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S. Africa to host 5th BRICS Summit in March

Xinhua

Pretoria, 15 January 2013: South Africa is ready to host the 5th BRICS Summit scheduled for March 26-27 this year at Inkosi Albert Luthuli International Convention Center in Durban, a government official said on Tuesday.

BRICS is an acronym for a grouping of the world's leading emerging market economies, namely Brazil, Russia, India, China and South Africa.

Speaking at a media workshop on the upcoming BRICS Summit in Pretoria, South Africa, Jerry Matjila, the Director General of the Department of International Relations and Cooperation and BRICS Sherpa, said the summit will be critical for South Africa since the country will be taking over the BRICS chair.

"As South Africa within the BRICS family we have a threefold approach. First we want to advance our national interest. Secondly we want to advance the African agenda and thirdly we want to work with our BRICS colleagues in terms of the realignment of the global architecture, politically, economically, financially and improving the world trade systems," said Matjila. He noted that BRICS is a contributor to the global growth, peace and stability not a threat to established bodies.

Also present at the workshop was Anil Sooklal, Deputy Director General for Asia and Middle East Affairs and BRICS Sous-Sherpa. He emphasized that South Africa has no doubt that the summit will provide a clear road map towards the establishment of the BRICS Development Bank. He said, "The discussions on the establishment of a BRICS Development Banks are now at an advanced level. There is a political will from all the BRICS countries to establish this bank. "

Sooklal also reported that the work being done by the technical team tasked with ironing out the technical details around the establishment of this bank is going well so far. The technical team is expected to table their final report to the finance ministers of the BRICS countries who are expected to deliver a detailed report to the summit.

"We hope that the report that will be tabled to the finance ministers will make some very positive recommendations in terms of the establishment of this bank," said Sooklal.

He pointed out that the BRICS development Bank will play a big role in the economies of the member states since funding from the traditional finance institutions like the International Monetary Fund and the World Bank is drying out.

"Funding is drying up. Europe is in crisis they have no money for themselves. The US has its fiscal crisis; they have no money to give out. The BRICS bank will play a very critical role in covering all these gaps," he said.

Although a substantial amount is required to establish the bank, Sooklal said the summit will make the final decision on the starting capital although some have suggested 50 billion U.S. dollars. The summit will also decide how much each member state will contribute towards the starting capital of the bank.

South Africa has previously expressed its willingness to host the BRICS bank, but Sooklal told Xinhua that the final decision on the matter will come from the summit.

The BRICS summit is also expected to endorse the establishment of the BRICS think tank, said Sooklal. "There is a convergence of views on the establishment of the BRICS think tank. This would comprise of consortium of experts from different member states who would research and advise

governments on BRICS matters. The think tank will assist member states to share ideas, experience and technology," Sooklal added.

The establishment of a BRICS business council, made up of representatives from the member countries, will also emerge from the summit, he said.

Fourteen African heads of states would attend the summit including the chairperson of the African Union. This will give the BRICS heads of states an opportunity to strengthen bilateral relations with African countries, according to Sooklal.

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Cementing the BRICS symbolism

MK Venu, The Financial Express

6 February 2013: The BRICS countries' meeting in Durban early next month would further flesh out some ideas that had become part of their resolution at the New Delhi Summit in March 2012. Some of the big ideas, such as setting up of a BRICS bank to create a long-term fund base to facilitate social and infrastructure development projects in emerging economies, will be discussed in greater detail.

Of course, sceptics in the West believe these five countries—Brazil, Russia, India, China and South Africa—suffer from too much ego associated with “rising powers”, and will not be able to agree on how to structure the new development bank, its shareholding pattern, location of the headquarters and so on.

For instance, western analysts are quite convinced of the intense rivalry between China and India, and cite this as one reason why BRICS will not be able to evolve robust institutions. Well, the answer to this could possibly be to study the unprecedented rivalries among the rising European powers such as Germany, the UK and France in the late 19th and early 20th centuries. That certainly did not prevent them from moving towards a common European institutional mechanism in the decades following after the War.

Anyway, the concept of BRICS is a nascent one and will take its time to mature, and it is indeed meaningless to prejudge its outcome so early. At the moment, it must be taken seriously as a reflection of the aspiration of emerging economies to evolve their own institutions of governance, which can even work as partners with the existing multilateral institutions dominated by the western powers.

In this regard, the BRICS bank is being envisaged as an institution that will supplement the efforts of existing multilateral funding agencies like the World Bank. While this will take some time, the BRICS economies can immediately explore some powerful, even if symbolic, ideas to tell the world about their long-term commitment to the project of imparting stability and security to a rapidly changing world order.

The power of symbolism is often used very effectively in diplomacy and it can produce a disproportionately big impact if timed correctly. Perhaps the time has come for the big emerging economies to resort to such symbolism if only to reinforce their long-term commitment to the BRICS project.

As a symbolic beginning, the central banks of BRICS economies can agree to subscribe to safe, risk-free bonds issued by the other BRICS governments. For instance RBI, which keeps over 60% of its reserves in US treasury bills, can easily keep about 0.5% of its reserves in the bonds issued by China, Brazil, Russia and South Africa. Similarly, purely as a symbolic beginning, China too can keep 0.5% of its reserves in bonds issued by India, Brazil, Russia and South Africa.

Brazil, Russia and South Africa can do the same. The reserves of China (\$3.2 trillion), India (\$300 billion), Brazil (\$380 billion), Russia (\$540 billion) and South Africa (\$50 billion) total about \$4.4 trillion. Therefore, central banks of these five nations could hold bonds issued by the other BRICS nations valued at about \$22 billion (0.5% of \$4.4 trillion). This will send out a loud message that emerging economies are no longer keeping their reserves in the dollar, euro, pound and yen alone.

In reality, if one goes by the size of GDP on a PPP basis as well as the trade and investment volume among BRICS economies, a lot more than 0.5% weightage needs to be given by these central banks to bonds issued by other BRICS governments. Possibly the only reason why this is not happening today is because most of the BRICS economies do not follow a policy of capital convertibility. Their government bonds cannot be bought and sold freely in the international market.

Of course, this will take time as rising economic powers like China and India are quite aware that gradually they will have to build new financial architectures to enable them to become convertible on the capital account and internationalise their currencies. This may follow a non-linear trajectory once intra-emerging economies' trade and investment volumes grow so big as to put massive pressure for a change in the financial architecture in these economies. This is bound to happen in the next two decades.

However, in the current context, a small beginning can be made by BRICS central banks to diversify their reserves in the emerging market government bonds. The sheer symbolism of this will not be lost on those who preside over global institutions whose relevance is rapidly eroding as they fail to take cognisance of emerging realities. The greatest irony that hits one in the eye is the manner in which the IMF increased its fund corpus substantially from \$500 billion to about \$900 billion only to de facto mitigate the European financial crises. Any reform within the IMF to reflect the aspirations of emerging economies is mere tokenism so far. The World Bank too is fast losing its relevance as much of the emerging world can do without its funding. For instance, Africa already has multiple sources of bilateral development funding from China and other emerging economies which possibly far exceeds what the World Bank can ever imagine committing to them. Therefore, the emergence of the new bottom-up financial architecture is a reality that cannot be wished away, whatever the sceptics in the West may imagine.

Consequently, as a starting point, the Durban summit could propose that the central banks of BRICS economies subscribe to the bonds issued by other BRICS governments as a symbol of their long-term commitment to working with each other in the overall interest of global security, stability and prosperity.

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BRICS bank not to replace any existing institutions: Elizabeth Thabethe

Nayanima Basu, Business Standard

9 March 2013: For the first time since the country has joined the group in 2010, South Africa is hosting the BRICS Summit this year to be held from March 26-27. The Summit assumes much significance this time as a feasibility report on the proposed BRICS Development Bank will be presented to the leaders. *Elizabeth Thabethe*, South Africa's deputy minister for trade and industry, in an interaction with *Nayanima Basu* says it is a work in progress and the objective of the bank is not to replace any existing financial entity. Edited excerpts:

Will there be any announcement on proposed BRICS Development Bank in the upcoming summit?

The ministers of finance of BRICS countries have been tasked at the 2012 Summit to look into the feasibility and viability of the proposed BRICS Development Bank. A report on the findings will be presented to the leaders at the upcoming Summit, but I have to reiterate and reassure that it is not the intention of this proposed new development bank to replace any of the existing financing institutions. Its aim is to provide additional and also niche financing where it is not available or forthcoming, notably for emerging markets and developing economies in sectors critical for attaining their developmental goals.

So can we expect a formal declaration after presenting the feasibility report?

Establishing a development bank is not a small endeavour which is why the leaders at the previous summit requested the ministers of finance to thoroughly investigate all the aspects around the possibility of forming such an institution. This was taken very seriously and apart from being in regular contact electronically, the ministers and their teams have met four times in committee to discuss this issue further. It is a work in progress as there are still many issues with respect to such a bank to sort out. One can expect further discussions and negotiations going forward.

What is the progress on India-SACU (South Africa Customs Union) preferential trade agreement (PTA)? This was supposed to have been signed last year.

India and South Africa have been discussing the formation of a PTA for quite a long time. Both are developing regions which have similar interests in terms of market access. Therefore, it was expected that the negotiations would be characterised by a process of give-and-take, in which India, on the one hand, will have a specific sector that it wants SACU to open, whilst, on the other hand, SACU will have specific sectors that it wants India to open. There are certain sectors which both partners have identified as strategic industries and they both have to tread carefully when negotiating these.

So what problem is the deal facing now?

There is no problem as such. There are some hurdles, but these are being negotiated and I am confident that it will be resolved. I cannot put a deadline and say that it will be signed tomorrow but the process is ongoing and the chief trade negotiators have been requested to work to the earliest conclusion of the discussions as possible.

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Building it brick by brick

B. S. Prakash, Business Line (The Hindu)

25 March 2013: When they come together at Durban, the South African city that has hosted mega conferences of hundreds of countries in the past, the small but significant group of five leaders from Brazil, Russia, India, China, and the host country will be completing their first round of summit meetings. South Africa, itself a late entrant into BRICS in 2011, is conscious of what the event means to it, a demonstration to its own people and also to the rest of Africa about it belonging to a select transcontinental group: new, rich in promise and potential, and worthy of attention. True to its political tradition of solidarity with the rest of Africa, South Africa as the host is also leveraging the event for a focus on all of the continent. Predictably the theme of the summit chosen by the host is “BRICS and Africa — partnership for development, integration and industrialisation.” The African Union is being invited as a guest. Interestingly, the President of Egypt is also expected.

Diplomatic Perspective

Apart from the symbolism and the ceremony, after five years of evolution, how does one see BRICS as a grouping? What does it bring to the countries that are members? What does it convey to the countries that are outside it, to the G-8, the original rich man’s club, to other groupings? Here is a diplomatic practitioner’s perspective based on some experience of summits hitherto.

It is by now well recognised that some factors underlying the creation a decade ago of a clever acronym BRIC (without South Africa at that stage) have changed. The BRIC ‘brand’ was the invention of an investment and marketing guru Jim O Neill of Goldman Sachs. At a period of financial crisis and economic collapse in the affluent West, he was looking to identify countries with high growth, rising demand in markets, and attractive yield for investments. In the buoyant period of over 8-9 per cent growth in China and India and more modest but still robust growth in Brazil and Russia, the logo of BRIC as an investment destination was attractive. Today, seen from this solely macro-economic perspective, the reality is different. There are questions about the growth trajectories in India and Brazil to name only two; pointers to others that are growing faster such as Mexico, Turkey or Indonesia, and larger uncertainties about the economic scenario. BRICS sceptics, not confined to the West, but also in our countries thus ask legitimate questions about the salience of the grouping.

But to focus only on the micro or even macro economic issues is to miss the point that BRICS has moved beyond that bandwidth. With it adopting the character of a ‘forum’ with leaders meeting at the summit and others — foreign, finance and trade ministers, national security advisers, apex business organisations, academics, bankers — on the sidelines, it is acquiring an identity as a different kind of mini multilateral platform. What is its evolving identity, then?

Some features are easy to see. BRICS countries are all large, though largeness in size or population is a relative attribute. But together they constitute 40 per cent of the world’s population, 25 per cent of its land size and over 25 per cent of the global GDP and thus by any standards have collective weight. Secondly, though Mexico, South Korea, and Turkey have also shown remarkable growth, they are members or aligned to the rich man’s club of OECD and have identity and interests with the developed world. Broadly speaking, BRICS countries regard themselves as developing (Russia being an exception) and it is still a fact that the perspectives of the two groups are different on many international issues. (The G-20, another mechanism, is a framework that brings together both).

Third, the BRICS countries are conscious — although they may not proclaim it — that the convergence in their political and security interests is limited, and hence are not likely to spend too much time on these issues. Two countries are already permanent members of the Security Council (China and Russia), and India and Brazil are aspirants; two are acknowledged nuclear powers and India is a claimant, and there are other divergences on strategic issues. All leaders are sensitive to

these differences and the summits take place despite these divergences, and not to resolve them. Notwithstanding, with regard to some international issues, there can be commonality of approaches and hence the expectation that they may look at Syria, Iran or the Palestinian issue in a nuanced way. BRICS leaders are also careful not to see or, in any way, project their forum as adversarial to the U.S. or the West. That simplistic and headline grabbing approach is only that of lazy commentators, both in the West and in our own.

Within the establishments of BRICS countries, it is recognised that BRICS is essentially a work in progress. The expectations are modest and pragmatic. It will be fair to say that the one-to-one meetings between the partners, all of who are important, are a value in itself during the summits. BRICS does create an opportunity, for example, for our Prime Minister to meet for the first time, the new Chinese leader, Xi Jinping, in an intimate setting. Beyond this collateral advantage, BRICS may also help share thinking on medium term global governance issues. Current examples are the reform of the IMF and the World Bank, a greater say for countries with our capacities in such institutions, state of WTO or climate change negotiations and such agendas. There may not be complete identity of views on these issues, but given their profiles and resource endowments, a certain empathy among them is to be expected.

Substantive Specifics

Looking at the forthcoming summit in Durban, some substantive specifics may be noted. Engagement with Africa is important individually for India, China and Brazil though their priority regions and models for cooperation have been different. It will be interesting to see the competitive and the cooperative dimensions come into play when they look at Africa collectively. The idea of a BRICS bank, first discussed in Delhi, is being examined at technical levels, but it may receive further encouragement. A notable achievement already is the BRICS network of research institutions to pool together the intellectual capital, easier to design than the pooling of financial capital.

Finally, for South Africa, Brazil and India, there is also the interesting question of how to shape another forum of their own, IBSA, which brings together the three large and vibrant democracies from the three continents of Africa, Latin America and Asia. BRICS and IBSA have overlapping but distinct memberships and identities and the three countries need to think of what they can do together that is different from BRICS. This is also an issue that India will have to address as it will host the IBSA process later in the year.

(B.S. Prakash is a former Ambassador, currently a visiting Professor at Jamia Milia University and a contributor to Gateway House: Indian Council on Global Relations)

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BRICS Seek to Cement Position in Global Economic Landscape

Bridges Weekly Trade News Digest, Volume 17, Number 11

27 March 2013: Leaders from Brazil, Russia, India, China, and South Africa - collectively known as the BRICS - formally announced today their plans to launch a new development bank, in what analysts say is a move to reduce the group's dependence on the Bretton Woods institutions. The two-day meet, held in Durban, South Africa, also raised issues such as the impact of developed country monetary policy on trade, and the importance of the next WTO chief being from a developing country.

The 26-27 March gathering - the fifth in as many years - led to the Thekwini Declaration, named after the municipality that includes Durban and its surrounding towns. The event marked the first time that the summit was held in Africa.

The final document outlines the importance of cementing the BRICS alliance further: aside from sharing an acronym, the five emerging economies have often found it difficult to reach common ground on various topics, and have varying political and economic characteristics. For instance, the inclusion of South Africa into the group just two years ago had been greeted with scepticism by some observers, as some noted that its size as an economy does not match up with its counterparts in the group.

"We aim at progressively developing BRICS into a full-fledged mechanism of current and long-term coordination on a wide range of key issues of the world economy and politics," the final statement said, adding that today's global governance architecture is run by institutions that were established during a different era.

"We meet during a critical time where stronger South-South trade is more compelling, with the most dynamic emerging economies leading a structural shift in the global economy," South African President Jacob Zuma said during the event.

The BRICS together account for approximately a quarter of global GDP and 40 percent of the world's population.

BRICS agree to establish development bank, disagree on details

The highlight of the two-day proceedings was the long-awaited announcement of whether the BRICS would be establishing their own development bank, after the group's finance ministers were tasked last year with evaluating the idea's feasibility. The goal, leaders said at the time, would be for the bank to "[mobilise] resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries."

The planned development bank "is feasible and viable," leaders confirmed in a statement on Wednesday. Such a bank would "supplement the existing efforts of multilateral and regional financial institutions for global growth and development."

However, officials speaking earlier during the summit admitted that various key details remain to be worked out before the proposed bank can become fully operational - a process that is expected to take years. For instance, disagreements have already surfaced among the BRICS on the specifics of the bank's mandate, and how exactly the institution would be financed.

While members ahead of the gathering had said that the five countries would together contribute a total of US\$50 billion of capital into the proposed institution, that number has reportedly been scaled back, and how much each individual member would give was also left unclear. Where the bank will be located was similarly left undecided during this week's meeting.

The proposed development bank is widely being seen as an effort by the BRICS to limit their reliance on the World Bank and International Monetary Fund (IMF). The five-country group has long argued that the two international finance institutions need a substantial overhaul with regards to their governance structure - a stance that BRICS leaders reiterated in Wednesday's communiqué.

Some analysts suggest that establishing their own bank could also allow the BRICS to place added pressure on existing international organisations - such as the IMF and World Bank - to give them more weight in decision-making processes.

The plans for a BRICS development bank have so far been welcomed by the World Bank. "Establishing a development bank is a significant undertaking," the Washington-based institution said in a statement. "The World Bank will stand steady and work closely to partner with regional development banks in a bid to enhance the effectiveness of our collective work."

Trade

With regards to trade, the final statement focused largely on the ongoing preparations for the WTO's upcoming ministerial conference, which is scheduled for 3-6 December in the Indonesian island of Bali. The global trade body's 159 members are currently trying to negotiate a small package of deliverables from the broader Doha Round of trade talks in time for the high-level event, after the overall discussions were formally declared at an impasse in late 2011.

"We are committed to [ensuring] that new proposals and approaches to the Doha Round negotiations will reinforce the core principles and the developmental mandate of the Doha Round," BRICS leaders said. "We look forward to significant and meaningful deliverables that are balanced and address key development concerns of the poorest and most vulnerable WTO members."

The ongoing race to replace WTO Director-General Pascal Lamy, who steps down from his post at the global trade body in August, was also referred to in the final communiqué. BRICS leaders stressed that his successor will need to show a "commitment to multilateralism and to enhancing the effectiveness of the WTO, including through a commitment to support efforts that will lead to an expeditious conclusion of the [Doha Round]."

In addition, the new global trade chief should be from a developing country, the five leaders said, though they stopped short of jointly backing a particular nominee. Of the nine candidates currently lobbying for the WTO role, eight of them are from members that are self-designated as developing countries, and one of them - Brazilian WTO Ambassador Roberto Carvalho de Azevêdo - is from a BRICS country.

A separate statement by BRICS trade ministers released on Tuesday gave additional details on the group's concerns for the multilateral trading system. For one, it reiterated the group's worry over "initiatives that might undermine the coherence of the Doha Development Agenda and that deviate from the principles of multilateralism," in an apparent reference to some efforts - such as the discussions among 21 WTO members over a possible plurilateral deal on services- that are being pursued among subsets of the global trade body's membership.

In addition, the WTO's "single undertaking" principle, and the development mandate of the negotiations, must be respected, trade ministers said, as the global trade body continues its efforts to move the Doha talks forward.

Rich country monetary policy draws fire

Developed country monetary policy also came under scrutiny during the Durban gathering. Central banks in the US, EU, and Japan have faced criticism from some trading partners in recent months over

their decisions to undertake additional rounds of monetary easing, which have sparked fears of a “global currency war.”

Many have argued that the moves by these central banks can create exchange rate misalignments that can effectively make developed countries’ exports more competitive than those of their trading partners. Advanced economies, meanwhile, have noted that these efforts are aimed not toward bettering their terms of trade, but at advancing domestic policy objectives such as reducing unemployment or fighting deflation.

“Central banks in advanced economies have responded with unconventional monetary policy actions which have increased global liquidity,” the BRICS leaders said.

“While this may be consistent with domestic monetary policy mandates, major central banks should avoid the unintended consequences of these actions in the form of increased volatility of capital flows, currencies, and commodity prices, which may have negative growth effects on other economies, in particular developing countries.”

Foreign reserves, currency swaps

In another move ostensibly aimed at reducing dependency on the IMF in a crisis, the five-member group agreed to establish a “BRICS contingent reserve arrangement” - essentially an exchange pool of foreign reserves aimed at ensuring financial stability and dealing with short-term liquidity problems that might arise. The idea was first tabled in April 2011.

Earlier this week, Brazil and China inked a deal that would allow them to conduct up to US\$30 billion of trade in their local currencies, rather than having to use the dollar or the euro as they have done in the past. The deal would be valid for the next three years.

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BRICS not pulling their weight

Srinath Raghavan, Business Line (The Hindu)

1 April 2013: The BRICS summit in Durban underlined both the importance and limitations of this grouping, especially from India's standpoint. The announcement of a Contingent Reserve Arrangement and the intention to create a new Development Bank suggests that this grouping could be more than a talking shop.

Yet the idea of such a Bank has some distance to go before it becomes reality. Further, whatever steps the BRICS may have taken on the economic and financial front, the grouping is punching well below its weight on political and security issues.

Benefits of A Bank

The idea of a development bank was initially mooted by India. It stemmed from the fact that the principal problem facing emerging and developing economies was lack of long-term financing and investment in capital stock. So far, such infrastructure projects were mostly financed by the World Bank and other international financial institutions. But the outlay and orientation of these traditional lenders has left much to be desired. The BRICS are sitting atop a pile of foreign exchange reserves — they account for almost 40 per cent of global foreign exchange holdings — and are well placed to create a bank that would step into this critical breach.

That said, there is no agreement yet among these countries on the scale of the effort. China has apparently suggested an initial contribution by each country to the tune of \$100 billion and offered to make good any shortfall. The others have balked at this suggestion and have sought more consultations.

New Delhi's main concern appears to be that the new bank should not replicate patterns of shareholding and decision-making that prevail in the existing international financial institutions. China's dominance in the new entity is to some extent unavoidable. Its GDP, at about \$7.5 trillion, is about \$1.5 trillion more than that of the other four countries put together. It accounts for over 60 per cent of the foreign exchange reserves held by the BRICS. Yet this need not be a matter of overriding concern to India.

For one thing, China is quite likely to agree to more equitable arrangements than those prevailing in the Bretton Woods institutions.

The BRICS bank will give China a much desired multilateral setting in which to expand its profile as an international lender and to divert its foreign exchange reserves from the default option of investing in US treasury bonds.

For another, India is among the main countries that would benefit from long-term debt for infrastructure development bankrolled by the Chinese. Indian companies are undoubtedly interested and the Indian government accepts that this is the case.

Yet, in practice, the government has not walked the talk by facilitating the entry of Chinese capital into India. Strategic concerns are allowed to choke a perfectly sensible financial conduit. India would do well to learn from China's adroit use of Japanese capital and direct investment to buttress its economic growth.

The creation of a development bank apart, the BRICS could do more to intervene cohesively in other pressing economic concerns. The summit declaration notes that measures taken by developed economies to revive their flagging economic fortunes could have downside risks for emerging economies. Think of Japan's recent attempt to keep the Yen down to boost its competitiveness and the

attendant risk of competitive devaluation by other major economies.

But mere declarations are unlikely to help. The BRICS will have to import such questions in to other forums such as the G20. Indeed, one of the principal advantages of BRICS summits is the knock-on effects that these consultations could have in other multilateral platforms.

Trade Pacts

Another area where these countries could gainfully coordinate their efforts is international trade. The US is spearheading two major initiatives that will have serious consequences for emerging economies and the international trade regime. On the one hand, the US and the EU are negotiating a transatlantic free trade agreement. On the other, the US is pushing for the enlargement of the Trans-Pacific Partnership (TPP). The TPP was originally signed by Brunei, Chile, New Zealand and Singapore in 2005. It has since drawn the interest of five other countries: Australia, Malaysia, Peru, Japan and Vietnam.

Until recently, Japan had not been very eager to come on board. And without Japan's presence, the TPP would not have the necessary heft. Prime Minister Shinzo Abe has, however, announced that Japan would join the negotiations and that joining the TPP was a strategic objective of his government. The TPP has a tripartite agenda: a regular FTA with provisions for protecting intellectual property; creation of investor-friendly regulatory frameworks and policies; and emerging issues, including environmental standards; and measures to ensure that state-owned companies "compete fairly" with private companies. This is clearly an attempt to create new norms in international trade.

The US evidently hopes that it will compel the emerging economies, especially China, to eventually join the TPP on these terms — much as it managed to get China to accede to the APEC and WTO. In any event, the BRICS will have to resist the establishment of such norms and push for an equitable international trade regime.

Political Consensus

While the economic interests of these countries may be aligned in the present context, their positions on international political institutions and developments remain divergent. Russia and China are in no hurry to enlarge the UN Security Council and are content to issue soothing statements about supporting the international aspiration of the other three countries. Even when the BRICS share common political interests — as in opposing externally driven regime change in Syria — their interest in and ability to shape the situation remains in question.

This is partly because on international political issues — as opposed to economic ones — Russia and China are status quo powers. By contrast, countries such as India, Brazil and South Africa, which seek a role commensurate with their current standing, have not only to uphold existing institutions and norms but also demonstrate greater creativity in dealing with major crises. Last year, these three countries had briefly attempted to facilitate a political settlement in Syria. It may be time to revive that initiative.

As an economic powerhouse, the grouping can do more to leverage its financial and trading power.

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