



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 ongoing cooperation between and among the BRICS countries with network-based policy research and advocacy on contemporary developmental issues

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INSIDE

Repatriation of Black Money	2
India to Build Nuclear Reactors with Russia.....	3
Research & Networking	4

Commitment to Development Bank

BRICS countries' foreign ministers issued a statement in The Hague opposing restrictions on the participation of Russian President Vladimir Putin at the G-20 Summit in Australia. At the time, the BRICS countries expressed 'concern' over Australian foreign minister Julie Bishop's comment that Putin could be barred from attending the G-20 Summit in November.

While not as momentous as the meeting in the Netherlands, BRICS' leaders informal meeting at the sidelines of the G20 meeting in Brisbane mattered in several aspects. First of all, it saved President Putin from near-complete isolation at the summit. Putin was roundly criticised by Western powers, yet photos of his amiable meeting with the BRICS was widely distributed in the Russian media, eager to show that Russia is not without friends in the world.

More importantly, five leaders underlined their commitment to push for the rapid ratification in their respective parliaments of the creation of the BRICS Development Bank. Joint interest in the bank is strengthened by the continued delay of reform of the International Monetary Fund (IMF), which makes it easy for BRICS policymakers to criticise the West for its unwillingness to provide emerging

powers with their fair share of voting rights. As argued before (*The Case for IMF Quota Reform*), the refusal by US legislators to ratify reforms approved by the IMF Board of Governors in 2010 is remarkably short-sighted and has the potential to significantly reduce the IMF's legitimacy in the Global South.

Indeed, it is safe to assume that a swift ratification four years ago would have undermined those in Brasília, Moscow, Pretoria, Delhi and Beijing who argue that the BRICS must look for alternatives and complementary structures rather than bet on existing ones.

The delay in ratifying reforms is all the more alarming because US voting shares would not be reduced by quota reform – rather, European countries would be negatively affected. Privately, Indian and Chinese policy makers wonder how Washington will react once future reforms may push the US below its veto minority. Few expect that the US would voluntarily accept such a move, which explains why emerging powers have started to establish parallel institutions as a hedge for such a scenario of institutional stalemate.

Still, intra-BRICS cooperation has evolved far too much that the ratification of IMF reform could weaken the grouping. While most observers in the US and Europe still find it difficult to understand why the BRICS grouping exists in the first place, the BRICS' decision to organise an informal meeting prior to the G20 shows that the grouping has long turned into a routine for its member countries and an established element of the institutional landscape in the Global South.

The BRICS meeting went beyond mere rhetoric: The grouping announced the formation of an interim board of directors that will lead the next phase establishing the NDB and tasked ministers of finance to designate president and vice-presidents of the NDB prior to the next BRICS summit in Russia in 2016.

(Post-Western World, 20.11.14)

South Africa Resumes Seafood Exports to Russia

South African will begin seafood exports to Russia after the Eurasian country granted 12 seafood companies licences to supply canned and frozen fish. This is the first since the late 1990s that South African fish will be exported to Russia on a commercial basis, said Felix Ratheb, Chief Executive of Cape Town-based Sea Harvest, one of the South African companies granted a licence.

The other 11 companies granted rights to supply seafood are Abagold Ltd, Compass Challenger, GSA Trades Pty Ltd, Harvest Atlantic Peace, Irvin & Johnson Limited, Kaytrad Coldstore, LAVERNE, Marine Products, Pioneer Fishing Pty Ltd, Sea Vuna Fishing Company Pty Ltd and Viking Fishing Co Pty Ltd.

Major Russian exports to South Africa comprise chemical and agro-industrial products, precious and base metals, coking coal, fertilisers, machinery, equipment, vehicles, tools, textiles, footwear and mineral products. On the other hand, South African exports to Russia are dominated by fruits, mineral products, machinery, equipment, vehicles, chemical products, precious and base metals, raw hides, textiles and footwear.

(www.allafrica.com, 12.11.14)

Repatriation of Black Money

Prime Minister of India Narendra Modi pushed his government's domestic agenda on black money at an informal meeting of BRICS leaders ahead of the Group of 20 Leaders' Summit. This meeting served to coordinate positions between the five big developing economies of the world and pull in their combined weight at the G20 Summit.

The five leaders also took stock of the progress made in the establishment of the New Development Bank and the Contingent Reserve Arrangement agreed upon in the sixth BRICS Summit in Fortaleza in Brazil in mid-July 2014. They asked their finance ministers to designate the President and the Vice-Presidents of the new bank well in advance of the next BRICS Summit.

The leaders expressed their commitment towards the expeditious ratification of both instruments, which would contribute to the stability of the international financial system, they noted. The seventh BRICS Summit will be held in the Russian city of Ufa in 2015.

(FE, 15.11.14)



India: Best Overseas Market

India's booming economy and rising disposable incomes are major draws for small traders from South Africa who participated in 2014's India International Trade Fair (IITF), hoping to bag lucrative orders from affluent Indians, many of whom "don't even bargain".

According to the South African traders, trade in many other countries has slowed down, denying them a reliable platform for their products. The fact that China is now a global manufacturing hub and not too keen on buying products from other countries, as also the slowdown in Europe, makes India the perfect choice.

Mudzanani is among the several other traders who earlier ignored the IITF but started participating after looking at the profits earned by other traders at the fair. He is assisted by the South African government to promote their business in India. (Smetimes, 24.11.14)

South Africa-China to Strengthen Relations

South African President Jacob Zuma kicked off a state visit to China after his government refused the Dalai Lama a visa as trade and political ties between Pretoria and Beijing grow closer.

China is South Africa's single largest trading partner, while South Africa is China's largest trading partner on the continent. Zuma held talks with Chinese Premier Li Keqiang, with Li congratulating Zuma on his re-election in May as South Africa's president.

Zuma expressed the importance South Africa attaches to ties with Beijing with Li today, telling him: "We have always appreciated our interaction between China and South Africa. I must say that we feel very much at home." Zuma was accompanied by a high-profile delegation including ministers for the environment, international relations, trade and energy, transport and finance.

(MO, 04.11.14)

China, Brazil to Boost Railway Cooperation

BRICS members – China and Brazil are eyeing further cooperation in railway projects to aid the Latin American nation in extensive infrastructure improvements, needed to increase its productivity. Chinese President Xi Jinping met his Brazilian counterpart Dilma Rousseff in Brisbane, Australia, calling for early substantial progress in China-Brazil railway cooperation.

"The relationship between China and Brazil has a promising future. Both sides should continue to work together to achieve more results in bilateral cooperation and promote trade facilitation and liberalisation," said Xi.

Meanwhile, China exports to Brazil are largely value-added consumer goods, which cost Brazil more while diminishing the country's capacity and motivation to nurture its own manufacturing industries. (BP, 16.11.14)

India to Build Nuclear Reactors with Russia

Russian President Vladimir Putin paid an official visit to India on December 11, 2014. "There are plans to discuss with Indian partners further strengthening of Russian-Indian multi-faceted cooperation, including issues of expanding mutual trade and investments and deepening interaction in nuclear power," the Kremlin said. "The main focus will be on development of mutually beneficial projects in advanced technology and innovation."

The parties will consider current issues of the international agenda, also in the context of strengthening coordination in such multi-sided platforms as the UN, the Shanghai Cooperation Organisation (SCO), a security grouping comprising Russia, China and the Central Asian former Soviet republics of Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan, and the BRICS developing-nation assembly of Brazil, Russia, India, China and South Africa, the Kremlin said.

Russia and India are expected to adopt a joint statement after the meeting and sign a number of bilateral documents, the Kremlin added.



(<http://itar-tass.com>, 05.12.14)

MoUs Worth US\$2.5bn Signed with Chinese Cos.

Indian and Chinese companies have inked agreements envisaging an investment of US\$2.5bn during the visit of a Chinese delegation to the country. "The visit of the Chinese delegation was very successful and agreements (MoUs) estimated at US\$2.5bn were concluded between Chinese and Indian companies," said Xia Baolong, Chairman of the Standing Committee of Zhejiang Provincial People's Congress.

Arun Jaitley, Finance Minister of India reiterated the government's commitment to work towards expanding and deepening engagements and relations between India and China based on mutual complementaries and common interests.

He noted that as two large countries with growing economies, the relationship between India and China transcends bilateral scope and has regional, global and strategic significance.

(Mint, 27.11.14)

Footprints of China in India

A rare convergence of policies is deepening Sino-Indian economic engagement, which is now going beyond China's coastal areas, following President Xi Jinping's visit to India.

A 98-member business delegation from Zhejiang, a private sector stronghold, visited New Delhi and Ahmedabad, is symbolic of a developing trend, where Chinese provinces, on the lookout for business expansion, are broadening their footprints in India.

Soft power and economic diplomacy is also being combined in efforts to bond a relationship with the coastal Shandong province, which has a GDP of US\$892bn, making it the third wealthiest province in China.

Border trade between India and China is still modest but cross-border commerce through Nathu La pass that links Sikkim with Tibet holds considerable promise. So far Indian and Chinese truckers ferry locally produced goods between the two market hubs – Sherathang on the Indian side and Rinqingang on the Chinese.

(TH, 15.11.14)

South Africa-China Strengthen Ties

South Africa and China signed new strategic agreements after a meeting between President Jacob Zuma and his Chinese counterpart Xi Jinping in Beijing. The agreements aim to strengthen bilateral relations, trade cooperation and create sustainable investment opportunities between the two countries.

One of the agreements was a five- to 10-year strategic programme on co-operation, which focusses on bilateral cooperation including 'political mutual trust and strategic coordination' as well as cooperation in economic, international and BRICS-related affairs.

Zuma said the signed agreements affirmed the Beijing Declaration on the Establishment of a Comprehensive Strategic Partnership, which was signed in 2010 and will further enhance the strategic relations that the two countries enjoy.

China was willing to support South Africa's push to establish an African stand-by force and would work with the international community.

(<http://allafrica.com>, 08.12.14)

Brazil, China, India Still Offer Investment Value

Brazil, China and India still offer long-term investment value but a lot of global assets are fully priced and competing with huge sovereign wealth funds is getting harder, one of Canada's biggest dealmakers said.

The Canada Pension Plan Investment Board as well as Canadian pension fund peers, such as the Ontario Teachers' Pension Plan and Caisse de dépôt et placement du Québec, have been among the world's most active dealmakers in recent years, making major bets in Canada and abroad.

But Wiseman said the market is seeing the growth of large and increasingly sophisticated pools of capital in the form of sovereign wealth funds, in Singapore, South Korea, China and the Middle East, all of whom are competing for similar deals. The increase in assets also reflects asset flows into the fund.

(BS, 14.11.14)

Brazil

The Shanghai WTO Affairs Consultation Centre organised the 4th BRICS Trade and Economic Research Network meeting at Shanghai, China on November 05, 2014. The theme for the meeting was 'BRICS in Global Value Chains.' Fundação Getúlio Vargas (FGV) remarked that Brazil is deeply concerned about mega regional agreements, which are likely to have a direct impact on Brazil's sugar and agriculture sector. Furthermore, Brazil has various domestic constraints which also make it difficult to enter into global value chains (GVCs). The Centre on Global Trade and Investment from FGV is also currently engaged in other research including: A study on the regulatory impacts of the TiSA on international trade in services, especially amongst BRICS countries and other emerging economies.



Russia

The Centre for Economic and Financial Research is currently working on research concerning the impact of 'meta'-

agreements on Russia and the countries of the Belarus-Kazakhstan-Russia Customs Union. In a paper by Andrey Malokostov and Natalia Turdyeva, the authors report the results of the changing landscape of international trade on Kazakhstan and Belarus. The CU's reaction to the external shock of the TTIP and TPP could be important in shaping Russia's position on the issue of trade integration of third countries. The results of the model used in the paper also suggest that Russia would not gain unless the Eurasian Customs Union joins the trade liberalisation process. What should be the basis for the new trade liberalisation effort – should it be WTO or other multilateral negotiations platforms?

India

Surendar Singh of CUTS delivered a presentation at the 4th BRICS Trade and Economic Research Network. He highlighted India's relative position in GVCs noting that compared to 2005, in 2009 India's backward participation in GVCs had increased by 2.5 percent, while forward participation had decreased by 3 percent. India's backward participation is stronger in manufacturing GVCs. In the case of agriculture, mining and basic metal, and wood and paper, India has better penetration into GVCs. In addition to the work that CUTS International is currently undertaking on GVCs, CUTS recently concluded its project '*Critical Dimensions of Indian Investments in Africa*'. The results reflect the nuanced representations of different communities towards various companies around which they reside. The final study will incorporate each of the country partner reports and will be released this year.



China

At the 4th BRICS Trade and Economic Research Network, Dazhong Cheng, Professor of Economics, Department of World Economy and Institute of World Economy, Fudan University shared his views 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

Memory Dube of the South African Institute of International Affairs (SAIIA) explained that South Africa has a number of challenges in participating in GVCs, including a lack of clear policy towards trade in value goods and tasks. Further, South Africa is more focussed on Africa for deepening its trade and economies ties with SACU groups and COMESA block. The current trade policy of South Africa does not focus on the BRIC countries; it is more focussed on Africa and trying to develop regional value chain of African countries. SAIIA held two events: one with the Department of Political Sciences and SAIIA on 'Alliances Beyond BRICS: *South Africa's Role in Global Economic Governance*' and the other with the Graduate School of Business at the University of Cape Town on 'Development Banks of the Developing World: *Regional Roles, Governance and Sustainability*.'



Sources

BP: BRICS Post; BS: Business Standard; FE: Financial Express; TH: The Hindu

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