th</sup> anniversary of environmentalist and scientist Alexei V. Yablokov, will discuss the experience of mass demonstrations in regions, pursuit of environmental organisations from the state, as well as the negative effects of the merger of business and government for the country and the environment.



## India

CUTS International will participate and present a paper on India's Development Finance in an international conference organised by Friends of the Earth and GHUB in October 2013 to share research, exchange knowledge, and initiate an informal network of organizations interested in the rise of BRICS finance institutions.



The conference will explore how to promote sustainable development in BRICS countries and abroad; examine alternate development models espoused by banks; evaluate the policy and regulatory contexts in which banks operate, social and environmental safeguards implementation strategies; and examine ways in which to support BRICS financiers to become a model of innovation within the realm of environmental financial regulations and practice.

## China

A 'BRICS Information Sharing & Exchanging Platform' ([www.brics-info.org](http://www.brics-info.org)) established by Fudan University, Shanghai on September 11, 2013 will provide the information regarding the following:



- BRICS Law & Policies regarding Trade Administration, Investment Administration, Policies for SMEs, Customs Clearance, Quality Supervision, Inspection & Quarantine
- Business Opportunities in BRICS regarding Trade and Investment Opportunities
- Cooperation Activities among BRICS regarding Contacts of Trade and Investment Promotion Agencies, Contacts of SMEs' Associations, Trade and Investment Promotion Activities
- Dispute Settlement Information
- Research Papers

## South Africa



The South African Institute of International Affairs and the BRICS Policy Centre in Brazil will host a conference on 'BRICS and Africa: A Partnership for Sustainable Development?' in November 2013. This conference will investigate the deepening relationship between Africa and the BRICS, providing participants with insights into opportunities and challenges posed by this global transformation for Africa in the 21<sup>st</sup> century. It will bring together policymakers, civil society actors and scholars to discuss foreign policies of BRICS' countries towards Africa, their role as development partners and fostering security and stability in the continent, as well as trade policies.

## Sources

BP: BRICS Post; CD: China Daily; GR: Global Research; TH: The Hindu