



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

## BRICS, BIMSTEC, and Anti-Terrorism *What Did India Accomplish?*

India, as the host of the two latest summits, sought to further isolate Pakistan and promote anti-terrorism. The Goa Declaration adopted by Brazil, Russia, China and South Africa (BRICS) countries has tough language, stronger and more detailed than in any previous BRICS Summit document, on dealing with issues related to the global manifestation of terrorism.

In addition "to this generic statement on confronting the scourge of terrorism, two aspects are of particular significance for India. First, the Goa Declaration calls upon all countries to work together to expedite the adoption of the Comprehensive Convention on International Terrorism (CCIT) in the UN General Assembly without any further delay" This is an issue that Modi has been emphasising in all multilateral and regional fora over the last two years. The Declaration goes on to reiterate 'the responsibility of all States to prevent terrorist actions from their territories'

The language in the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) Leaders' Retreat Outcomes Document on confronting global terrorism is sharper and more specific. Both the BRICS and BIMSTEC groupings underscored their determination to fight terrorism jointly and through cooperation among their intelligence agencies and law enforcement organisations.



It can be safely surmised that Indian negotiators would have hit the China wall on including any overt or covert reference to Pakistan. This has had an unintended beneficial result: it has shown up China's double standards on this critical subject.

Veiled references by Modi in his statements to the idea that China has been shielding Pakistan-based terrorists, have raised the prime minister's image for plain-speak. For instance at the BRICS plenary session he stated, "Selective approaches to terrorist individuals and organizations will not only be futile but also counter-productive. There must be no distinction based on artificial and self-serving grounds. Criminality should be the only basis for punitive action against the individuals and organisations responsible for carrying out terrorist acts."

India's experience at the Goa Summit starkly brings forth the point that there is a limit up to which Pakistan can be isolated on the international stage. Possibly that limit has been reached. While continuing to maintain pressure on Pakistan to change its ways, India needs to move forward and start engaging proactively with its other neighbours and strategic partners like the US, Japan, Russia, and states in Europe and Africa.

Moreover, there is no substitute or alternative to enhancing and augmenting India's national comprehensive strength in political, strategic, economic, and military matters. India needs to be continuously vigilant on its borders, strengthen its intelligence and counterterror capacities domestically, and focus on economic growth.

Only then will it be able to command the world's respect and support in its fight against the menace of terrorism. Overall India can feel reasonably content and satisfied with the results of BRICS and BIMSTEC Summits and final shape of the two declarations, given the natural constraints of any such document.

- This has been extracted from an article by Ashok Sajjanhar, former Ambassador of India to Kazakhstan, Sweden and Latvia published in The Diplomat on 25.10.16

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### China Proposes BRICS Free Trade Area

The Chinese Ministry of Commerce (MOFCOM) said that a free trade area (FTA) would be 'a significant form of cooperation' between BRICS nations. By setting up a FTA, BRICS countries would be able to remove tariff and non-tariff barriers, give play to their comparative advantages, and advance trade and investment liberalisation between them.

The official comments came ahead of the 8<sup>th</sup> BRICS Summit in Goa, India where the five leaders held discussions on increasing intra-BRICS trade and investment.

The Chinese MOFCOM spokesperson noted that China has not formally raised the issue for an upcoming BRICS meeting, but many experts have proposed a FTA.

A FTA would help BRICS nations achieve mutual benefit and development and promote South-South cooperation on a global scale. *(BP, 10.10.16)*



#### India Focus on BRICS Trade Ties

India plans to push for increased trade with BRICS as part of its measures to deepen ties within the BRICS grouping as shipments amongst them are less than five per cent of their total global trade.

The five-nation BRICS group will hold events in October 2016 to reform the global governance architecture which is yet to reflect the changing scenario where the emerging economies are playing a larger role, the commerce ministry said in a statement.

Another agenda for the BRICS economies is to work with the international community in keeping the multilateral trading system stable.

Intra-BRICS trade increased to US\$297bn in 2014 from US\$281.4bn in 2012. Globally, merchandise imports from the world into the BRICS countries have gone up from US\$2.95tn in 2012 to US\$3.03tn in 2014. *(TT, 03.10.16)*

#### South Africa-China Exchange Opinions

China and South Africa, both of which are major emerging and developing countries as well as members of the BRICS cooperation mechanism, are seeing their bilateral ties gain increasing global influence and strategic importance, Li Yuanchao, Chinese Vice President said during a meeting with Gwede Mantashe, Secretary General of South Africa's ruling African National Congress.

Li said that leaders of the two countries frequently exchange opinions regarding development of bilateral ties as well as major issues of mutual concern. He said China stands ready to implement the consensus reached by the heads of state of the two countries and the outcome of the Forum on China-Africa Cooperation summit held in Johannesburg, South Africa.

Li further stated that China will continue to deepen political mutual trust, strengthen economic and trade cooperation as well as people-to-people and cultural exchanges, and further advance the comprehensive strategic partnership with South Africa.

[www.coastweek.com](http://www.coastweek.com), 25.11.16)

#### Russia to Emerge from Economic Crisis

Officials from Russia, India and China, meeting for the Small Business Forum, said Russia lacks a market for the goods produced by small businesses because of the crisis in domestic demand. Russian entrepreneurs should, therefore, sell their products to the Shanghai Cooperation Organisation (SCO) and BRICS markets.

Regional representatives of SCO and BRICS member countries attended the Forum held in Ufa on December 01-02, 2016. Russian President Vladimir Putin set the government the task at the beginning of 2016 of raising the share of small businesses in the country's gross domestic product (GDP) from 20 to 40 per cent by 2020.

During the G20 Summit in September 2016, the Russian President presented Chinese President Xi Jinping with Russian ice cream, leading to sales of the product breaking all records in China. Exports of Russian ice cream to China increased fivefold, to US\$4.2mn in the first nine months of 2016. <http://in.rbth.com>, 07.12.16)

#### India-Russia to Boost Bilateral Trade

India and Russia will review strategies to boost bilateral trade and investment, while committing to improve ease of doing business, including liberalising travel regime, in their countries.

"The leaders recognised the need to constantly reinvent methodologies to realise the target set at the annual summit in December 2014, to increase annual bilateral trade and investment and committed to working towards the objective," the two sides said in a joint statement.

It was issued after the meeting of Prime Minister Narendra Modi and Russian President Vladimir Putin at the ongoing summit of the BRICS group.

Both the leaders reiterated their commitment to further easing of business, it said. Acknowledging that liberalisation of the travel regime for the businessmen is necessary, the two sides called for their timely and effective implementation, it added.

Setting up of bilateral investment fund by National Infrastructure Investment Fund (NIIF) of India with Russian Direct Investment Fund (RDIF) would facilitate high-technology investments in both the countries, it added. *(IE, 15.10.16)*

### Free State Strengthens Links with China

The Free State could soon benefit from future trade relations with China, the second largest economy in the world. This follows MEC Benny Malakoane, responsible for the Economic, Small Business Development, Tourism and Environmental Affairs recent engagement with the South African Chinese Entrepreneurs Association.

The chairperson of the 400 strong member associations, Guodong Li said trade and investment in the Free State will be easy because the Chinese businesses community in South Africa feel welcome and appreciated in the Free State.

Flowing from the China in South Africa week hosted by the Free State in 2015, the province intends to attract the Chinese industrialists in to the Free State to establish factories and create much needed jobs.

Earlier in 2016, the Minister of Trade and Industry, Rob Davis launched the R24 million industrial revitalisation programme to promote industrialisation in the country and boost the country's manufacturing capacity to increase the production of exportable goods. ([www.allafrica.com](http://www.allafrica.com), 24.11.16)

### South Africa-Brazil to Bolster Competition Policy

South Africa's Competition Commission signed a memorandum of understanding (MoU) with Brazil's Administrative Council for Economic Defence (CADE) to strengthen competition law enforcement between the two countries.

The MoU will boost bilateral relations on competition law and policy matters between the commission and CADE, formalising an existing relationship of mutual cooperation and support.

According to the MoU, which will remain in force for four years, cooperation may include coordinating enforcement activities concerning the same or related cases, where possible.

It will also assist in exchanging non-confidential information relating to competition policy, investigations, multilateral competition initiatives and competition advocacy and provide assistance where anticompetitive actions carried out in one country may affect the other.

(EN, 01.12.16)

### India-Brazil Conclude Negotiations on Investment

India amended its model bilateral investment treaty (the Indian Model BIT) and has reportedly been deploying it in recent months to seek to re-negotiate bilateral investment treaties (BITs) with over 47 countries.

One of these negotiations was with Brazil, a country historically known for not having any BITs in force, despite signing several in the 1990s. A specialised news source (Investment Arbitration Reporter) has now reported the conclusion of negotiations between India and Brazil culminating in a near-final treaty between the two nations.

The final text of the India-Brazil Bilateral Investment Treaty (the India-Brazil BIT) is expected to be released later in 2016. Brazil has signed over 20 BITs but none of them have been ratified and/or are in force.

Brazil is also a party to several multilateral agreements and treaties that contain investment provisions, including the existing India-MERCOSUR Framework Agreement (the Existing Agreement).

(Lexology, 05.12.16)

### Indo-China Trade Volume to Rise

The bilateral trade volume between India and China is expected to be over US\$65bn for 2016 and focus by China will be in financial, infrastructure, electronics and Information Technology sectors.

"The bilateral trade stood at US\$52.14bn till January to September 2016 and we expect the trade volume will touch US\$65bn during 2016" said Wang Shicai, Commercial Counsellor, Consulate General of The People's Republic of China.

Speaking at the fourth edition of China Homelife and China Exhibition 2016, Shicai said the mutual corporation between the two countries has been a win-win situation for both and will help increasing profitability in coming years.

He emphasised that the key sectors in India which were focused by China are financial, infrastructure, electronics and IT.

(DC, 13.12.16)

## Why India-Russia Relationship Works?

"Hindi Rusi bhai-bhai" (Indians and Russians are brothers) is a slogan left over from the days of Soviet and Indian friendship. Though much has changed since that time, both nations have been careful to preserve and even strengthen their cooperation. The relationship is driven by two very different sets of interests, yet it somehow has managed to persist.

India, as a postcolonial country, has a foreign policy marked by a desire for autonomy. It regularly views alliances as infringing on its independent decision-making.

In practice, India wanted good relations with both the Soviet Union and the US. However, India's first Prime Minister, Jawaharlal Nehru, had a romantic notion about the Soviet Union and a soft spot for Fabian Socialism. This, combined with Pakistan becoming a US partner, led to closer India-Soviet relations.



(TD, 16.12.16)

### Brazil

From September to December, CGTI continued to develop its research on quantifying the impact of removing trade barriers through bilateral negotiations, especially Brazil and its major trading partners. CGTI also explored initiatives to assess the impact of negotiating further economic integration aspects between BRICS countries in order to identify if there would be room for improving current trade relationship amongst them.

In 2016, the world has shifted to a more conservative agenda regarding international trade liberalisation. Therefore, CGTI also drew attention to the Brexit and election of Donald Trump as President of the United States last November. The intent was to explore whether this scenario could be beneficial to BRICS countries in terms of trade policy. Finally, CGTI advanced its studies on voluntary sustainability standards in order to cooperate with UNFSS to develop – as it has already been done in China and India – a platform with such kind of voluntary rules to foster transparency and facilitate studies to measure the impact of them on international trade.



### Russia

Natalya Volchkova, Policy Director, CEFIR participated in the Fourth Annual Meeting of South Africa-Russia Dialogue Forum. She discussed the evolution of South Africa-Russia trade flows after South African accession to BRICS. She argued that a proper approach to evaluate the effect of BRICS is to measure the impact of South African accession on the development of bilateral relations between South Africa and other BRICS countries relative to countries from control group. She suggested composing a control group from African countries which also were considered for BRIC accession.

Applying this approach to data on bilateral trade flows between Russia and South Africa, Natalya demonstrated a significant increase in export from Russia to South Africa after accession. Using firm level data she demonstrated that the effect comes from intensive margin of trade while extensive margin was not affected by accession. She concluded that BRICS does have economic effects but not strong enough to offset the foreign market access costs.

### India

Smriti Bahety of CUTS International participated in the BRICS Business Forum 2016. During India's Chairmanship of the BRICS, the 7<sup>th</sup> BRICS Business Forum took place in New Delhi, India on October 13, 2016. It was hosted by the Government of India with support from Federation of Indian Chambers of Commerce and Industry (FICCI), Associated Chambers of Commerce of India (Assocham) and Confederation of Indian Industry (CII).

Some of the highlights of the Business Forum in India was the participation of the Trade and Economy Ministers from the BRICS member countries and an interactive special session with the Vice-President of the New Development Bank, Xian Zhu, as well as sector-focussed sessions.



### South Africa

A Discussion Paper entitled, 'Partnering with the New Development Bank: What Improved Services Can It Offer Middle-Income Countries?' – focussing on how the New Development Bank, as a new entrant to the development finance milieu, will do well to draw on the experiences of existing multilateral development banks to improve its offerings to countries.

Multilateral development banks increasingly struggle to respond effectively to the needs of middle-income countries, influencing not only their potential development impact but also their own financial stability. This challenge has been driven by a changing external environment, including additional competition from other financiers, the changing needs of middle income countries and institutional constraints.

Business processes that deter greater borrowing by countries, especially in the presence of other financiers with less strenuous requirements, also contribute to this situation. There is also a need for greater responsiveness and an emphasis on the importance of knowledge services. This paper highlights some of these challenges and offers some alternative solutions for the New Development Bank to consider.

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#### Sources

BP: BRICS Post; DC: Deccan Chronicle; EN: Engineering News; IE: Indian Express; TD: The Diplomat; TT: The Telegraph