



PAPERS OF THE FIFTH BRICS ACADEMIC FORUM

# BRICS AND AFRICA:

PARTNERSHIP FOR DEVELOPMENT, INTEGRATION AND INDUSTRIALISATION

---



**THE DEPARTMENT OF INTERNATIONAL RELATIONS  
AND COOPERATION (DIRCO)**

*OR Tambo Building  
460 Soutpansberg Road  
Rietondale  
PRETORIA  
0084  
Republic of South Africa*

*Private Bag X152  
PRETORIA  
0001  
Republic of South Africa  
Tel: +27 12 351 1000 (switchboard)  
[www.dirco.gov.za](http://www.dirco.gov.za)*

*Compiled for South Africa by the Department of International  
Relations and Cooperation with the kind assistance of the  
Department of Higher Education and Training.*

*Editorial Committee:  
Prof Ahmed Bawa  
Prof Narnia Bohler-Muller  
Prof Somadoda Fikeni  
Dr Siphamandla Zondi  
Ms Sanusha Naidu*

*Concept design: Shaune van Wyk  
Cover Design and page layout: Shaune van Wyk  
Printing: Madiba Communications*



## CONTENTS

Foreword	5
South Africa, BRICS and the Fifth BRICS Summit	9
Introduction to the BRICS Academic Forum	16
<b>KEYNOTE ADDRESSES AT THE FIFTH BRICS ACADEMIC FORUM</b>	
Keynote address by the Minister of International Relations and Cooperation, South Africa	20
Keynote address by the Minister of Higher Education and Training, South Africa	28
Address by the Chief Executive Officer of Higher Education South Africa	33
<b>SELECT PAPERS OF THE FIFTH BRICS ACADEMIC FORUM</b>	
<b>THEME: BRICS AND THE GLOBAL ECONOMY</b>	<b>38</b>
"A focus on International Trade in Services" by: Ivan TM Oliveira	38
<b>THEME: REFORM OF INSTITUTIONS OF GLOBAL GOVERNANCE</b>	<b>52</b>
"BRICS and global governance reform: a two-pronged approach" by Adriana Erthal Abdenur, Paulo Esteves and Carlos Frederico PS Gama	52
"Preliminary study on the operating model of the BRICS Development Bank" by Zou Lixing	60
"Transforming global governance institutions: towards public interests?" by Michelle Pressend	66
<b>THEME: CO-OPERATION ON AFRICA</b>	<b>74</b>
"India and Africa: an evolving partnership" by Ruchita Beri	74
"BRICS economic and trade cooperation with Africa" by Yao Guimei	82
"Drawing BRICS into the African Agenda: South Africa's approach to BRICS" by Siphamandla Zondi	88
"Brazil's development cooperation in Africa: a new model?" by André de Mello e Souza	96
<b>THEME: EDUCATION, RESEARCH AND SKILLS DEVELOPMENT FOR BUILDING INDUSTRIALISING ECONOMIES</b>	<b>108</b>
"Education, training and the 'preariat': an overview of the South African education and skills landscape" by Volker Wedekind	108
"Some trends in higher education and research in BRICS countries" by Paulo A Meyer M Nascimento	117
<b>THEME: PEACE AND SECURITY</b>	<b>129</b>
"BRICS' path explorations: in international peace and security dilemmas" by Ji Ping	129
"Africa's peace and security challenges in the context of BRICS" by Buntu Siwisa	134
"BRICS military modernisation in a context of transition in the patterns of global military expenditures" by Rodrigo Fracalossi de Moraes and Edison Benedito da Silva Filho	144
"The BRICS: analysing the security dimension" by Vyacheslav Nikonov	154
Recommendations of the Fifth BRICS Academic Forum	160
<b>ESTABLISHMENT OF THE BRICS THINK TANKS COUNCIL</b>	
Introduction to the BRICS Think Tanks Council	162
Declaration on the Establishment of the BRICS Think Tanks Council	165
Prologue	167
Annexure: eThekweni Declaration of the Fifth BRICS Summit	171





## FOREWORD



SIPHAMANDLA ZONDI  
INSTITUTE FOR GLOBAL DIALOGUE  
ASSOCIATED WITH UNISA  
HEAD OF DELEGATION FOR SOUTH AFRICA  
TO THE FIFTH BRICS ACADEMIC FORUM

18 JUNE 2014

IT IS NOW TRITE TO UNDERSCORE THE FACT THAT **the Brazil, Russia, India, China and South Africa (BRICS) platform represents one of the most significant developments in global governance. It is a well-known fact that this bloc brings together significant members of emerging powers, mostly from the global south, countries that have regional significance as pivotal states of Africa, South Asia, South-East Asia, South America and Euro-Asia.**

The BRICS platform brings together powers that have become strategic in the fashioning of any global discourse, the taking of significant international decisions and in the negotiation of all major global affairs. Individually, BRICS states bring economic and political clout to international relations during a period when the old western-centric world system is under pressure to transform. They are joined together by this very desire to change the world system in order to reflect more truly the diversity of world power, cultures, economies and societies in general. They share this reformist impulse and the determination to exercise agency in the hope of an equitable, just and fair world system.

The diplomatic club had by the Durban Summit in 2013 evolved a clear, if not necessary unique, strategic orientation about its role in world affairs and its broad policy agenda. This is evident in the record of decisions and discussions in four summits prior to Durban: The first was in Yekaterinburg, Russia, on 16 June 2009; the second in Brasilia, Brazil, on 16 April 2010; the third in Sanya, China on 14 April 2011; and New Delhi, India, on 29 March 2012.

Their agenda has developed to cover four thematic areas: a) the need for reform and stabilisation of the global economy especially in light of the financial crisis that exposed the soft underbelly of the world economy after 2008; b) the need for the reform of global



governance by strengthening multilateralism epitomised by the reform of the United Nations Security Council as a supreme decision-making body of the UN without a fair representation of the geopolitical regions of the world; c) the need for a stronger and more comprehensive international development agenda underpinned by full implementation of the Millennium Development Goals (MDGs) and changes to the nature of global development partnerships as well as intra-BRICS development cooperation; and d) tackling common domestic challenges and harnessing opportunities through shared domestic imperatives, from political thought to economic and development models, and through fashioning people-to-people cooperation as part of the making of a BRICS community.

The BRICS Summit in New Delhi set in motion a process of deliberation on a common vision document, a process in which the newly agreed BRICS Think Tanks Council was to play a catalytic role. As chair of BRICS before Durban, India through the Observer Research Foundation think tank, released a vision document for discussion at the BRICS Think Tank Forum in Durban in 2013. This initiated a structured intra-BRICS dialogue about the common vision, a process that is likely to evolve organically over the years even if a vision document emerges at the 6th BRICS Summit in Fortaleza, Brazil, in July 2014.

Otherwise, the very idea of emerging powers that gained currency in the 1990s and the consequent formation of BRICS has attracted significant academic interest, resulting in a significant growth in literature on the subject, particularly since 2009. The fact that BRICS currently represents 43% of the world population, has a combined nominal GDP estimated at USD 13.7 trillion and controls about 17% of world trade has triggered academic interest in understanding the political, economic, social, scientific and technological significance of this configuration of world power - both its potential and its weaknesses. For this reason, the impact that this arrangement has on innovation, education, health, oceanography, resource economics, diplomacy, science and engineering and other ecologies of knowledge have become interesting subjects of study. This has also led to increased interaction among educational and research institutions from BRICS countries. Some of the research and academic interest from western countries is indicative that BRICS represents an unknown threat to existing power and privilege. In this sense, BRICS has become a prominent area of study in its own right, and one from which much can be learned about how economic power impacts on political clout and cultural power.

### ACADEMIC FORUM

For this reason, the BRICS Academic Forum as a platform for academics and researchers to exchange knowledge and forge closer cooperation for BRICS-wide knowledge generation is a significant second-track of BRICS evolution. This forum has been particularly well-organised and rich in content as it has attracted more attention than academic fora of other diplomatic clubs. By the time of the Durban Summit, the forum had become institutionalised enough to have evolved a broad framework of discussion giving it significant intellectual integrity. The forums of the first four summits helped stimulate the academic and research interest we refer to above, but also in shaping the intellectual remit of intra-BRICS discussions.



The Durban Academic Forum took place in Durban on 10-13 March 2013. While the official delegation of academics to the forum consisted of 10 academics from each of the BRICS countries, some thirty or so more academics also attended and participated actively in the forum. This publication provides a synthesis of discussions held through revised papers that have been converted into fairly serious chapters for the benefit of those who did not attend and as a record of conversations held on the sidelines of the crucial 5th BRICS Leaders Summit.

Comprised primarily of the official delegations of academics assigned to specific themes in the programme of discussion, the forum proceeded in an orderly and systematic fashion. The presence of non-delegation academics and civil society activists as well as BRICS' officials enriched discussions in the forum. The intention to give advice to political leaders helped focus the discussions on broad academic questions as well as the consequent policy implications for consideration by the Summit a few days later.

This edited publication provides a useful record of the discussions had on the basis of papers commissioned, which have now been converted, through a double-blind peer review process, into book chapters. The revision allowed academics to update their thoughts and reflect on the issues raised during the academic forum meeting. The improved quality in the contributions must be ascribed to the opportunity that authors had to reflect deeply on their initial thoughts with the help of comments from reviewers. Fortunately, no revised chapter was found to be of such a state that it would not be publishable. A proceedings report providing a synthesis of presentations and interactive discussions was published before the Academic Forum held in Rio de Janeiro, Brazil, in March 2014.

As the leader of the South African academic delegation to the Durban forum, I would like to express my heartfelt thanks to the visiting academic delegations for the quality of their inputs, professionalism of their conduct and the passion for their assignments. It was truly an honour to work with them in fashioning and consolidating the academic agenda linked to the BRICS platform. We as a delegation have made friends and developed partnerships across the BRICS world in ways that enrich our own research endeavours. We have no doubt that this marks the beginning of a long, but fruitful journey in pursuit of the BRICS' long-term agenda in the hope that out of this will emerge a fair, just, prosperous and peaceful world system that is good for all.

We would also like to express our gratitude to the Government of South Africa, in general, and Higher Education South Africa through the Department of Higher Education and Training, in particular, for the assistance they gave to the delegation and the forum. Governments of other BRICS countries also deserve praise for support given to our counterparts.







## SOUTH AFRICA, BRICS AND THE FIFTH BRICS SUMMIT



**SOUTH AFRICA'S ROLE ON THE GLOBAL STAGE is shaped by our liberation history and informed by our constitutional values. As South Africa, we continue our struggle for freedom, equity and respect for human rights in the global arena and, therefore, call for a more equitable world order that is more democratic, representative and legitimate, and based on the core principle of multilateralism. The past and current global financial crises clearly illustrate that the global security and financial architectures of the post-Second World War era are at great odds to current global realities and in need of urgent reform to deal with the common challenges of humanity today.**

South Africa's approach to BRICS is informed by numerous consultative processes with stakeholders and communicated often to our domestic and international partners. Our engagement with our BRICS partners is at domestic, regional and global levels.

On the domestic front, South Africa promotes and advances its national interests, most notably through pursuing our core economic priorities in order to address poverty alleviation, job creation, reducing inequality. South Africa therefore seeks enhanced trade and investment relations with our BRICS partners. This is a foreign policy objective of most major economies, notably G8 and OECD countries, and not unique to South Africa. Given our similarities, we may compete as BRICS partners in certain instances, but based on our strategic partnership, we can discuss such issues as equals and the continued dynamic growth of our overall economic relationship will absorb any specific challenges. The qualitative difference which South Africa aims to achieve, as we draw on lessons from our previous partnerships, is to address the structure of our trade with specific focus on enhancing manufacturing and beneficiation opportunities.

In the regional context, studies by the International Monetary Fund show that Africa's resilience to the previous financial crisis was largely due to its economic relationship with BRICS partners. An estimate of BRICS total trade with Africa reached USD 340 bn in 2012, more than a ten-fold increase over just a decade. BRICS countries currently hold the largest foreign reserves base in the world, estimated at over USD 4 trillion, and have finance available for major project cooperation in strategic sectors, especially infrastructure development. It is in recognition of the exponential growth potential of the BRICS-Africa economic relationship, that we themed the Fifth BRICS Summit "BRICS and Africa: Partnership for Development, Integration and Industrialisation" and the Post-Summit Retreat with African Leaders on strengthening this partnership.



## SOUTH AFRICA'S TENURE AS CHAIRPERSON OF BRICS AND KEY OUTCOMES OF THE FIFTH BRICS SUMMIT

TWO NEW BRICS STRUCTURES WERE LAUNCHED AT THE SUMMIT, NAMELY THE BRICS BUSINESS COUNCIL AND THE BRICS THINK TANKS COUNCIL.

### LAUNCH OF THE BRICS BUSINESS COUNCIL

The founding Declaration described that the BRICS Business Council will constitute a platform that will strengthen and promote economic, trade, business and investment ties among the business communities of the BRICS countries, as well as ensure that there is regular dialogue between the business communities of the BRICS nations and the governments of the BRICS countries. Mr Patrice Motsepe hosted the inaugural meeting of the BRICS Business Council from 19 - 20 August 2013 in South Africa. This meeting supported the themes of the Summit and Retreat and various African business leaders were invited to the Plenary and break-away sessions to engage with BRICS business leaders.

The BRICS Business Council has made progress in establishing operational procedures as well as identified priority focus areas, action plans and potential joint ventures. The BRICS Business Council therefore agreed on the following:

- Proposed areas of cooperation, namely infrastructure, mining and mineral beneficiation, energy, pharmaceuticals, agro-processing, services (including financial, ICT, transportation, healthcare and tourism), value added manufacturing development, small, medium and macro-enterprise development, sustainable development, skills development and the transfer of technology;
- Recognising the emergence of new global growth points, i.e. Asia, Africa and Latin-America and identifying appropriate areas to promote cooperation;
- Exchanging best practice;
- Promoting Public-Private-Partnerships among BRICS business and governments; and
- Promoting win-win partnerships between BRICS and Africa in sectors such as agro-processing, beneficiation, infrastructure (e.g. transport) and energy etc. as well as supporting skills development in the context of Africa.

### LAUNCH OF THE BRICS THINK TANKS COUNCIL

The BRICS Think Tanks Council was established to celebrate the bonds between BRICS countries by declaring a mutual intention to enhance cooperation in research, knowledge sharing, capacity building and policy advice. Emphasising the need for further collaboration and cooperation among BRICS Think Tank Councils members and other institutions, the BRICS Think Tanks Council was established by the following institutions:

- Institute for Applied Economic Research (IPEA), Brazil
- National Committee for BRICS Research (NRC/ BRICS), Russia
- Observer Research Foundation (ORF), India
- China Centre for Contemporary World Studies (CCCWS), China
- Human Sciences Research Council (HSRC), South Africa

In the global context, BRICS Leaders are acutely aware of the skewed representation of emerging and developing countries in the current post-Second World War global governance structures which clearly do not reflect the current and emerging geo-strategic realities. BRICS has, since its inception, focused on driving reforms in this regard and endorsed the G20 as the premier forum for international economic coordination and cooperation for all its member states. In addition, BRICS Leaders have repeatedly called for the reform of International Financial Institutions to make them more representative and to reflect the growing weight of BRICS and other developing countries. Our Leaders, however, remain concerned with the slow pace of the reform of the International Monetary Fund (IMF) and see an urgent need to implement, as agreed, the 2010 IMF Governance and Quota Reform. BRICS Leaders also affirmed that the United Nations (UN) enjoys universal membership and is at the centre of global governance and multilateralism and regularly reaffirm the need for a comprehensive reform of the UN, including its Security Council, with a view to making it more representative, effective and efficient, so that it can be more responsive to global challenges.

South Africa will, of course, continue to navigate its own independent foreign policy positions, according to its national, regional and global positions and agendas, but the shared vision and principles of BRICS partners will continue to ensure closer alignment on global issues of common interest.

This BRICS Think Tanks Council forms the platform for the exchange of ideas among researchers, academia and think tanks, and will in future be responsible for convening the BRICS Academic Forum. The BRICS Think Tanks Council determined its operational procedures and completed the study that BRICS Leaders commissioned at the Fourth BRICS Summit, namely “A general academic evaluation and future long-term strategy for BRICS”. It is anticipated that this structure will continue to provide critical analyses and policy advice to Leaders according to identified topics.

### **NEW DEVELOPMENT BANK AND CONTINGENT RESERVE ARRANGEMENT**

As BRICS, we have agreed that the establishment of a New Development Bank (NDB) is feasible and viable for mobilising resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, to supplement the existing efforts of multilateral and regional financial institutions for global growth and development.

We also explored the construction of a financial safety net through the creation of a Contingent Reserve Arrangement (CRA) amongst BRICS countries which would have a positive precautionary effect, help BRICS countries forestall short-term liquidity pressures, provide mutual support and further strengthen financial stability. It would also contribute to strengthening the global financial safety net and complement existing international arrangements as an additional line of defence. BRICS Leaders agree that the establishment of the CRA with an initial size of USD 100 bn is feasible and desirable subject to internal legal frameworks and appropriate safeguards.

These initiatives have been much debated, but are the products of a clear vision of BRICS



Leaders to channel their reserves into tacit cooperation projects among each other and in solidarity with the Global South. The BRICS Finance Ministers and Governors of Central Banks have been guiding these processes and we anticipate significant progress by the time of the Sixth BRICS Summit.

### **BRICS LEADERS-AFRICA DIALOGUE FORUM RETREAT**

Both the Summit and Retreat provided an opportunity for the BRICS countries to further their engagement and cooperation with African countries as envisioned in the Sanya Declaration, adopted at the Third BRICS Summit in 2011, which expressed the willingness of the BRICS countries to support the advancement of the African Agenda, particularly in terms of infrastructure development in Africa and its industrialisation within the framework of the African Union's (AU) New Partnership for Africa's Development (NEPAD). The Summit and the Retreat enhanced these efforts by forging a path to strengthen the envisaged mutually beneficial and sustainable collaboration between the BRICS countries and the AU Commission, the NEPAD Planning and Coordinating Agency (NPCA), as the technical arm of NEPAD, and the Regional Economic Communities (RECs), in support of the implementation of projects under Africa's Infrastructure programmes.

The Retreat strengthened the cooperation between the BRICS and African Leaders in the areas of regional integration through infrastructure development and industrialisation. It highlighted the need for funding models that promote more multi-country projects and accelerate the pace of regional integration, as well as bringing project proposals to bankability and to the market for financing. The African Leaders presented to the BRICS Leaders a set of priority cross-border infrastructure development projects as entailed within the AU/NEPAD Presidential Infrastructure Championing Initiative (PICI) and the Programme for Infrastructure Development in Africa (PIDA) and expressed the need to have engagements of this nature more regularly. In this regard South Africa will continue to keep African Leaders informed of developments regarding the BRICS and Africa cooperation through the AU Assembly.

### **IMPLEMENTATION OF THE eTHEKWINI ACTION PLAN/BRICS SECTORAL WORK PROGRAMME**

South Africa was congratulated at the meeting of BRICS Foreign/International Relations' Ministers meeting held in September 2013 for the good pace of implementation of the eThekwini Action Plan. We have successfully implemented the eThekwini Action Plan and also initiated various initiatives pertaining to the newly identified areas for cooperation.

We are particularly pleased that the sectoral work programme of BRICS has been sufficiently consolidated during the first cycle of BRICS Summits, culminating in its comprehensive implementation, to allow for concrete cooperation initiatives to flourish during the second cycle of Summits.

President Zuma chaired the meeting of BRICS Leaders on the margins of the G20 Summit in St Petersburg on 5 September 2013. The BRICS Leaders issued a media note which reflected their discussions to coordinate positions in respect of the G20 Summit agenda. The Leaders announced that the NDB would have an initial subscription capital of USD



50 bn from the BRICS countries and reconfirmed that the CRA would have a size of USD 100 bn. The Leaders called for tangible results in respect of the NDB and CRA at the Sixth BRICS Summit. The BRICS Finance Ministers and Governors of Central Banks and related tracks have been working steadfastly towards meeting this expectation and held various meetings and rounds of formal negotiations on the margins of international meetings.

BRICS Foreign/International Relations Ministers met on the margins of UNGA68 on 26 September 2013 in New York hosted by Brazil as incoming Chair. A media note was issued regarding exchanges in respect of the UN agenda regarding Syria, the Middle East Peace Process and cyber security. South Africa convened and chaired a meeting of BRICS Foreign/International Relations Ministers on the margins of the Nuclear Security Summit on 24 March 2014 in the Hague and a Chairperson's statement was issued which reflected on the political developments in their regions, as well as reviewed cooperation among BRICS countries following the comprehensive implementation of the eThekweni Action Plan. The Ministers reflected that the role of governments in contemporary world politics should focus on pertinent areas where leadership is required, notably in finance, security, information and production. They agreed that BRICS countries would continue to act as positive catalysts for inclusive change in the transformation process towards a new and more equitable global order. BRICS countries agreed that the challenges that exist within the regions of the BRICS countries must be addressed within the fold of the United Nations in a calm and level-headed manner.

BRICS National Security Advisors met on 6 December 2014 in Cape Town. Issues discussed included cyber security, counter-terrorism, transport security and global hotspots. The meeting called for the establishment of a Working Group on Cyber Security.

BRICS Trade Ministers adopted the BRICS Trade and Investment Cooperation Framework to place the work programme on trade and investment cooperation in a longer term strategic perspective. BRICS Trade Ministers also mandated the Contact Group on Economic and Trade Issues to undertake work on a Joint Trade Study, which will make recommendations on how to increase value-added exports in intra-BRICS trade. The work on the final draft of the study is underway for presentation to the Trade Ministers at the Sixth BRICS Summit in Brazil.

BRICS Ministers of Agriculture and Agrarian Affairs met from 28-29 October 2013 in Pretoria and acknowledged climate change as one of the greatest challenge to agriculture and food security. They agreed to cooperate in research, development and the application of technologies. They also discussed the volatility in the price and supply of food and other commodities.

South Africa hosted the first meeting of BRICS Ministers responsible for Education on 5 November 2013 in Paris on the margins of the UNESCO General Conference. The Ministers agreed to collaborate on the following issues: i) the strengthening of linkages and partnership between BRICS universities; ii) partnerships and knowledge exchanges on Technical Vocational Education and Training, and iii) portability and transferability of qualifications between BRICS countries. The Ministers met with the Director-General of





UNESCO and agreed to work together with UNESCO to accelerate progress towards the achievements of the Education for All (EFA) goals, and also shape discussions on the post 2015 development agenda. They agreed that Technical Vocational Education and Training should feature strongly on the post 2015 EFA goals. The Ministers proposed that BRICS and UNESCO should investigate how ICT can be used effectively to improve the quality of learning outcomes.

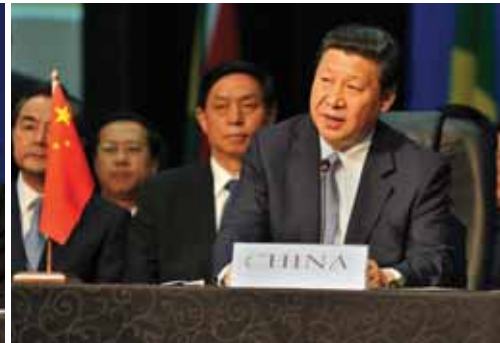
BRICS Health Ministers met from 6 to 7 November 2013 in Cape Town. Following the previous meeting held in New Delhi where three tracks for collaboration was distilled, namely public health; health care systems; and biomedical sciences, the Chair developed and presented a Framework for Collaboration in strategic projects which outline how the implementation of the three thematic areas of collaboration will unfold and the specific areas each country will be responsible for. This framework was adopted by the Health Ministers. South Africa also presented a Universal Health Coverage (UHC) Monitoring and Evaluation Tool which will be shared with other member states of the World Health Organisation.

BRICS Ministers responsible for Social Security held a first exploratory meeting on the margins of the World Social Security Forum on 12 November 2013 in Doha.

BRICS Ministers of Science, Technology and Innovation held a first meeting from 10 to 11 February 2014 in Kleinmond. The Ministers met to define the future directions of cooperation in science, technology and innovation, as well as the coordination of positions of mutual interest within the framework of BRICS. The meeting endorsed the Memorandum of Understanding on Cooperation in Science, Technology and Innovation. The meeting further adopted the Cape Town Declaration which reflected the common vision and paved the way for future cooperation in this sector.

Other meetings held were the Fifth BRICS Academic Forum, the Fourth BRICS Business Forum, the Third BRICS Financial Forum, of the meeting of BRICS Statisticians-General; first mid-term meeting of BRICS Sherpas and Sous-Sherpas; Cooperatives; Urban Forum and Friendship Cities and Local Government Cooperation Forum, population cooperation experts, and various senior officials' meetings underpinning ministerial and other tracks. etc.

South Africa is committed to strengthening BRICS cooperation for mutual benefit.



## INTRODUCTION TO THE BRICS ACADEMIC FORUM



**SOUTH AFRICA HOSTED THE FIFTH BRICS ACADEMIC FORUM from 10 to 13 March 2013, in eThekweni. The BRICS Academic fora take place annually as part of a series of meetings leading up to the BRICS Leaders Summit. The Academic Forum provides a platform for scholars within the BRICS countries to share ideas and reflect on a variety of topics as determined by BRICS member states. The aim is to generate and promote intra-BRICS knowledge and exchange in order to reduce dependency on the west as sources of knowledge on individual BRICS members.**

The Academic Forum endeavours to complement and supplement the BRICS Leaders Summit and the official consultation process amongst officials and ministries of the respective BRICS countries. It seeks to offer viable and timely advice and recommendations to government leaders of the BRICS to support policy making, the adoption of best practices, exploration of new development frameworks, and assistance in the implementation of existing and new schemes and programmes.

Drawing from the broader theme of the Fifth Summit namely, “BRICS and Africa: Partnership for Development, Integration and Industrialisation”, the eThekweni Academic Forum was organised around five key themes, namely: BRICS and the global economy; reform of



institutions of global governance; co-operation on Africa; education, research and skills development for building industrialising economies; and peace and security. The Forum was jointly organised by the Department of Higher Education and Training, and Higher Education South Africa, with the support of the Department of International Relations and Cooperation. Approximately one hundred individuals from the academic community and civil society formations attended and participated at the forum. Each BRICS member nominated ten official delegates to participate in the discussions, five of whom presented papers on the identified topics. The forum was organised into plenary and parallel sessions, with each member given an opportunity to present a paper on one of the five themes at a plenary. A total of twenty five presentations were made, although only fourteen were developed further for inclusion in this publication.

In her opening remarks at the welcome dinner of 10 March 2013, South African Minister of International Relations and Cooperation, Ms Nkoana-Mashabane, highlighted that BRICS represents a counter to “hegemonic unilateral creation of knowledge into a more pluralistic co-determination of knowledge production and policy agenda setting...” She urged BRICS academics to stand up and demystify the unilateral hegemonic pretences of universality of the current global order and to usher in a new paradigm that “recognises the diversity of humanity and the potential contribution that each knowledge base can make to human development”.

These sentiments were echoed by the South African Minister of Higher Education and Training, Dr Blade Nzimande, who commended the BRICS countries for their role in pushing for a more just and equitable world order, and challenging the current global balance of





forces. The Minister highlighted the need for the BRICS countries to strengthen scientific and technical knowledge sharing. Academic and institutional collaboration were identified as powerful tools in promoting intra-BRICS cooperation and expanding the current body of knowledge on the BRICS countries both as individual members, and as a collective.

The Fifth BRICS Academic Forum culminated in the development and adoption of “Recommendations to the Fifth BRICS Summit”. The statement expressed the common aspirations of the BRICS countries to cement partnerships with one another and with emerging markets, particularly the African continent in order to strengthen progressive development trajectories, promote integration, and expedite industrialisation. Education and research cooperation was also underscored with the express view that BRICS should consider the establishment of an independent BRICS rating agency for educational institutions as well as a BRICS university. The Forum also proposed the establishment of a data bank with primary data on the five countries, as well as a digital platform with detailed information on researchers and institutions dealing with BRICS issues.

Within a short space of time, the agenda for cooperation and consultation between the BRICS Member States has expanded to encompass issues ranging from finance, agriculture, health, science and technology, academic exchange, business links, developmental matters and more recently education and skills development.

During the Academic Forum, BRICS Academics reflected that member states share a common interest in pushing for comprehensive reform of multilateral institutions for global governance, in order to make them more effective, legitimate, and responsive to the needs of the developing world and Africa. Other matters of common interest include international trade, development, energy and climate change. The BRICS nations offer each other ever-expanding trade opportunities.

With respect to peace and security, the BRICS Academics highlighted the need to continue promoting the centrality of the United Nations, based on the principles of equality, mutual trust, and cooperation, and encourage BRICS Leaders to be more active in peaceful resolution of conflict, dealing with issues of international terrorism, non-proliferation of weapons of mass destruction, and drug- and human trafficking. Mutual security concerns, such as water, food, environment, health, and disaster preparedness, were also cited as priorities for BRICS. BRICS should also promote the peaceful use of outer space and utilize their collective strengths in post-conflict resolution and peace-making, peace building and peace keeping under the auspices of the United Nations.

The Fifth BRICS Academic Forum noted the end of the first cycle of the BRICS Summits and commended South Africa for organising a successful Academic Forum. The recommendations made at the Forum were submitted to the BRICS leaders for further consideration and reflection in the eThekweni Summit Statement.



## KEYNOTE ADDRESS

BY: MINISTER OF INTERNATIONAL  
RELATIONS AND COOPERATIONS  
SOUTH AFRICA

MAITE NKOANA-MASHABANE

*Delivered at the Fifth BRICS Academic  
Forum on 10 March 2013  
eThekweni, Durban, South Africa*

Honourable Dr Nzimande  
Minister of Higher Education and  
Training,  
Honourable Ministers and members of  
the BRICS Inter-Ministerial Committee,  
Your Worship, Councillor James Nxumalo,  
Mayor of the eThekweni Municipality and  
our gracious host of the welcome dinner  
for the BRICS Academic Forum,  
Your Excellencies, Ambassadors from  
BRICS countries,  
Distinguished members of the official  
delegations from our BRICS partner  
countries to the Academic Forum,  
Distinguished members of the Advisory  
Committee,  
Ladies and gentlemen

IT IS MY DISTINCT HONOUR  
**and privilege to deliver the  
keynote address at the welcome  
dinner for the BRICS Academic  
Forum. I wish to extend warm  
greetings and a hearty South  
African welcome on behalf of President Zuma, the Government and the people of  
South Africa.**

It is indeed a momentous occasion for South Africa to host the Fifth BRICS Summit, the first time on African soil.

The BRICS Summit process has its origins in the extraordinary vision of our founding leaders, who constituted this grouping at a time of global uncertainty and transition during the global economic and financial crisis. The dire need for providing additional impetus to global governance reform debates was recognised. The growing interdependence between world nations required joint efforts to address common challenges.





Our leaders urged us to establish this Forum out of recognition of the importance of ideas in the realisation of the vision and objectives of BRICS. As academics, you will all be well aware of the important value of research, knowledge sharing, knowledge transfer, and capacity building in policy development. This Forum has a vital role to play in the generation of ideas within the BRICS architecture. You are the brain trust that must enrich policy development within BRICS and in the BRICS countries, and generate scientific knowledge to improve our understanding of the world and our environment.

You are best positioned to make this valuable contribution when you are fully engaged. The Brazilian educator and philosopher, Paulo Freire, emphasised the dialectic of scientific inquiry and practice in knowledge production in his most famous book Pedagogy of the



Oppressed when he wrote: “For apart from inquiry, apart from the praxis, individuals cannot be truly human. Knowledge emerges only through invention and re-invention, through the restless, impatient, continuing, hopeful inquiry human beings pursue in the world, with the world, and with each other.”

However, knowledge can be used to engender the hegemony of certain ideas, in the process manufacturing consent and the legitimacy of particular interests in society. There are a set of ideas that we take for granted today and consider self-evident because they were packaged for us as ‘scientific’ and ‘objective’ when in fact they are views of a particular class or group of people. In this sense, knowledge production is not a neutral exercise. It is highly contested and not immune from the political economy of power relations in society and the world.

Accordingly, the North-South disparities in knowledge production and the content of today’s dominant ideas reflect the inequalities and power imbalance that characterise our global system. Therefore, if BRICS is to be a factor in the current global system, we must extend our engagement to the terrain of ideas.

As the intelligentsia, you have an opportunity to play your part in shaping the 21st century given your function in society of observing, analysing and influencing policy direction in the reconfiguration of the global landscape.

The world is currently experiencing a quiet and yet profound shift from the old locus of political, economic and social power to a multipolar system with BRICS countries as the catalysts and drivers. In essence, the BRICS concept and its associated forums represent a counter to hegemonic unilateral creation of knowledge into a more pluralistic co-determination of knowledge production and policy agenda setting that recognises multiple centres of human civilisation.

In this regard, you have an important role to play in demystifying unilateral hegemonic pretenses of the universality of the current dominant paradigm into a positive force that recognises human diversity and the potential contribution that each knowledge base can make to human development. If this Forum is to be effective, it must contribute to emancipating plurality of discourse with the sole purpose of advancing humanity.

Indeed, the BRICS countries have produced many prominent scholars for centuries whose works continue to survive the passage of time and influence generation after generation. China’s Confucius has had an influence on humanity for more than two thousand years. Amartya Sen is yet another example – he did not only win the prestigious Nobel Memorial Prize in Economic Sciences in 1998 for his work in welfare economics, but he was also instrumental in the creation of the widely used United Nations Human Development Index. Leo Tolstoy’s novel War and Peace has been immortalised in many languages in movies, music and theatre, among others.

We have given to humanity Nelson Mandela and Mahatma Gandhi, who continue to inspire millions all over the world.



Gautama Buddha, the father of Buddhism, is the son of India.

The intelligentsia was in the forefront of the struggle in our respective countries, challenging hegemonic ideas and generating alternative knowledge.


Therefore, when we challenge you to stand up against the apparatus of knowledge production whose ideas dominate the world in favour of one side, we are not asking you to do something that you have not done before or that you are not currently doing. We challenge you to marshal your forces through BRICS for effectiveness and higher impact.

The emergence of BRICS has not been well received by all of us. On the one hand, there are those who do not have a positive appreciation of BRICS because they believe that its continued existence will threaten the status quo and tamper with the current international balance of forces. On the other end, there are critics of BRICS who regard it as a body of so-called 'subimperialist' countries that are joining the club of traditional powers. These critics talk of what they call a 'new scramble' for Africa, comparing the growing interest on our continent by BRICS countries to the late 19th century when European colonial powers partitioned Africa among themselves.

What these two groups of critics have in common is their lack of appreciation of multipolarity for the geopolitical health of our international system. The first group views multipolarity in a negative sense, as a threat; while the second group would much rather remain under the old system than see it being shaken up by emerging players from the South.

To see BRICS countries as 'sub-imperialist' is the result of a dogmatic application of classical notions of imperialism and the center-periphery model of American sociologist and world-systems analyst Immanuel Wallerstein, to a situation that is fundamentally different from what these theories were trying to explain. Our scholars have to be innovative and courageous enough to develop new tools of analysis and theoretical models when history challenges us to do so.

It is reminiscent of a warning author Franz Fanon made in his book *The Wretched of the Earth* that: "It so happens that the unpreparedness of the educated classes, the lack of practical links between them and the mass of the people, their laziness, and, let it be said, their cowardice at the decisive moment of the struggle will give rise to tragic mishaps". The tragic mishap in this case is that such intellectuals will be left behind and rendered irrelevant by history.



*"It so happens that the unpreparedness of the educated classes, the lack of practical links between them and the mass of the people, their laziness, and, let it be said, their cowardice at the decisive moment of the struggle will give rise to tragic mishaps".*



A poignant question being posed today is whether BRICS represents a real paradigm shift, or whether new role players are just assuming traditional balance-of-power positions. BRICS leaders have clearly signalled that they do not compete with any country or grouping and in fact wish to transform the former model of cooperation based on a zero-sum relationship in favour of more equitable and sustainable global partnerships. For this reason, the theme selected for the Summit was BRICS and Africa: Partnership for Development, Integration and Industrialisation. This approach constitutes a plurilateral or, using the older idiom, a multipolar structure of international relations.

When South Africa planned the hosting of the Summit and held related meetings, we reflected on the existing synergies within the grouping and appreciated that the academic and business forums as well as our think tank network are critical components of our people-to-people interaction and that their salient relevance vis-à-vis the BRICS leadership needs to be emphasised.

It is therefore particularly significant that the Summit theme has been adopted as the theme for the Academic Forum this year.

The BRICS Academic Forum endeavours to complement and supplement the BRICS Leaders Summit and the official consultation process amongst officials and ministries of the respective BRICS countries. This Forum seeks to collectively offer viable and timely advice and recommendations to government leaders of BRICS to support policy making, the adoption of best practices, the exploration of new frameworks, and assistance in the implementation of existing and new schemes and programmes. This Forum also serves as our 'alter ego' which will analyse our agendas and critique them, often in a robust manner.

What make BRICS timely and historic are a few factors which need to be emphasised.

Firstly, a common history brings the BRICS countries together. This history distinguishes the BRICS countries from the traditional powers. It is a history of struggle against colonialism and underdevelopment, in the spirit of Bandung, the first ever Asia-Africa conference, which helped guide a new philosophy of human rights for colonised nations in 1955. Circumstances of history have put these countries on the same side.

Secondly, the BRICS countries have common challenges as developing nations. In South Africa, we refer to the triple challenges of inequality, poverty and unemployment. We have set in motion processes to grow our economy and expand our infrastructure, among others. Other BRICS member states are dealing with similar challenges that differ in scale and degree.

Thirdly, we are driven by shared interests not only in the definition of our respective national interests as individual BRICS countries; we also share a common vision of the world of the future.

Fourthly, each of the BRICS countries works for a true partnership with Africa, and this resonates well with us because Africa is the centrepiece of our foreign policy. The theme chosen for this Summit is a testimony to the consensus that exists among the BRICS



countries on the importance of forging a true and effective partnership with the African continent.

The Summit theme acknowledges the various engagement activities of BRICS countries vis-à-vis the African continent.

Viewing Africa as the new global growth centre, BRICS countries are emerging as the new largest investors and trade partners to the continent with strong exponential growth potential for the future.

The Summit theme emphasises the African Union's own prioritisation of infrastructure development and industrialisation and will also contribute to the sharing of related international and regional approaches and best practices between BRICS and Africa.

Finally, bilateral relations among BRICS countries are on the increase and improving across many sectors, most notably in political cooperation and the economy. We are frank and open to each other.

I have perused your programme, which is very impressive, and comprehensive enough to cover the core issues that are on the agenda of the BRICS leaders. I look forward to receiving your recommendations at the end of your deliberations. As with previous Academic Forums, the leaders will study your recommendations closely and use them to inform their decisions.

In respect of the themes posed for deliberation, I wish to make some preliminary reflections.

In the context of the global financial situation, BRICS economies have become the engines for sustainable global growth and during the financial crisis served as the anchor for low-income countries through their economic relationships with these countries. The overarching risk for all of us, however, remains that of sustainability. This takes several forms, the most important of which revolves around inclusiveness, dealing with inequality and creating jobs.

Indeed we meet at a time of global uncertainty, which requires that we consider issues of mutual interest and systemic importance in order to explore shared concerns and develop solutions. The prevailing global economic system is regulated by institutions which were conceived in circumstances when the global economy was characterised by very different challenges and opportunities. We also need to focus our 'lenses' from a more BRICS specific perspective as opposed to adhering to traditional views.

As emerging economies become more integrated and interdependent, they increasingly shape the global economy and influence its dynamics. BRICS offers an historic opportunity to explore new models and approaches towards more equitable development and inclusive global growth by emphasising complementarities and building on our respective economic strengths.



The G20 has become an important player in the reform of the global economic architecture, including the Bretton Woods Institutions. In its work, the G20 should continue to prioritise development.

Furthermore, BRICS considers the United Nations (UN) to be the foremost multilateral forum entrusted with bringing about hope, peace, order and sustainable development to the world. The UN enjoys universal membership and is at the centre of global governance and multilateralism.

*“Whence comes this new wealth [that the North is accumulating] and on what does its accumulation depend? It comes primarily from the darker nations of the world – Asia and Africa, South and Central America, the West Indies and the islands of the South Seas.”*

We express our strong commitment to multilateral diplomacy with the UN playing the leading role in dealing with global challenges and threats. In this regard, we reaffirm the need for a comprehensive reform of the UN, including its Security Council. These changes will make the UN more representative, effective, legitimate and efficient, so that it can successfully deal with global challenges.

In respect of education, research and skills development of building industrialising economies, a 2011 UNESCO (United Nations Educational, Scientific and Cultural Organisation) study found that in recent decades university-industry partnerships have moved high onto the policy agenda and are fast becoming a new and expanded phenomenon. The university-industry partnership is conceptualised as a means to bridge the perceived gap between the science base and the productive sector, which would allow new knowledge to be rapidly transformed into innovation. As previously stated, the BRICS Business and Academic Fora are critical to harnessing our skills development in this regard, and linkages between these fora need to be strengthened through joint initiatives.

The nexus of university and industry holds potential for economic development, entrepreneurship and job creation. We need to take advantage of the opportunities presented to us as governments aim to strengthen international partnerships in the pursuit of new knowledge and innovation for technology transfer opportunities.

Regarding our core Summit theme and our cooperation on the African continent, as we celebrate the 50th anniversary of our continental organisation, the OAU (Organisation of African Unity), this year, it is poignant that this coincides with the first BRICS Summit on African soil.

President Zuma will be convening a BRICS Leaders-Africa Dialogue Forum Retreat immediately following the Fifth BRICS Summit to enable BRICS and African leaders



to exchange views guided by the theme Unlocking Africa's Potential: BRICS and Africa Cooperation on Infrastructure. The Retreat will reflect primarily on infrastructure development, as well as integration and industrialisation which are aligned to Africa's own priorities, to the mutual benefit of the BRICS countries and the Continent.

The theme on peace and security requires special focus from our academics, taking into account the various debates in this regard. From our perspective, the peaceful resolution of any conflict situation is paramount and we emphasise the importance of preventive diplomacy and mediation.

The AU has made significant progress in conflict resolution and peace building on the Continent through its peace and security architecture since its formation more than a decade ago. In order to enhance its role, we encourage BRICS to support closer collaboration with the AU peace and security architecture. Of particular importance is continued focus of the UNSC (United Nations Security Council) on formal cooperation between the UNSC and the AU PSC, as reflected in UNSC Resolution 2033 (2012) unanimously adopted by the Security Council under the South African Presidency in 2012.

As we celebrate the 50th anniversary of the OAU, we should also remember a stalwart of Pan-Africanism, Dr W.E.B. Du Bois, who died in 1963 in Ghana, just a few months after the formation of the OAU.

At the height of the First World War in 1915, Dr Du Bois wrote his famous article entitled The African Roots of War, where he described what was contributing to the development and accumulation of wealth by the North while the South was being underdeveloped. He asked: "Whence comes this new wealth [that the North is accumulating] and on what does its accumulation depend? It comes primarily from the darker nations of the world – Asia and Africa, South and Central America, the West Indies and the islands of the South Seas." We need this analysis to distinguish the emerging global players of the South, some of whom are in BRICS, from the traditional powers.

When Dr Du Bois visited China in 1959, he was so moved by the revolution there that when he addressed Peking University during his tour he proclaimed: "Africa, arise, face the rising sun! ... China is flesh of your flesh and blood of your blood."

Since then China has risen and Africa is rising.

I can anticipate the vibrant debates that will take place over the next few days and I wish you a successful engagement. I trust you will enjoy the warm hospitality that the city of eThekweni has to offer.

I thank you.



## ADDRESS

BY MINISTER OF HIGHER EDUCATION AND  
TRAINING, SOUTH AFRICA

DR BLADE NZIMANDE

*Delivered at the Fifth BRICS Academic  
Forum on 11 March 2013  
eThekweni, Durban, South Africa*

**Deputy Minister of Higher  
Education and Training,  
Mr Mduduzi Manana  
Ambassador Sooklal from the  
Department of International  
Relations and Cooperation  
Dr Olive Shisana, Chief Executive  
Officer of the Human Sciences  
Research Council  
Heads of delegations from the  
BRICS countries  
Mr Logan Naidoo, Deputy Speaker  
of the eThekweni Municipality  
Vice Chancellors here with us  
Ladies and Gentlemen, colleagues  
from the five BRICS nations**

IT GIVES ME GREAT PLEASURE  
to be able to meet with you,  
academics and researchers from  
leading developing economies. For  
those of you who have come from  
outside South Africa, I'd like to  
welcome you warmly and I trust that  
you are being made to feel welcome  
by your South African colleagues and by all the South Africans that you come into  
contact with.

Our countries, the BRICS, are about to hold a summit to discuss matters of mutual interest  
in a quest to find ways to improve the living standards of all our people, to educate them  
and to keep them healthy.

The summit will also seek to develop ways for our countries to cooperate with one another  
so as to create a better, fairer, more peaceful world. The BRICS grouping is neither a  
hegemony nor a power bloc. It seeks, rather, to enhance cooperation among some of the  
leading developing nations in order to promote global stability, security and prosperity.





All our countries face the crucial challenge of overcoming poverty, unemployment and inequality in our societies. For this, it is important that we develop policies and strategies to achieve sustained and sustainable economic growth and development, as well as an equitable distribution of resources among our people. These goals are, of course, not unique to the BRICS countries and are shared by other developing nations. These nations will follow the summit's deliberations closely and will be keenly interested in the decisions that we take, particularly decisions involving the establishment of new development institutions such as the proposed BRICS Bank and the approach we take to the reform of the institutions of global governance.

The last two decades have seen a fundamental redistribution of global economic power and, accompanying this, of actual political influence. However, the architecture of global





governance still reflects the international balance of forces at the end of the Second World War. The UN and some of its institutions, for instance, are outmoded and do not reflect the shift in the balance of forces that has taken place over the past two decades. The question is how to change the institutions of global governance not only to better reflect the current international balance of forces, but also to ensure that the voices and interests of all the world's people – including those who are currently weak and relatively voiceless – are taken into account.

The theme for the fifth BRICS Summit is BRICS and Africa: Partnership for Development, Integration and Industrialisation.

Africa is currently the poorest and least developed continent. But it is also a continent in the early stages of rebirth and growth. Of course, this growth is not guaranteed – what looks promising can also go wrong. It is certainly in our interests as South Africans to ensure that it does not. But it is also in the interests of the other BRICS nations and indeed of the developed world that Africa must realise its potential.

The integration of the African economies is at an early stage. Although communications infrastructure is improving, it still has a long way to go. It is not possible to travel between many neighbouring countries by train, and railway infrastructure is mainly geared for getting raw materials to the coast for export, and not for moving goods and people around within countries or within the continent. Roads, especially major arterial roads, are in need of serious upgrading. Despite a large expansion of air travel routes in Africa, it is still often easier to fly from one African country to another via Europe rather than directly. Industry, in general, is still weak – especially outside of the raw-material, extractive industries.


But despite these challenges, Africa's fortunes are changing for the better. Economic growth rates are increasing in many of our countries – new infrastructure is being built, communication systems and electronic connectivity are expanding, and the manufacturing industry, though still weak, is starting to expand. BRICS countries are partners in a number of development projects, particularly with regard to infrastructure development. There is a direct interest in extending cooperation between all the BRICS countries and Africa to support the continent's development agenda, especially as it relates to infrastructure development and industrialisation.

A supportive international environment is important for Africa. It's not by accident that Africa's emergence from the morass of stagnation associated with the period of imposed structural adjustment programmes from the mid-70s to the mid-90s has coincided with the emergence of the large BRICS countries as economic giants. These countries have given African nations the ability to start to escape the clutches of neo-colonial dependence on foreign aid, and the policies and 'advice' of Western-controlled finance institutions. Trade and mutually beneficial foreign investment from countries without colonial mind-sets are starting to free Africans to shape their own national economies and polities.

South Africa's freedom, gained in 1994, has ended this country's isolation from the rest of Africa and has led to the strengthening of its ties with the rest of the continent. South African trade with, and investment in, the rest of Africa has expanded exponentially since the country gained its freedom. South Africa is the most developed country in Africa, but we are acutely aware that our future wellbeing is inextricably tied to that of our continent. Our own future is tied to the economic development of Africa as a whole, and to the establishment of stability and peace throughout the continent. We believe that the other BRICS countries can play an important role in achieving these goals and that they (and the rest of the world), in turn, will benefit from the process.

One of the most important elements of BRICS cooperation should be in the sphere of knowledge production and academic cooperation. To achieve our goals – both in Africa and the world – we need to constantly strengthen our scientific and technical knowledge in all spheres; to deepen our understanding of our societies and those of the rest of the world; and to refine and improve our development strategies. To these ends, we must strengthen the cooperation between ourselves, develop joint research projects and academic exchange projects, and deepen the dialogue between our academics. Particularly important, I think, is the need to cooperate in the area of expanding cooperation with regard to post-graduate studies.

All our countries have excellent universities and colleges as well as other institutions, that face many challenges to meet the expectations of our people. Academic cooperation can



*South Africa is the most developed country in Africa, but we are acutely aware that our future wellbeing is inextricably tied to that of our continent. Our own future is tied to the economic development of Africa as a whole ...*



help us to strengthen all of these institutions, helping to expand the frontiers of human knowledge. Most of our universities have traditionally had much stronger ties with Western academic institutions than with those in other developing countries. Of course, those ties with Western universities are beneficial and must continue, but it is anomalous that our ties with countries that face similar challenges of development are relatively weak. Economists and economic historians in South African universities, for example, tend to know more about the British or American paths and strategies of economic development than about those of contemporary developing countries in Asia or Latin America, whose challenges are more similar to our own. And I dare say that it is likely that similar knowledge gaps about Africa also exist in other developing countries, including the BRICS.

In South Africa we are about to establish a National Institute for the Humanities and Social Sciences. Its main purpose will be to strengthen the study of these disciplines in our country. But an important part of its mandate will be to build ties with scholars across the African continent and the global South. The Deputy Director of the interim structure that is establishing the institute, Dr Sarah Mosoetsa, is here at this Academic Forum, and I hope that many of our visitors will take this opportunity to establish contact with her. And, of course, please take the opportunity to strengthen your relations with our long-established Human Sciences Research Council, and with the natural and social scientists from many of our universities and research institutes. South African delegates should take full advantage of this opportunity to build contacts and partnerships.

To all the delegates, I extend my best wishes for a successful Academic Forum. I hope that it will make an important contribution to understanding the BRICS group of countries and the challenges they face in a globalising world. I look forward to seeing the report of your deliberations, especially as they relate to understanding the capacity for collaboration among the BRICS nations in high-level educational enterprises, including science, technology and post-graduate education. Partnerships in natural and human sciences, technology and post-graduate education should logically form the basis for further intra-BRICS development and integration. Your debates and conclusions should also contribute to the understanding of our political leadership as it deliberates at this summit and beyond.

I wish you all well for the remainder of this Forum.

I thank you.







## ADDRESS

BY CHIEF EXECUTIVE OFFICER, HIGHER EDUCATION SOUTH AFRICA  
DR JEFFREY MABELEBELE

*Delivered at the Fifth BRICS Academic Forum on 11 March 2013  
eThekweni, Durban, South Africa*

### Chairperson

**Director-General of the DHET, Gwebs Qonde**

**Deputy Director-General of the DIRCO,**

**Ambassador Sooklal**

**Heads of Delegation from the five BRICS countries**

**Distinguished academics and researchers from the BRICS countries**

**Members of the diplomatic corps**

**Leadership of the Durban University of Technology (present here)**

**Distinguished guests and colleagues**

**I SHOULD START OFF BY THANKING THE ORGANISERS for inviting me to this forum. I should also take this opportunity to congratulate the South African Department of Higher Education and Training (DHET), the Department of International Relations and Cooperation (DIRCO) and the Durban University of Technology and Higher Education South Africa (HESA) for organising this academic forum.**

As a 'non-BRICS' scholar myself, I will stray from the formalities of a keynote address, raise substantive issues and, where possible, pose provocative questions. The Fifth Academic Forum reaffirms the correctness of the truism that globally and politically, the influence of the BRICS countries – Brazil, Russia, India, China, and South Africa – is rapidly increasing. Indeed, the BRICS economies have grown so dramatically in the past few years that they could overtake the combined size of the G7 nations (the Western-dominated group of economies) within the next decade or so. Two of the five BRICS members, China and Brazil, are now ranked among the world's five biggest economies, with China overtaking Japan recently to rank behind only the United States in size. These are exciting developments in the evolution of a new global political and economic order.



I am particularly delighted that the organisers have chosen the theme BRICS and Africa: Partnership for Development, Integration and Industrialisation. This theme underscores the role of BRICS in the conceptualisation and implementation of a global development agenda for the developing world. The forum should interrogate better ways of advancing economic development in poor regions of the world, including Africa, and should respond practically to the following three interrelated challenges, among others:

- How can the developing world, including Africa as a continent, be lifted out of the 'low' or 'middle-income syndrome', that is to say the rates of growth and development that do not allow the continent to move out of poverty and under-development? It should be noted that even though high growth rates continued over the past decade, driven largely by resources, we have seen signs of rising inflation and current account deficits in some parts of the African continent, including South Africa. What kinds of contribution can the Academic Forum make in relation to increasing rates of economic growth in Africa and ensuring that the benefits of such growth are shared equitably?
- Although Africa is endowed with natural resources, its challenge is to move from a path built on consumption and commodity exports to a more sustainable developmental path based on industrialisation. Is there scope for BRICS, working closely with the African Union and other economic bodies on the continent, to conceptualise and implement an Africa-wide industrialisation strategy?
- What are the key strategic considerations to be made before setting up the famous BRICS Development Bank? The need for the bank is fairly obvious if you look at the growing trade among the BRICS countries and the frustrations these countries have had with existing development financing institutions such as the World Bank and the International Monetary Fund. Although it is understood that the bank can be a lender of choice to Africa, how can it be used to correct trade imbalances between BRICS and Africa, by getting BRICS to invest more in African industry, including infrastructure to ratchet up local production and exports? It is in the interest of this forum to suggest financing priorities of the proposed bank to the Heads of State Summit.

I hope these important matters will find some place on the agenda of this Academic Forum to be discussed, and that resolutions will be proposed for discussion by the Heads of State.

We appreciate that assembled in this room are leading academics and policy makers from all the BRICS member countries, primarily to debate the challenges and prospects of this geopolitical structure in the context of global and international governance imperatives. Over the next few days, this forum will create opportunities for academics and policy makers to debate critical and strategic issues relating to BRICS, and how best it can be (re)positioned to advance South-South cooperation and, broadly, a developmental and progressive global agenda.

There is no doubt that the theory and praxis of BRICS as an emerging geopolitical bloc for political and economic diplomacy has become more urgent than before, given the challenges that BRICS countries and the world as a whole face. The challenge of rapidly eradicating poverty and underdevelopment, and reducing inequality in the BRICS countries remains a key priority. The challenge of reforming the global system of governance, at both the political and economic levels, cannot be over-emphasised. The imperative to strengthen cooperation among the developing countries through a deliberate and conscious strategic framework remains relevant.



This Academic Forum should ask itself a question: What is so enticing about BRICS, and does its scholarship or even theorisation matter? Over 10 years ago, Jim O'Neill, Head of Economic Research at Goldman Sachs, coined the term BRIC. In 2003, Goldman Sachs made its first detailed projections of how the rise of BRIC countries might shape the world economy. It was anticipated at the time that BRIC economies would grow faster than, and outrun, the economies of the major developed countries. At the time, Goldman Sachs predicted:

“The relative importance of the BRICs as an engine of new demand growth and spending power may shift more dramatically and quickly than many expect. Higher growth in these economies could offset the impact of growing populations and slower growth in today's advanced economies.”

These countries were seen as engines of global growth, and predictions were that China would overtake the United States as the leading economy of the world in 2050.

However, after the formation of BRICS, some scholars were reticent to give BRICS a chance, because it was formed on the eve of the global financial crisis. Political scientists either dismissed BRICS as a 'mirage' or proposed alternative acronyms to designate what they considered to be more appropriate and coherent blocs. To these scholars, BRICS was simply a heterogeneous bloc with very little capacity and capability to achieve 'sufficient consensus' on a range of vexing geo-political and economic matters on the global agenda. It was a marriage of convenience based purely on an undefined agenda to counter the hegemony of the Western powers in the global system of governance. Attached to this scholarship was the notion that individual countries joined BRICS for their own selfish needs, which often run counter to the collective needs of the member countries.

On the other hand, some scholars have argued that although BRICS combines considerable assets and ambitions, it lacks the strategic posture and depth to challenge the US leadership or entrench a new world order. According to these scholars, if it wants to play a transformative role, BRICS would have to agree on a blueprint for change, which includes a realistic timetable for implementation – a commitment to controversial domestic reforms.

With scholarship and research now gravitating away from the predictions of Goldman Sachs, and with new developments shedding some light on the challenges and prospects of BRICS, this Academic Forum should further interrogate the relevance and appropriateness of the scholarship and attendant research on BRICS. In responding to the question: Does theorisation and scholarship on BRICS matter? one can be bold and say: “Yes.” Without this Academic Forum discussing better ways of contributing to the research and scholarship on BRICS, on a global scale, the very strategic objectives of this important body could be undermined and jeopardised by scholarship and by research from other countries whose economic diplomacy and broader geopolitical interests are threatened by the emergence of this body.

I guess the question I am trying to ask is: How can this Academic Forum, building on the previous ones held, unearth opportunities for new and alternative scholarly narratives on



BRICS to emerge, and how can it contribute to the strengthening of BRICS, in the context of the current global challenges and risk?

Proceeding from the premise that research output is a manifestation of the improvement of human capital in any economy (cf Inglezi-Lotz & Pouris 2013) it is vitally important for the BRICS countries to discuss progress made by member countries, separately and collectively, in relation to research and development (R&D) performance. In their study entitled Comparative Analysis of Scientific Output of BRIC Countries (2011), based on 1980 to 2009 data downloaded from the Scopus database, there are interesting trends emerging with implications for the strengthening of the science systems in BRICS countries.

Projections from this study indicate that the publication productivity of the United States is saturating and that there could be a significant increase in the publication share of the BRICS region in the future. If the present trend continues, then BRICS may surpass the US by the year 2013. China's contribution will be the highest, followed by India, Brazil and Russia. By 2020, BRIC countries may be the largest producer of publications, comprising nearly 37% of the world publication output. This may further increase to 45% in 2025, while the US may face stagnation during the period.

In order to consolidate these gains, this Academic Forum must reflect on strategies for strengthening the capacity of the BRICS countries to emerge as global leaders in research and development in future, including increasing spending on research in all BRICS countries as a percentage of GDP. The trends also suggest shifts in the production, flow and consumption of knowledge in the world. In order for these trends to take root, these researchers suggest that BRICS countries must continue to invest heavily in developing infrastructure for research and development in different fields of science and technology, as well as in frontier areas such as atomic energy, space sciences, electronics, telecommunications and biotechnology. The Academic Forum must offer suggestions on how best the research and

#### CONCLUDING THOUGHTS BY DR JEFFREY MABELEBELE:

1. **This Forum should review the resolutions it took at the previous Academic Fora, and assess general progress with regard to the implementation of the resolutions taken. In this way, this 2013 Academic Forum will be building on previous discussions on these important matters.**
2. **The Academic Forum should make practical suggestions on how the resources from the private sector could be mobilised for the advancement of the BRICS agenda, including the R&D performance of the BRICS member countries. The success of BRICS depends on the extent to which it harnesses resources in the hands of the private sector for maximum development impact. For example, if appropriately marshalled, the new multinationals coming into the BRICS economies have an important role to play in advancing the imperatives of BRICS.**
3. **The Academic Forum should spell out the exact role of the 'ideas institutions' in propelling forward a BRICS agenda. Such institutions include public universities, science councils, research institutes, and so on. Without the active participation of these institutions in the shaping of a BRICS agenda, this noble concept will face a determined intellectual combat strategy from the West to undermine its prospects. It is important that a strategy is developed to mobilise the participation of these institutions in BRICS initiatives in all member countries and that research funds be set aside for this purpose, beyond an annual Academic Forum. As Professor Stefani Colliniv, professor of English Literature and Intellectual History at the University of Cambridge, puts it, universities "provide a home for attempts to extend and**



innovation infrastructure could be built, and how the R&D performance of these countries could be improved in the medium to long term. (see box below).

The complexity of the issues that the Fifth BRICS Academic Forum has to grapple with underlines the fact that there are no easy solutions. The discussions to take place in the parallel sessions on such sub-themes as BRICS and the Global Economy; Reform of the Institutions of Global Governance; Co-operation on Africa; Education; Research and Skills Development in Industrialising Economies; and Peace and Security reflect in part the huge expectations of the populations of the developing world from this Academic Forum.

This forum can etch itself in the memory of these populations for time to come if it produces not only a set of practical recommendations in relation to the broad themes identified and the questions I have posed, but also mechanisms for implementing such recommendations. As Christian Brutsch and Mihaela Papa of the Centre for Rising Powers (University of Cambridge) aptly put it:

“BRICS can get their act together... and exploit the West’s relative decline to drive a hard coalition bargain. Yet if they end up doing nothing, they – and perhaps the developing world at large – will soon lament the early demise of another promising attempt to globalise the international order.”

This is a possibility all of us at this Academic Forum should aim to defeat.

On behalf of Higher Education South Africa (HESA), and in whose name I speak, I wish you a successful Academic Forum. As HESA, and the South African public university sector, we look forward to receiving your report.

Thank you.

deepen human understanding in ways which are, simultaneously, disciplined and illimitable”.

4. **The role of civil society organisations cannot be underestimated. In order for the BRICS agenda to enjoy popular legitimacy, mechanisms should be found to engage professional groups, trade unions, consumer organisations, non-governmental organisations (NGOs), community-based organisations (CBOs) and religious organisations on the broad strategic objectives of BRICS and for civil society organisations to enable them to find creative ways of making a contribution to the implementation of such an agenda. Some form of social compacting between states and other sectors of society in each country should be explored.**
5. **The Academic Forum should debate the merits and demerits of possible strategic alliances between BRICS and the G20, the United Nations and other relevant bodies in the global governance system. For example, what is the possibility, and likely effectiveness, of BRICS becoming a ‘caucus’ within the G20 and the United Nations?**
6. **Are there better ways for South Africa, through its foreign policy imperatives and other means, to serve as a ‘trusted’ interlocutor between BRICS and other African nations? How entrenched are the fissures in the continent for this proposal to take root?**
7. **How best can the BRICS countries boost their investments in research and development, and share the requisite infrastructure for each other’s mutual benefit?**





# BRICS AND THE GLOBAL ECONOMY

## A FOCUS ON INTERNATIONAL TRADE IN SERVICES

*Ivan Tiago Machado Oliveira is a Research Fellow and Coordinator of International Economic Studies at the Institute of Applied Economic Research (IPEA). He holds a Ph.D. degree and a M.Sc. degree in Business and Public Administration from the Federal University of Bahia and a M.Phil. degree in Latin American Studies from the Complutense University of Madrid. He has published widely on International Economics, International Trade, Trade Policy Analysis and International Political Economy issues. He is the editor-in-chief of the journal "Boletim de Economia e Política Internacional", published by IPEA. He is a member of the International Studies Association and of the Latin American Trade Network.*

### INTRODUCTION

Covering groups of companies that provide basic economic, financial and social infrastructure and support to corporate businesses, the services sector has become more and more important for generating income and employment in various countries. As Marchetti (2004) and Dihel, Eschenbach and Shepherd (2006) have observed, an increase in the share of services in the Gross Domestic Products (GDP) of countries is seen as the income of those economies grows. Also, the higher the income of a nation, the greater the share of international trade in services it has.<sup>1</sup> Furthermore, technological transformations have favored expansion of trade in services, once seen as untradeables or difficult to export, such as education, accounting, healthcare, publishing, research and development, legal and business services. As highlighted by Lopez, Niembro and Ramos (2011), international trade in services has been growing at high rates in the last decade and continues to maintain strong growth potential in the coming years.

The United States (US) and the European Union (EU) are the largest services exporters in the world, jointly accounting for 55% of the total trade in commercial services in 2010, according to data from the United Nations Conference on Trade and Development (UNCTAD) which considers intra-European trade. Even though the international services trade flows remain relatively concentrated, in the past few years an expressive growth in the market share of emerging economies has been observed, particularly those of the BRICS (Brazil, Russia, India, China, and South Africa). According to the data presented by the Organization for Economic Cooperation and Development (OECD, 2010), the average annual growth in services exports between 2003 and 2008 was 13.3% for OECD countries and 26.1% for the BRICS, which indicates an increase in the relative importance of these



countries in international trade in services. Developed countries lost market share in total services exports in the last decade, from 75.7% in 2000 to 67.7% in 2010, while developing countries increased their share from 22.8% in 2000 to 26.2% in 2010.<sup>ii</sup>

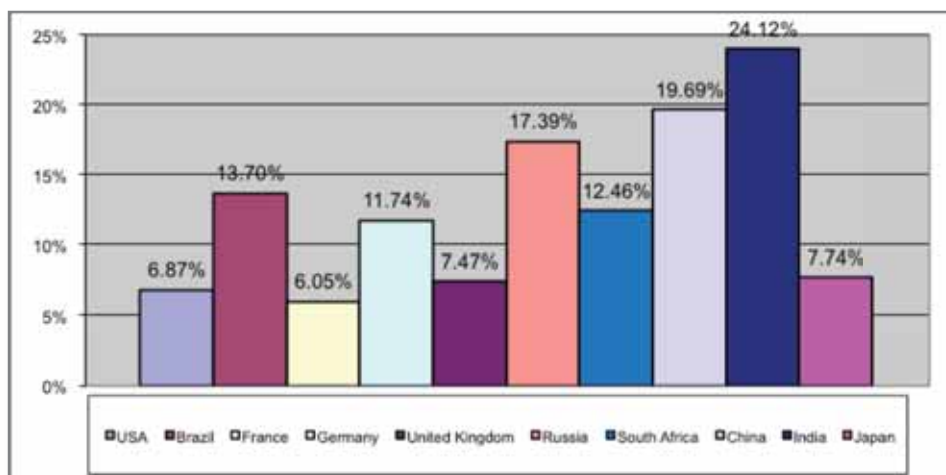
Taking the abovementioned context into account, this paper aims to analyse the integration of the BRICS' countries in the international services market. In order to do so, I examine some indicators and secondary data on trade in services, based on the existing literature on the topic. Also, the participation of the BRICS is evaluated in the new dynamic sectors (NDS)<sup>iii</sup> of trade in services. I use the data available in bases such as the World Trade Organization (WTO), World Bank (WB), International Monetary Fund (IMF), OECD and UNCTAD.

Besides this brief introduction, this paper contains three sections. In section 2, the participation of the BRICS in the international services market is analysed and compared, highlighting characteristics of competition and complementarity among them on this issue. In section 3, I examine the BRICS' roles in international trade of NDS. Finally, in section 4, some concluding remarks are presented.

### THE ROLE OF BRICS IN INTERNATIONAL TRADE IN SERVICES

The relative dispersion observed in international trade in goods, with the increase developing countries' market share, particularly the BRICS, is also identified when one analyses developments in trade in services. The United States, the world's largest exporter of services, with a total value of exports exceeding US\$ 518 billion in 2010, has had lower export growth rates than the global average since 2001. The average growth of U.S. exports from 2001 to 2010 was 6.87%, as seen in Chart 1, while global exports grew at 10% on average in the same period, according to the WTO (2011).

**CHART 1:**  
**AVERAGE GROWTH RATE OF SERVICES EXPORTS FOR SELECTED COUNTRIES - % (2001-2010).**

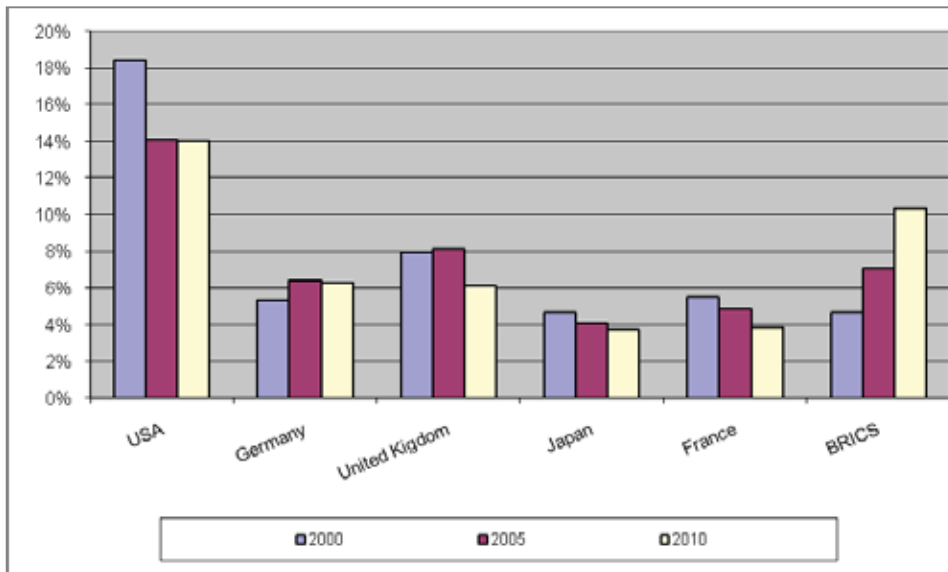


SOURCE: WTO



As presented in Chart 1, not only the United States' exports grew below the world average between 2001 and 2010, but France, Japan and the United Kingdom, renowned global exporters of services, also had growth rates smaller than the world average. Germany, being the exception among developed countries, achieved average growth of 11.74% in its services exports in the same period, what can be seen as an impressive rate given the high base of its total exports (German services exports in 2010 reached US\$ 232 billion).

**CHART 2:**  
**SHARE OF SELECTED COUNTRIES IN WORLD SERVICES EXPORTS - % (2000, 2005, 2010).**



SOURCE: WTO

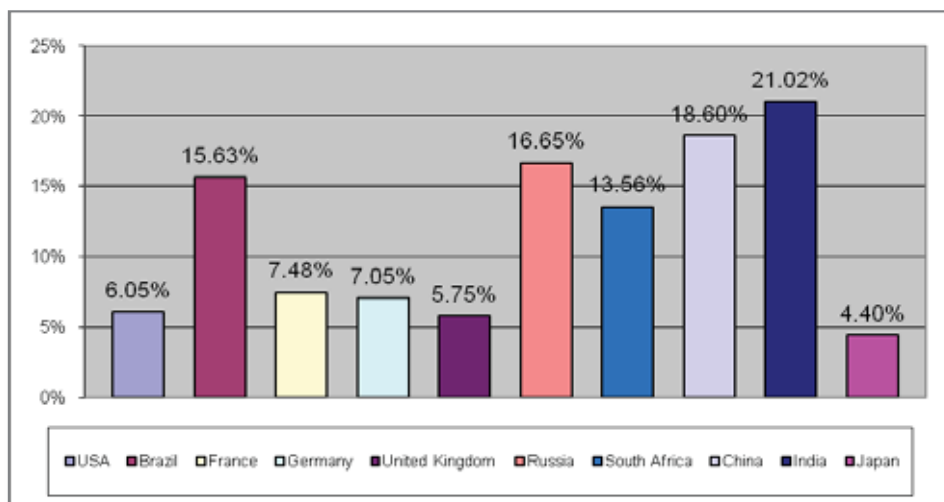
The rapid growth of global trade in services in the last decade relied a lot on emerging economies, the BRICS in particular. With average growth of their exports around 17.5% between 2001 and 2010, the BRICS have more than doubled their participation in international trade in services during that period. In 2010, they represented over 10% of world services exports, as illustrated in Chart 2.

It is worth noting, however, that there are major disparities in growth rates of services exports among the BRICS, with India leading the exports growth in the group, with a rate of 24.12% between 2001 and 2010, followed by China, Russia, Brazil and South Africa. The latter presented higher growth rate than the world average, but that rate represents almost half of the one observed for Indian exports in the same period. Thus, the asymmetries observed among the BRICS are clearly reflected in their integration into international trade in services.





**CHART 3:**  
**AVERAGE GROWTH RATE OF SERVICES IMPORTS FOR SELECTED COUNTRIES - % (2001-2010).**



SOURCE: WTO

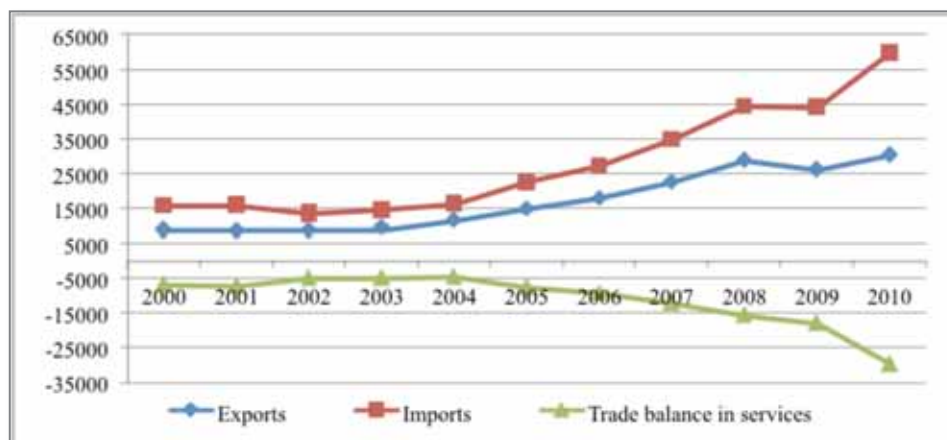
As far as the growth of services imports is concerned, the BRICS' countries also stand out, because they had growth rates well above the global average between 2001 and 2010. During this period, global imports increased at an average rate of 9.6%, whereas the average growth rate for the BRICS was 17.1%. With rapid growth, above the global average, for services imports, the BRICS increased their share in world services import flows from 6.7% in 2000 to 13% in 2010.

As shown in Chart 3, the traditional importers of services (the United States, Germany, Japan, the United Kingdom and France) also increased their purchases in the 2000's at relatively high rates, although lower than the world average, which was driven particularly by the impressive growth of imports from emerging economies.

### **BRAZIL**

The openness of the Brazilian economy to trade in services has widened since the mid-1990s, progressing from a relation between total trade in services and GDP of 2.8% in 1994 to 4.8% in 2002 and 4.5% in 2010. Brazilian services exports accounted for approximately 13% of its total exports of goods and services in 2010, which indicates that the country' exports are well concentrated in goods and there is significant potential growth for trade in services. Also, Brazilian participation in the international services market is historically characterised by a deficit in its trade in services balance, as seen in Chart 4.



**CHART 4:**  
**BRAZIL: TRADE IN SERVICES – IN US\$ MILLIONS (2000-2010)**

SOURCE: WTO

Although its exports have grown at an average rate of 13.7% from 2001 to 2010, with absolute values that went from US\$ 9 billion in 2000 to US\$ 30.3 billion in 2010, its imports grew even more than its exports in this period with an average rate of 15.6% a year. Brazilian imports were worth US\$ 15.6 billion in 2000 and US\$ 59.7 billion in 2010, what explains its trade deficit in services reaching US\$ 29.5 billion in 2010, a figure 4.5 times higher than the deficit verified in 2000. Despite the growth of both exports and imports of services in Brazil in the last decade, its share of international trade in services remained relatively marginal, with 0.82% of world exports (31st in the global ranking in 2010) and 1.7% of world imports (17th in the global ranking).

By analyzing the services exports basket of Brazil one can see that its composition is concentrated in other business services, which represented 52.08% of total exports in 2010. Brazilian services imports present a greater share for travel and other business services, followed by transport and computer and information services. Taking into account the average annual growth between 2002 and 2010, the main sectors were: communications, with a growth rate of 39%; travel, with 23%; and other business services, with 21%.

## RUSSIA

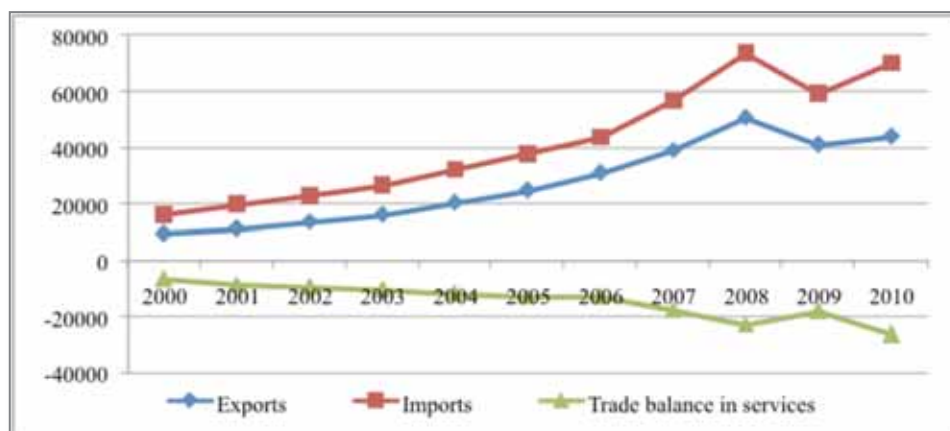
Russia's economy is more open to trade in services than some emerging countries, like Brazil, with its trade flows representing about 8% of the GDP in 2010 (in 1994 it was 6% and, in 2000, 10%). Moreover, trade in services accounted for approximately 10% of Russian total trade in goods and services in 2010.

In absolute terms, services exports from Russia expanded from US\$ 9.6 billion in 2000 to US\$ 43.8 billion in 2010 (23rd in the global ranking), with average growth for the period of 17.4% a year, well above the world average of 10%. This factor has increased the relative participation of the country's world exports of services from 0.64% in 2000 to 1.2% in 2010. Imports, meanwhile, went from about US\$ 16 billion in 2000 to US\$ 71.5 billion in 2010 (16th in the global ranking) and increased at an average annual rate of 16.6% in the same



period, a rate that is also greater than the 9.6% average growth in Russian services imports, increasing the country's share in world services imports from 1.1% in 2000 to 2% in 2010.

**CHART 5:  
RUSSIA: TRADE IN SERVICES – IN US\$ MILLIONS (2000-2010)**



SOURCE: WTO.

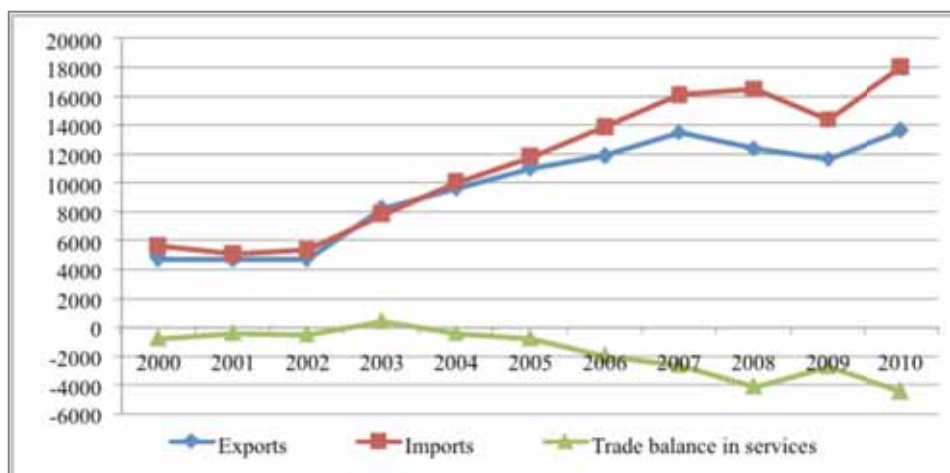
Transport, travel and other business services represented around 82% of Russian services exports in 2010, a share which is well above the world average for those sectors. Financial services exports grew at a significant rate, 30.61%, between 2002 and 2010, but represented only 2.4% of Russia's total exports in 2010. The construction sector has a relatively high share of the country's services export basket, approximately 6% in 2010, if compared to the world average and particularly to emerging countries such as Brazil.

As for Russian services imports basket, travel represented 37.1% of its imports in 2010, followed by other business services, 21%, and transport, with a share of approximately 17% of Russian imports that year. From 2002 to 2010, the categories of other business services and royalties and licenses were the fastest growing ones, with average growth of 32% and 39% a year, respectively, although they still have a small share of the total imported services by the country, only 2.4% for other business services and 7.1% for royalties and licenses in 2010.

### SOUTH AFRICA

Among the BRICS, South Africa is one of the countries with the greatest degree of openness to trade in services. South African total trade in services represented approximately 9% of GDP in 2010, only smaller than the Indian share, which was 14% that year. South Africa is also one of the BRICS with the highest number of services subsectors with commitments under the General Agreement on Trade in Services (GATS) to have reduced protection: 91 subsectors.<sup>iv</sup> However, this degree of openness also reflects the relatively small size and limited diversification of South African economy and trade flows. Trade in services represented 13% of the country's total exports of goods and services in 2010, a pattern that can be found in most developing countries, except India.



**CHART 6:**  
**SOUTH AFRICA: TRADE IN SERVICES – IN US\$ MILLIONS (2000-2010)**

SOURCE: WTO

South African export of services, which grew by 12.5% on average between 2001 and 2010, rose from US\$ 4.8 billion in 2000 to US\$ 13.6 billion in 2010, representing only 0.37% of total world exports in 2010. In the same year, the basket of exported services was concentrated on travel, with a share of approximately 67%, followed by transport, with 12%, other business services, 8%, and financial services, representing 6% of all services exports of South Africa in 2010.

Total services imports were worth US\$ 18 billion in 2010, a figure three times higher than the one observed in 2000, which represents 0.51% of world imports of services that year (40th in the global ranking). It is important to note that South Africa's import basket is dominated by transport and travel categories, which represented 70% of total imports in 2010 and grew, on average, 16% and 14.5% annually between 2002 and 2010, respectively.

The average annual growth of South African services imports was 13.6% in the last decade. With its imports growing at higher rates than its exports between 2000 and 2010, there was an increase in the country's trade deficit in services, which reached \$ 4.4 billion in 2010, 5.7 times higher than in 2000.

**INDIA**

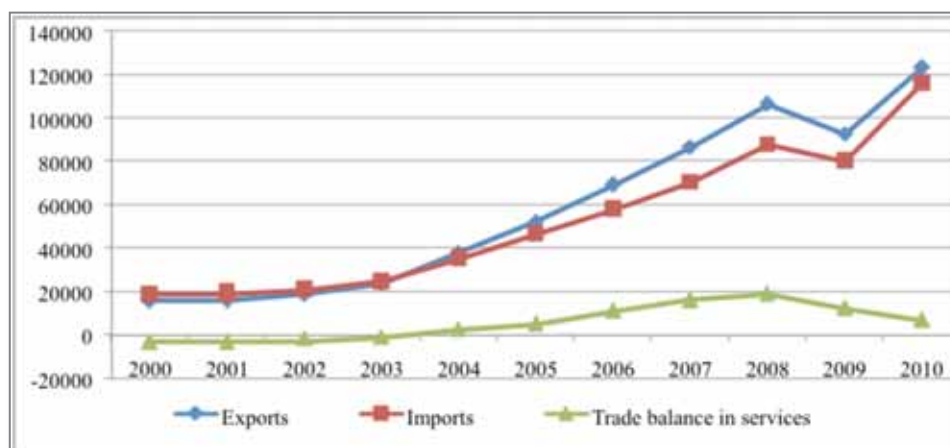
India stands out among the BRICS as far as the importance of the services sector in the economy and the country's participation in international trade in services are concerned. In 2010, India exported more than US\$ 123 billion in services, a figure 7.7 fold higher than that of the year 2000, when the country exported US\$ 16 billion. This significant difference



is a result of an average annual growth rate exceeding 24% between 2001 and 2010, which increased India's share in world services exports from 1.1% in 2000 to 3.3% in 2010 (7th in the global ranking).

In India, services exports accounted for approximately 36% of the total exports of goods and services in 2010. Its exports basket is characterized by a strong performance of computer and information services, representing up to 46% of its total exports in 2010, followed by other business services, with 23.5%, travel, with 11.5%, and transport, with a share of 10.7% of total Indian exports of services that year. This exports basket structure reflects the important role the country has played as one of the world leaders in the computing and information technology sectors. India is the only country among the BRICS to have an important share of world computer and information services exports. It has the largest share among the BRICS' countries of the so-called new dynamic sector (NDS) as percentage of its services exports, 70% in 2010, as will be seen in the next section. India also had the highest growth rate of trade in services between 2001 and 2010 amongst developing nations, with its exports growing more than 24% annually in that period, this figure is twice as large as the world average.

**CHART 7:**  
**INDIA: TRADE IN SERVICES – IN US\$ MILLIONS (2000-2010)**



SOURCE: WTO

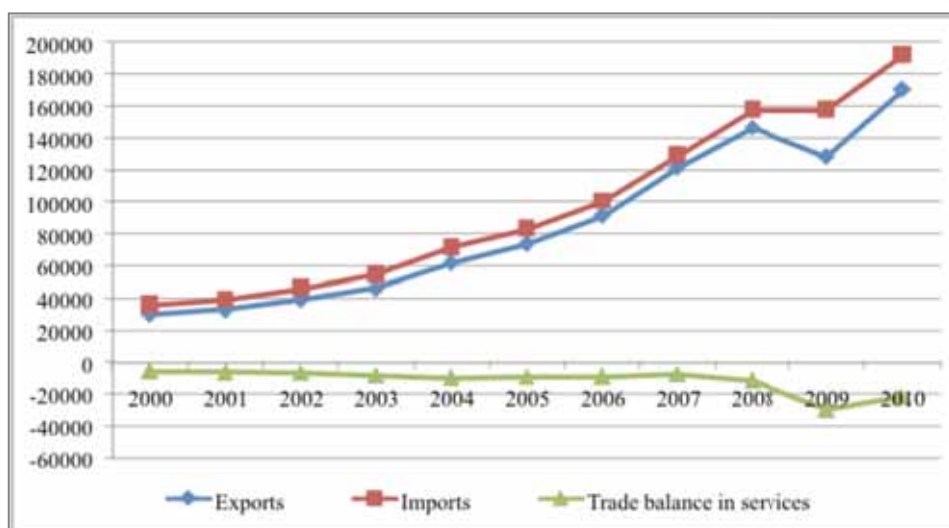
Indian services imports also grew at high rates in the last decade, 21% a year on average between 2001 and 2010, resulting in an increase of its share of world services imports from 1.3% in 2000 to 3.3% in 2010 (7th in the world ranking). In 2010, total services imports by India were worth US\$ 116 billion, what generated a trade surplus of about US\$ 7 billion. 40% of its total imports were in the transport sector in 2010, showing a clear interface with the increase of the country's participation in international trade activities, and 34% of them in other business services. The categories of travel, financial services and insurance services complete the list of the top five sectors of Indian services imports in 2010, with shares of 9.2%, 5.8% and 4.3%, respectively.



## CHINA

The 'Chinese dragon' seems to be awakening to trade in services just as it did in relation to trade in goods. China, the biggest economy among the BRICS, has a relatively lower degree of openness to trade in services than other countries of the group, with a total trade in services as a proportion of GDP of 6.2% in 2010, exceeding only that of Brazil, the most closed economy among the BRICS. Services exports from China accounted for 9.5% of its total exports of goods and services in 2010. Its total services exports in that year were 5.65 times greater than the figures in 2000. Its imports values were 5.35 times higher for the same period of time.

**CHART 8:**  
**CHINA: TRADE IN SERVICES – IN US\$ MILLIONS (2000-2010)**



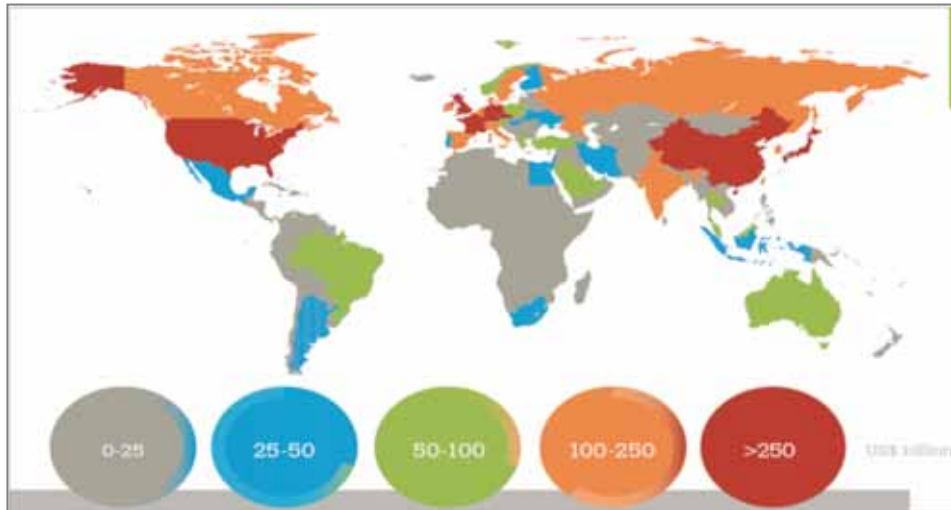
SOURCE: WTO

Although presenting deficits in trade in services, Chinese services exports and imports grew at rates close to 20% in the last decade. Its exports represented more than 4.6% of world exports (4th in the ranking) and its imports 5.5% of world imports (3rd in the ranking) in 2010, the highest share amongst the BRICS' countries.

The rapid Chinese growth in trade in services is concentrated in the categories of "other business services", which represented 36% of its total exports in 2010; travel, with a 27% share; and transport, 21% of its exports. It is worth noting that transport services have achieved an outstanding growth in recent years. In 2010, for example, exports from China grew over 45%, the highest growth rate in the world for the sector. Financial services, although representing only 0.8% of Chinese exports, grew 205% in 2010 over the previous year. The country's import basket includes transport, travel and other business services as those with the greatest share, 33%, 28.5% and 18% of its total imports in 2010, respectively.



**MAP 1:**  
**COUNTRIES' SHARES IN INTERNATIONAL TRADE IN SERVICES – IN US\$ BILLIONS (2010)**



SOURCE: WTO

Economic asymmetries amongst the BRICS, which may hinder common actions in the international arena, are well confirmed by analysing the data on trade in services. Total Chinese exports of services in 2010 totaled US\$ 170 billion (4th in the world ranking of exporters), this figure is 38% higher than the total services exports from India, 12.5 times higher than South African exports, 5.6 times higher than Brazilian ones and 3.9 times greater than those of Russia. Nonetheless, the Chinese services exports represented only a third of American ones in 2010.<sup>v</sup> Considering its total exported and imported services, China is the only country of the BRICS to join the select group of countries with more than US\$ 250 billion worth trade in services in 2010. As shown on Map 1, the other countries are traditional services traders and developed ones, such as the United States, Germany, the United Kingdom, Japan and France. So, China is quickly gaining ground in international trade in various services sectors, also being the only country of the BRICS to appear in the ranking of the top ten services importers and exporters in all categories examined, except financial services, royalties and licensing, and personal, cultural, and recreational services.

### 3 BRICS AND THE NEW DYNAMIC SECTORS OF TRADE IN SERVICES

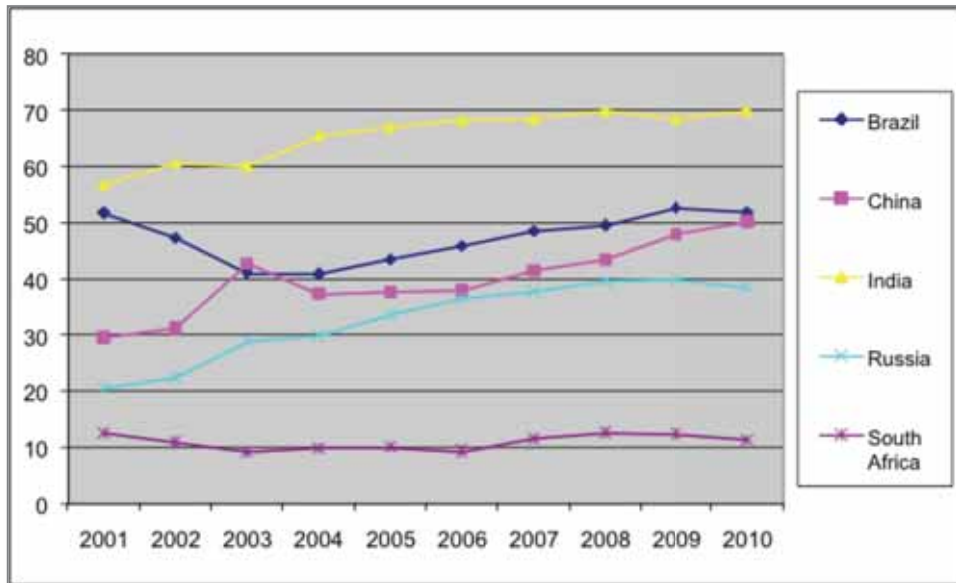
The new dynamic sectors (NDS) of trade in services increased their share in total Chinese services exports, from 30% in 2001 to 50% in 2010. There was also a small reduction in the share of these sectors in total Chinese imports in the period, as one can see in Charts 9 and 10.

In Brazil, the NDS increased their share in total trade in services particularly since 2004. This phenomenon has occurred more intensively in its exports than in its imports. In 2004, the NDS represented 41% of total exports and 44% of imports. In 2010, in turn, the NDS represented 52% of Brazilian services exports and 45.5% of its imports. These data indicate



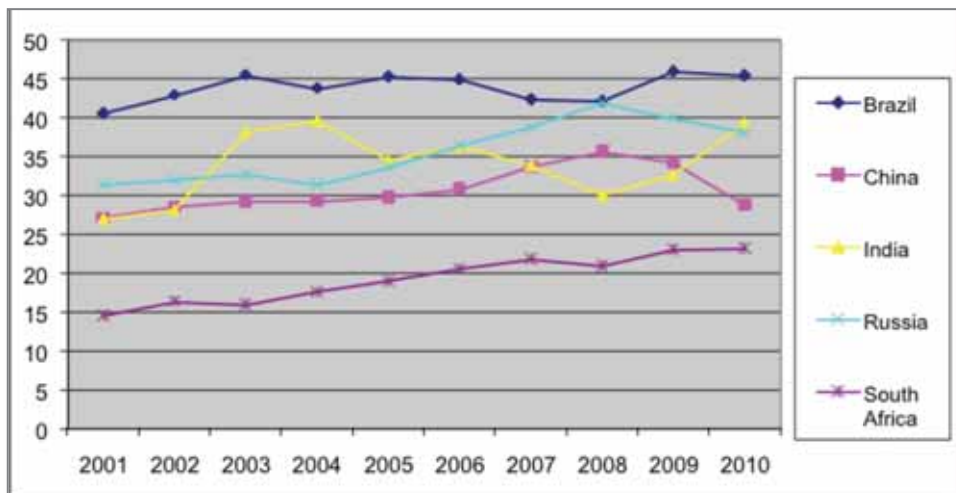
a shift in Brazilian exports towards sectors with higher growth in international trade, which tends to amplify the potential for increasing the country's exports more than its imports in the mid and long terms. However, absolute values of Brazilian trade continue to show trade deficits in the NDS as well.

**CHART 9:**  
**BRICS: SHARE OF NDS IN TOTAL SERVICES EXPORTS (2001-2010)**



SOURCE: UNCTADSTAT.

**CHART 10:**  
**BRICS: SHARE OF NDS IN TOTAL SERVICES IMPORTS (2001-2010)**



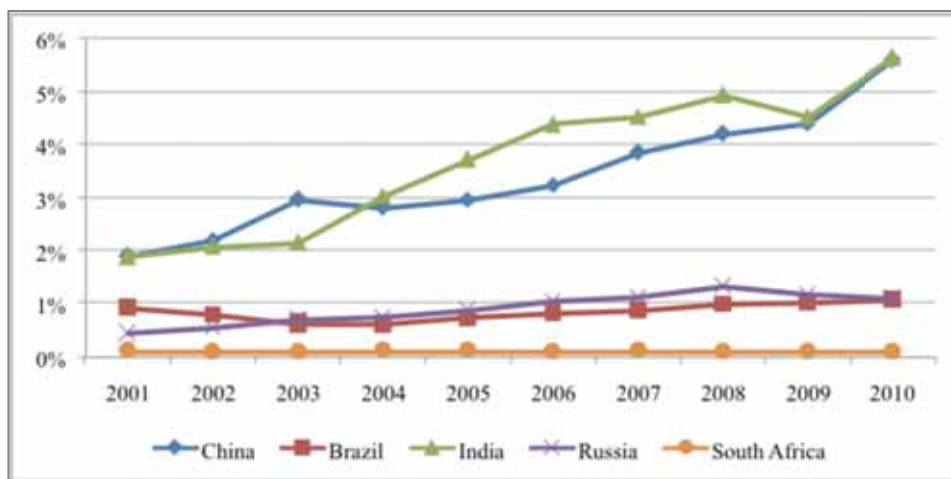
SOURCE: UNCTADSTAT.





Russia widened its trade deficit in NDS in the past decade, what was accompanied by an increase in the share of these sectors in its total exports as well as imports. In 2000, the NDS represented 20.6% of Russian services exports and 31.4% of its imports. In 2010, these sectors accounted for 38.5% of its exports and 38.2% of its imports. In turn, South Africa has broadened the participation of NDS in its services imports between 2000 and 2010, while reducing the importance of these sectors in its services exports, which continue to be concentrated on travel, as mentioned above.

**CHART 11:**  
**BRICS: COUNTRIES' SHARE OF WORLD SERVICES EXPORTS IN NDS (2001-2010)**



SOURCE: WTO

As shown in Chart 11, India and China share the lead among the BRICS in exporting NDS services, having relative participations of 5.65% and 5.60% in the world NDS exports, respectively, in 2010. Brazilian and Russian services exports in NDS represented 1.1% each of the total world NDS exports. South African exports in NDS represent only 0.1% of the world trade in those sectors. Furthermore, there has been a clear growth trend for China and India in NDS trade since 2003, a phenomenon not seen for Brazil, Russia or South Africa, what indicates a surge in disparities amongst the BRICS as far as their integration into the international services market is concerned.

#### 4 FINAL REMARKS

Despite the differences in the BRICS' integration processes into international trade in services, it is important to reiterate that the group's trade in services flows grew at rates higher than the world average as well as the leading exporters and importers of services worldwide (U.S. and EU). This factor has increased the percentage share of the BRICS in global trade in services from 4.7% in 2000 to 10.3% in 2010. At the same time, though, from 2000-2010, the BRICS broadened their trade deficit in services, except India, which moved from deficit to surplus in 2004.



The United States increased its trade surplus in services from US\$ 70.5 billion in 2000 to US\$ 160 billion in 2010, even though with an average growth rate of its trade in services about 3 percentage points below the world average between 2000 and 2010. The European Union has also increased its trade surplus in services from US\$ 52 billion in 2004 to US\$ 95 billion in 2010, considering only extra-bloc trade. This data attests to the centrality of the United States and the EU in international trade in services, confirming the high international competitiveness of their companies in the sector, a position that does not seem to be threatened in general by the rising share of BRICS' exports in international trade in services.

Therefore, despite the increasing participation of the BRICS in international trade in services, developed countries, particularly the United States and the EU, will probably continue to lead exports and imports of services in the near future. Among the BRICS, only India and China seem to have the ability to take positions of greater prominence in the services market, particularly in sectors such as computer and information services, in the case of India, and transport and other business services, for China. Brazil and Russia tend to find some room for expansion in the other business services sector, and South Africa in the travel sector.

Finally, one should bear in mind that the differences of interests and approaches among the BRICS concerning their participation in the international services market may become a potential source of conflict, that might come to be observed in multilateral fora such as the WTO. For instance, Chinese growth in the services sector is underway and may well create new disputes in trade between China and other BRICS' countries, especially India. However, there is also an opportunity for the expansion of complementarities and the consequent opening up of trade negotiations between countries of the group in specific sectors such as transport, travel, financial services, computer and information services and other business services, what would help create a cooperative and positive trade agenda.

## REFERENCES

DIHEL, Nora; ESCHENBACH, Felix; SHERPHERD, Ben. **South-South services trade**. OECD Trade Policy Working Paper n.39. TD/TC(2006)7/FINAL. Paris: OECD, 2006.

LOPEZ, Andrés; NIEMBRO, Andrés; RAMOS, Daniela. O comércio mundial de serviços. **Revista Brasileira de Comércio Exterior**. v. 25, n. 106, jan.-mar. 2011. p.06-18.

MARCHETTI, Juan A. **Developing countries in the WTO services negotiations**. Staff Working Paper. ERSD-2004-06. Geneva: WTO, 2004.

OECD. **Statistics on international trade in services: 2000-2008**. Paris: 2010.

WTO. **International trade statistics 2011**. Geneva: OMC, 2011.

## SITES

World Bank: <http://data.worldbank.org>

IMF: [www.imf.org](http://www.imf.org)

OECD: <http://stats.oecd.org>

WTO: <http://stat.wto.org>

UNCTAD: <http://unctadstat.unctad.org>

---

## NOTES

<sup>i</sup>I consider here the concept of commercial services, which includes all categories of services, except government services. The categories are: Transportation; Travel; Communications; Construction; Insurance; Financial Services; Computer and information services; Royalties and Licenses; Other Business Services; Personal, Cultural, and Recreational Services. These 10 categories contain 160 subsections. See methodology at UNCTAD: <http://unctadstat.unctad.org/> or at WTO: <http://stat.wto.org>.

<sup>ii</sup>There is also the group of transition economies.

<sup>iii</sup>This concept includes: Construction, Computer and information services, Royalties and Licenses, and Personal, Cultural, and Recreational Services. These are the sectors with the highest growth rates in international trade as well as the greatest potential for growth in demand. See OECD (2010).

<sup>iv</sup>The numbers of services subsectors with commitments to reduce protection by the other BRICS' countries are: 93 for China, 37 for India and 43 for Brazil. Russia has just recently concluded the process to join the WTO.

<sup>v</sup>By adding the services exports from Hong Kong to those of China, one gets a figure of US\$ 276 billion in 2010, which represents 53% of American exports and 7.5% of global trade in services that year.





## REFORM OF INSTITUTIONS OF GLOBAL GOVERNANCE

### BRICS AND GLOBAL GOVERNANCE REFORM: A TWO-PRONGED APPROACH

*Adriana Erthal Abdenur co-authored with Paulo Esteves and Carlos Frederico PS Gama. She is Professor at the Institute of International Relations of the Pontifical Catholic University of Rio de Janeiro and a researcher at the BRICS Policy Centre. She holds a Ph.D from Princeton and an AB from Harvard. Her research focus is on the role of rising powers, including BRICS, in development cooperation (especially South-South cooperation) and international security. She has published widely including in "Third World Quarterly", "Africa Review", "Journal of the Indian Ocean Region", "CIDOB Cahier d'Afers Internacionals" and "Polar Journal". She is a former Fulbright Research grantee and fellow of the India China Institute.*

#### INTRODUCTION

THE BRICS STATES – **Brazil, Russia, India, China, and South Africa** – have gained importance and visibility as international relations actors, both individually and collectively. The relevance of these states became more evident in the aftermath of the global crisis that began in 2008: the BRICS, territorially significant countries whose large populations and dynamic economies began to account for a growing portion of global GDP growth, showed considerable resilience within the context of a turbulent global economy. In addition to their economic role, the BRICS states have invested significantly in international institutions, by participating in, and allocating resources to, the international governance architecture established after World War II – including the United Nations (UN) and the Bretton Woods institutions. At the same time, the BRICS have contributed towards the creation of new, flexible coalitions of rising powers (including the BRICS grouping itself). Through their institutional strategies – both within the multilateral system and outside that system altogether – these states have shed light on the limitations of the current international arrangements, and they have occasionally pointed towards possible systemic changes within a global order under rapid transformation.

Global governance reform has been a priority item on the agenda of the BRICS since the grouping first came together, and the topic appears in all five joint declarations issued at



BRICS summits since 2009. Despite initial progress towards changing the decision-making process at some of the established institutions, deeper, systemic reforms have not yet been implemented. The key multilateral institutions were designed by the victors of a world war fought some seventy years ago – and are thus hardly representative of the current global distribution of resources, wealth, and influence. As a result, the current governance system is not only woefully unrepresentative, it is also ill-equipped to face the challenges of the 21st century – as reflected in the near-paralysis of several key international agendas today.

While the BRICS have repeatedly called for changes within the international order, these states also face a variety of challenges. One key hurdle concerns the grouping's general strategy in demanding systemic transformation. The dilemma can be concisely defined in the following terms: How can you change a system whose legitimacy you question – and yet, whose existence you support (i.e., because you depend upon the existence of that system in order to expand your own influence)? This first dilemma yields a second problem: Is it best to work within the current system, or outside of it, in order to catalyze systemic change – or is it preferable instead to work simultaneously within and outside the established system?

In this brief text, we deal with all three possible paths. We emphasize that a two-pronged approach – working simultaneously within the system while also acting outside of it – is necessary given the constraints imposed by the current multilateral system, including the considerable degree of institutional inertia that besets its key institutions, along with the somewhat ambiguous positions of the BRICS on multilateral regimes.

The argument unfolds in the following manner. In the first section, we analyze the BRICS as a flexible coalition within an emerging configuration of international relations: a decentered network of multiple, overlapping platforms for cooperation, marked by varying degrees of institutionalization. Next, we consider possible reform strategies, both within the formal existing institutions and outside of those organizations. In the conclusion, we underscore the relevance of a two-pronged approach for reform of global governance by suggesting three agenda items that must be clarified in order to advance concrete reform of the current architecture.

### THE RISE OF FLEXIBLE MULTILATERALISM

One way to understand the role of the BRICS within the global governance reform agenda is to analyze the grouping's position with respect to the current configuration of multilateralism, as well as its prospects. Over the past fifteen years, the international system has undergone tectonic shifts. The global governance architecture established after World War II was based on a pivotal superpower (the United States) and relied on liberal values as the “glue” for fomenting cooperation between the US and weaker countries of the “periphery” (Ruggie 1982, 1993).

In the post-War period, by cooperating with the US, these smaller powers managed to secure their transition to post-imperial status even as their own colonies attained sovereignty (with all of the constraints that the Cold War imposed upon those newly independent



states' political and economic autonomy). Liberal collaboration through public international institutions (membership in international organizations and participation in the creation of international regimes) meant explicitly recognizing the rules of the game as they had been set back in 1945: that is, acknowledging the US's differentiated status, accommodating geopolitical or economic ambitions under the umbrella of a "multilateral" system of diffuse values that interlinked its members across a broadening gamut of thematic areas (Keohane 1984).

As the Cold War drew to a close, this pattern was reinforced rather than modified. Both the liberal nature of the system and the US's differentiated status were accentuated by the arrival of the "globalized unipolarity" of the early 1990s. Even more starkly than during previous decades, the post-Cold War era was essentially the product of two inter-related dimensions of international politics: the distribution of power within the system, and the role of international institutions. With the consolidation of US-centric unipolarity, the triumph of liberal multilateralism in the early 1990s generated a dynamic agenda for the UN and the Bretton Woods institutions, across topics as varied as peace and security, trade and investment, development and poverty alleviation, the environment, and human rights.

At different points after the end of the Cold War, in order to deal with the "expansion" of the US within a globalizing world, Northern states sought to remodel international regimes in light of certain changes within the distribution of power. Those attempts at reform, however – undertaken via multilateral mechanisms – sought to promote a specific set of values and goals, transforming states and societies around the globe according to a liberal democracy model promoted by Northern states. During the 1990s, the liberal reform program modified several regimes and multilateral organizations, but seldom with results that met their advocates' expectations. Four key areas were affected: trade (especially the World Trade Organization); collective security (particularly the UN Security Council, including through the launch of the Responsibility to Protect (R2P) concept); development assistance (primarily the initiatives of the World Bank and the OECD); and financial regulation via the IMF.

At the turn of the millennium, a series of crises – both political and economic – tested the resilience of institutions within the international governance architecture. At that moment, two parallel dynamics affected multilateral institutions: the US's engagement in institutional reform, and the rise of certain emerging economies. The key institutions of liberal multilateralism experienced (to paraphrase a concept taken from Brazilian political Science) a "tension-pressure syndrome" (Dreifuss and Dulci 1983): on the one hand, international regimes had to deal with an increasingly complex agenda, with difficulties in maintaining efficacy as their areas of action multiplied. On the other hand, emerging actors, including rising powers, pressured those regimes to recognize their own demands (in terms of values and political-economic interests), as in the case of the financial institutions and the core of the collective security regime (MacKinnon & Powell 2008).

One of the consequences of this "tension-pressure syndrome" is the ongoing proliferation of coalitions, clubs, and groupings of varying degrees of institutionalization – a symptom of the eroding efficiency and legitimacy of established regimes, which have proven inadequate in dealing with the ambitions of the 21st century and with the corresponding challenges



in security, development, and economic relations. Along with the decentralization of multilateral institutions and the parallel emergence of these new clusters, key Northern actors have been willing to circumvent established regimes, whether the multilateral trade architecture or the UN security mechanisms. As Wade (2011) has put it, these behaviors make not only for a complex present, but also for a highly uncertain future: "...the transition from the waning to the emerging global order is clearly proving tricky" (p. 365); "...in the next decade or so, we are likely to see repeated stalemates in global multilateral forums" (Ibid., p. 371).

In effect, two interrelated and simultaneous crises have developed within the most relevant institutions of liberal multilateralism. Broadly put, the established institutions have been incapable of responding adequately to the main challenges of the contemporary world, including poverty, inequality, the financial crisis, climate change, and the protection of civilians. Across these fields, those organizations have yielded, at best, controversial results. For instance, Northern-led development assistance agendas have failed to significantly reduce poverty, and they have not been successful at catalyzing large-scale inequality reduction within the developing world (in fact, the most successful models within this area were implemented by rising powers such as the BRICS countries). Another example is the limited capacity that the global financial governance system has in avoiding or mitigating the impact of systemic economic crises – a weakness that became even clearer with the latest turmoil in the global economy. Finally, the capacity of the collective security regime to deal with major international humanitarian crises was significantly reduced after Resolution 1973 of the UN Security Council regarding Libya.

In addition, since the anachronistic multilateral institutions do not properly represent the current distribution of power and wealth, their decision-making mechanisms have proven unresponsive to significant changes over time, as well as to the growing need to rethink the criteria that underpin the system. In turn, the resulting lack of efficacy contributes to the architecture's dubious legitimacy. Combined, these processes promote the sense that, within this period of rapid transition, each state should trust its own resources to advance its interests within the international arena, despite the existing of multilateral institutions and consolidated international organizations. This is an alarming result, especially for the BRICS countries, all of which are active participants of the traditional institutions (Jain 2006, Chari 2010), even as they invest heavily in pressing for reform of those structures.

Despite their flaws, multilateral regimes have been fundamental in enabling a wide variety of states to better deal with the international asymmetries firmly in place established since

*"...the transition from the waning to the emerging global order is clearly proving tricky" (p. 365); "...in the next decade or so, we are likely to see repeated stalemates in global multilateral forums" (Ibid., p. 371).*



World War II. If multilateral regimes and international organizations are so relevant to the BRICS (individually and collectively), careful thought must be given to the question of how best to change those institutions so as to render them more, rather than less, legitimate and effective.

### WORKING WITHIN OR OUTSIDE THE SYSTEM?

In order to overcome stalemates and increase the effectiveness and legitimacy of the established architecture, the BRICS have two basic options, which are not mutually exclusive. The first route involves acting within the system: that is, using their membership in established institutions in order to push for structural reforms. The second strategy entails the creation of new institutions so as to increase the pressure for reform of established institutions – or, in certain cases, to bypass them altogether.

The first option has been well tested – for instance, in the changes proposed for voting quotas at the IMF. This case, in particular, may provide a hint as to what types of problems will emerge when other reform efforts are undertaken. Most notably, the glacial pace of reform implementation so far suggests that reform initiatives are seriously outpaced by rapid

contextual change. The institutional inertia that besets the system is in part a product of the disproportionate influence of great powers within those institutions, making reform efforts fragmented rather than systemic, and intermittent rather than continuous.

*The reformist agenda of the BRICS has aimed to accommodate the positions of each member state – or to evolve a broader perspective, one that claims to speak on behalf of the entire developing world – which implies a more fundamental and deeper transformation (rather than simply a broadening) of the current institutional framework.*

The second problem with this approach concerns intra-BRICS dynamics. How committed to the reform agenda are the BRICS? In addition, what type of reform do they wish to implement? Despite the declarations made by heads of state and other political leaders during each BRICS summit, when it is time to discuss concrete reforms, it becomes clear that the BRICS have a hard time coordinating specific positions at the negotiation table. Most of those difficulties stem from the asymmetries and heterogeneities among the grouping's members. However, additional hurdles can arise with respect to the scope of reform, or to which institutions or regimes should be transformed. The reformist agenda of the BRICS has aimed to accommodate the positions of each member state – or to evolve a broader perspective, one that claims to speak on behalf of the entire developing world – which

implies a more fundamental and deeper transformation (rather than simply a broadening) of the current institutional framework. For the BRICS, this is not merely a question of maintaining their self-appointed position as representatives of the developing world (a role that is frequently contested by other developing countries), but also a way to amplify their own demands. This task requires tackling the tricky issue of the legitimacy of multilateral regimes.





Would the BRICS states, as well as the grouping as a whole, eager to discuss the legitimacy of multilateral institutions more broadly – including, the collective security system as currently configured? Although the BRICS have recently shown a relatively consistent behavior within the UN Security Council, in terms of voting on the Libya and Syria conflicts, that level of coordination has not been achieved with respect to reform of the UN Security Council. While the BRICS have been vocal about the loss of legitimacy of international financial institutions, the grouping has kept a cautious silence regarding the need to reform the UN Security Council. When joint references are made to this issue, they consist of vague recommendations. In addition, with few exceptions, the BRICS have proven unable to promote concrete alternatives to the liberal intervention norms and to the main security issues within the Security Council. Although the BRICS collectively demand greater representation within economic governance institutions, the coalition appears reticent in defending the same principles when matters of international security are concerned.

The second strategy entails either creating new institutions or reinforcing key unilateral or regional arrangements (Li 2009). By launching new organizations that are carefully molded on existing organizations, but which address areas long neglected by the established powers (as in the case of the BRICS development bank, which aims to address the financing gap for heavy infrastructure and industrial policy), the BRICS follow more ambitious paths – especially if those new institutions are based on different normative frameworks (for example, casting aside the imposition of political conditionalities upon development initiatives). While the discourse that accompanies these efforts has stressed complementarity rather than substitution of established institutions, in creating those parallel organizations the BRICS allocate considerable institutional, financial, and perhaps political resources (Ramamurti & Singh 2009).

This strategy also prompts a few new questions. At first sight, this course of action could be a way to strengthen the development agenda. However, issues regarding the institutional design of the BRICS development bank—for instance, its governance structure and even its basic aims—resurface and must be carefully ironed out. If the BRICS wish to offer an alternative that empowers the demand for reform while complementing existing institutions, then the organizational initiatives of the BRICS must be built upon innovation, rather than simple mimicry of existing institutions.

An additional problem with this strategy is that groupings like the BRICS lack the necessary weight to “restart” the international system anew – and, in any case, the BRICS do not desire such a thorough reinvention; the BRICS summit declarations reiterate those states’ commitments to established institutions. Trying to ignore or substitute the established multilateral regimes would only exacerbate the crisis of efficacy and legitimacy.

Therefore, the second strategy has to be combined with the first: a two-pronged approach needed to advance the BRICS reform agenda in concrete ways. Rather than narrowly prioritizing one of those dimensions – acting exclusively within the current system, or outside of it altogether – the BRICS grouping should boost its own capacity to press for change using both channels. This dual strategy will allow these states to maximize their dynamic roles within the emerging flexible multilateralism (Kurlantzick 2007), relying upon



the interlocking webs of coalitions, groups, and organizations to press for change through formal as well as informal diplomatic channels.

### THE ROAD AHEAD: STRENGTHENING THE TWO-PRONGED APPROACH

Over the last five years, the ability of the BRICS to promote the agenda of multilateral regime reform has increased substantially. Nonetheless, the grouping's capacity to concretely advance reform is yet to be proven. Thus far, the BRICS have adopted a two-pronged approach in order to demand reform of multilateral regimes. On the one hand, they have worked through the established system, arguing that those institutions should be more agile and more representative of the diversity of values and interests found in the international arena. On the other hand, they have also worked outside the established system, creating and strengthening parallel institutions that ideally will complement the traditional institutions even as they boost the call for reform.

In refining and reinforcing this two-pronged approach, the BRICS face a number of challenges – all of them significant, although not insurmountable. Initially, the heterogeneity among the BRICS countries poses considerable obstacles to the reform agenda, especially with respect to the scope of those transformations. However, the principle of representativeness should guide the quest for reform, not only of international financial institutions, but also of multilateral regimes and organizations such as the UN Security Council. The impulse for reform cannot be restricted to the topic of economic governance, at the risk of weakening the principle of representativeness upon which the quest for systemic reform rests.

Power asymmetries among the BRICS states can present additional hurdles, in particular if those states reproduce, within their own institutions, the deficits of legitimacy found within the established multilateral system. In addition, the BRICS institutions should not operate only as a means to evade the established multilateral regimes. On the contrary: in addition to complementing those regimes (say, by focusing on neglected functions) they should supplement the existing institutions (for example, by offering alternative models for development, poverty alleviation, and inequality reduction). If built in this manner, the new institutions would empower the reform agenda, providing new impetus for attempts to reform the multilateral regimes from within the existing system.

Finally, even if the issue of representativeness manifests itself primarily through decision-making processes (such as the voting quota system within the international financial institutions or the relation between permanent seats and veto power within the UN Security Council), it should not be limited to the procedural dimension of the global governance architecture. In order to formulate a reform agenda that is both coherent and viable, the BRICS should seek to create an alternative set of norms to those promoted by the Northern/Western countries. Aside from norms that govern decision-making procedures, attention should be paid to norms related to leadership and agenda-setting. The production of a positive normative consensus around themes such as international security, financial regulation, trade, and development – a consensus that reflects the experiences and aspirations of a broad swath of developing countries – is, possibly, the main prerequisite for reinforcing the BRICS' two-pronged strategy for global governance reform.



**SOURCES**

Chari, C. (2010). *Superpower Rivalry and Conflict – The Long Shadow of the twenty-first century*. London, Routledge.

Dreifuss, R. and O. Dulci (1983). *As Forças armadas e a política in Almeida, M H Tavares de e Bernardo Sorj. Sociedade e Política no Brasil Pós-64*. São Paulo, Brasiliense.

Jain, S.C. (2006). *Emerging Economies and the Transformation of International Business - Brazil, Russia, India and China (BRICs)*. Northampton, Edward Elgar.

Keohane, R. O. (1984). *After Hegemony: Cooperation and Discord in the World Political Economy*. Princeton, Princeton University Press.

Kurlantzick, J. (2007). *Charm Offensive - How China's Soft Power is Transforming the World*. Yale, Yale University Press.

Li, M. (2009). *Soft Power - China's Emerging Strategy in International Politics*. New York, Lexington.

MacKinnon, A. and Powell, B. (2008). *China Calling: A Foot in the Global Door*. Basingstoke, Palgrave-Macmillan.

Ramamurti, R. & Singh, J.V. (2009). *Emerging Multinationals in Emerging Markets*. Cambridge, Cambridge University Press.

Ruggie, J.G. (1982). "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order." *International Organization* 36:2, 379-415.

----- (Ed.) (1993). *Multilateralism matters – The theory and praxis of an institutional form*. New York: Columbia University Press.

Wade, R.H. (2011). "Emerging World Order - From Multipolarity to Multilateralism in the G20, the World Bank and IMF" *Politics and Society* 39:3, 347-378.

Wang, V.W. (2005). "The Logic of China-ASEAN FTA: Economic Statecraft of 'Peaceful Ascendancy.'" In Ho Khai Leong and Samuel C. Y. Ku (eds.) (2005), *China and Southeast Asia: Global Changes and Regional Challenges*. Singapore: Institute of Southeast Asian Studies, pp. 17–41.

Wang, V.W. (2011). "Chindia" or Rivalry? Rising China, Rising India, and Contending Perspectives on India-China Relations." *Asia Per*

**NOTES**

<sup>i</sup> Immediately after the Cold War, living through the systemic transition from a bipolar configuration to a globalized unipolarity, rising powers defined their ambitions with respect to "peaceful rise" within the margins of the system, towards an intermediate status. In doing so, those states generally maintained the aspirations they espoused during the Cold War. Rising powers adopted a pragmatic stance with respect to the US and its allies, aware that the international system at that time was created according to the interests of those states. Even though some analysis have debated (and even defended) a multipolar in a near future, US power should not be underestimated. Wang (2001, p 440) characterized the post-Cold War international structure as "yi chāo, duo qiang" (one superpower, many great powers).



## PRELIMINARY STUDY ON THE OPERATING MODEL OF THE BRICS DEVELOPMENT BANK

*Zou Lixing is Senior Researcher and Vice-President of the Institute of Research at the China Development Bank. He holds a B.Sc from the Jiandezhan Ceramic Institute and a MA in Economics from Columbia University. He has previously served as Senior Research Fellow and Division Chief in the Research Office of the State Council of China and as a visiting scholar and consultant to the World Bank. He has published on development oriented finance and the economy in China as well as lessons from development of US mechanisms of financial imperialism.*

THE PROPOSAL on establishing the BRICS Development Bank is the effort of years and a major recommendation of the BRICS Academic Forum. Under the organisation of the BRICS Forum, experts of all the BRICS countries are conducting in-depth studies on the necessity and feasibility of establishing a BRICS Development Bank. This paper explores some initial thinking on the establishment of the BRICS Development Bank and a possible operating model.

### THE OPERATING MODEL OF THE BRICS DEVELOPMENT BANK SHALL BE GUIDED BY MARKET DEMAND

Under the context of the post-financial crisis, the establishment of a common financial institution not only meets the actual needs of the BRICS countries, but also brings opportunities. The BRICS countries will maintain relatively rapid growth inertia and potential, instead of slowing down development pace like other developed countries in North America and Europe. As emerging economies, the BRICS are facing pressure from adjustments in exchange rates, and imports and exports by conventional developed nations. The exchange rate dispute between RMB and USD since 2008 serves as the best illustration. It is extremely difficult for a single country to resist such pressure. Only united together, can developing countries strengthen their anti-pressure ability and make their voices better heard, thereby achieving greater development space. It is proposed that the BRICS countries should work together to promote the reform of international financial institutions, so as to better reflect and meet the current changes in the world economy. The establishment of a new regional

cooperative financial institution within the BRICS will provide large-scale and long-term financing services for large infrastructure projects; promote regional development; channel capital from the private sector; and boost technological and innovation capacities, thereby expediting the development of the BRICS countries.

The current multilateral banks (including the World Bank and the Asian Development Bank) fail to satisfy the financing needs of the BRICS in regional development and many infrastructure projects. The main reason is that it is not the main task of the existing multilateral financial institutions to support capital construction, especially large infrastructure development. The World Bank, as the largest development bank in the world, has shifted its work target to poverty alleviation programs mainly in poverty-stricken areas in Latin America and Africa. The Asian Development Bank has a very limited number of BRICS-specific projects, contributing only 8% of the total investment in the BRICS countries. It is unrealistic to expect such multilateral financial institutions to shift their focus to the BRICS to meet the financing needs in their respective regions. The BRICS Development Bank will not be a duplicate of any current regional development bank. It will be committed to designing and constructing a new international financial system on the basis of drawing lessons from the recent global financial crisis, striving to become a featured development financial institution, and forming complementary partnership with other international financial institutions to maximise the total benefits.

The establishment of the BRICS Development Bank echoes the trend of south-south cooperative development in the new era. In terms of international cooperation and development assistance, the BRICS countries, as developing countries, indicated that they will enhance equal dialogues on the basis of global partnership so as to realise the agreed development objectives of the international community represented by the UN Millennium Development Goals (MDGs), as well as emphasise south-south cooperation among developing countries. The founding of the BRICS Development Bank will not substitute traditional development aids; and the international community will continue to honor its promises to provide aid, assistance in construction, debt relief and technology transfer for developing countries, in particular the least developed countries and regions and people afflicted by disasters and wars.

The establishment of an investment mechanism for negotiation and cooperation among BRICS countries will pool more funds and collect more resources to push south-south cooperation. Though economic development shows different features in the BRICS countries, economies of scale constitute a dominant advantage in economic growth. With ample foreign exchange reserves and huge potential of the domestic market, the BRICS countries boast growing purchase power and improving investment environments, becoming an important pull force in world economic development. If the edges of these five countries in foreign exchange reserves are integrated and combined to set up a common financial institution, it will promote the establishment of a new international financial order. Under the current global financial system, the establishment of the BRICS Development Bank could help the BRICS countries and other developing countries to cooperate more, leverage the advantages and avoid the disadvantages and fight for a bigger say. In other words, it will maximise the interests of all countries on the one hand, and promote



sustainable world economic development on the other hand to solve urgent global issues of our times.

### **THE OPERATING MODEL OF THE BRICS DEVELOPMENT BANK SHALL PROMOTE TRANSMISSION BETWEEN THE GOVERNMENT FORCE AND THE MARKET FORCE.**

After weathering the recent global financial storm, most people realised that “market needs government and vice versa”. In order to get rid of domestic adversities, the governments of many market economies such as the USA began to step into the “front battlefield” of market economy through adjusting government functions. In other words, more emphasis is placed on the role of government as “a visible hand”, in addition to giving play to the “invisible hand” of the market. This illustrates that the relationship between the government and the market is dynamic, and that the engagement of governments and political factors in economic activities is a natural phenomenon. Hence, as emerging and developing countries, the BRICS countries need to, in consideration of realities of developing countries, study the trends of government functional transformation and analyse the characteristics of transmission between the government forces and the market forces, and build a featured development financial institution as a transmission mechanism between the two forces.

In the 21st century, with increased economic globalisation, the world economic order will encounter profound changes, and the world economic pattern will come to face major adjustments. Governments of all the countries are rethinking their roles and positions in economic development. In spite of varying economic development levels and development environments, the international community has reached a consensus that government shall play an appropriate role in economic and social development. The BRICS countries are facing two transformation tasks, namely industrialisation and urbanisation in the new century, which pose special requirements on the government functions. The first is the function of development planning. Government needs to organise development strategies for industrialisation and urbanisation, including those related to population flows. The second is the function of market system design and organisation. Government, as an essential designer and leader of market system reform, shall fully leverage its own advantage to expedite the construction of market systems. The third is the function of macro-economic control. The government shall exert greater macro-economic control, because the BRICS countries present greater discrepancy between the urban and rural areas and regional disparity. The fourth is the function of social protection. Government shall play a bigger role in ecological protection, narrowing the gap between the rich and the poor, protection of the disadvantaged and provision of public products. The fifth is that the governments of the BRICS countries are playing a bigger role in the intentional arena with increasing influence and corresponding responsibilities.

The governments of the BRICS countries, as market architects and cultivators, should make full use of the advantages in organisation and coordination to promote the development of the market economy. Hence, governments shall weaken their presence in microeconomic control and enhance their role in macroeconomic control; accelerate building systems conducive to economic development and create a sound economic environment to pave the way for healthy social and economic development; support and the construction of market credit system through leveraging its unique creditworthiness.



It is an important way to speed up the development of the BRICS countries through giving full play to the government's organisational advantage and the role of development financing, integrating resources of the government, the financial industry and enterprises, taking initiatives to build the market, credit system and other systems and promoting transformation with market tools. Government may work closely with development financing, and fully play its role as "a visible hand" to effectively translate government forces into market forces with its organisational creditworthiness, thereby greatly advancing the pace of national infrastructure development and urbanisation.

### PROPOSED MISSION, NATURE AND PRINCIPLES OF THE BRICS DEVELOPMENT BANK

- **MISSION:** Jointly funded by the five BRICS countries, the BRICS Development Bank is founded for the purpose of promoting south-south cooperation. The Bank is intended to: provide funds for: large infrastructure construction, energy and resources development; energy conservation and emission reduction; environmental protection and other prioritised areas; promote and deepen cooperation among the five countries in economic, development, financial and monetary fields; boost and strengthen the establishment of global partnership among these five countries; assist BRICS in reaching goals they feel are important; and promote their sustainable development.
- **NATURE:** The bank will be a sub-regional policy bank operating under commercial mode. This development bank will be mainly supported by government-backed financial institutions, and participated by private capital. Through capital allocation in a market-oriented way, it represents the following features: a) collective investment, b) professional management, c) market management, d) risk sharing and e) benefit sharing.
- **CAPITAL SCALE:** The capital scale will be mainly in line with the total GDP of the BRICS countries and in reference to the actual investment need. The capital includes paid-in capital and uncollected capital.
- **EQUITY DISTRIBUTION PRINCIPLES:** Equity distribution shall take into account the GDP of the five nations, their foreign exchange reserves, and total foreign trade volume and growth rate. The majority of the shares will be controlled by the BRICS governments, while non-BRICS countries and other international financial institutions may also become shareholders. The shares will be mainly held by government-backed financial institutions in the BRICS countries, and private capital will be introduced at the same time. Equity distribution among the BRICS nations shall take into consideration GDP, foreign exchange reserves, and total foreign trade volume and growth rate of the countries, which will be calculated with the comprehensive weighted method.
- **SELECTION OF BOARD CHAIRPERSON AND PRESIDENT:** After the location of the head office is settled, the Board Chairperson shall be selected by shareholders in light of the interests of the head office's country and other members. The Presidential candidate will be recruited openly on a global scale and engaged on a tenor basis.



### PROPOSED OPERATIONAL MANAGEMENT OF THE BRICS DEVELOPMENT BANK

- **WORKING CAPITAL:** The initial funds will mainly come from the subscription of shareholders. If the conditions permit, the Bank will accept contributions from all sorts of long-term funds and similar other funds in the shareholders' countries. Money will also be raised through issuing bonds secured by multi-BRICS state credit, funds and direct loans as well as attracting private capital.
- **BUSINESS OPERATION:** By means of lending, equity investment, syndicated loans, investment by funds, technological assistance and donation, the BRICS Development Bank will provide such financial services as forecast, prediction, information and consultation, as well as long-term financial support for infrastructure projects and R&D, and transfer of high-technologies and environmental technologies. It aims to realise the agreed development goals of the international community, especially the UN MDGs concerning poverty alleviation, education, food security, public health and sexual equality.
- **INVESTMENT PORTFOLIO:** 1) donations and soft loans free of interest (about 30% of the total investment) will mainly be used for technological assistance projects such as soft knowledge, technological transfer and capacity building, or initial feasibility studies for lending projects; 2) short and medium-term loans (about 70% of the total investment) will be mainly extended to mature SMEs engaged in infrastructure construction, development of high-technologies, renewable energy, environmental and energy saving technologies, and so on. within the BRICS countries and other developing countries and emerging markets.
- **OPERATING MODEL:** The government of any BRICS country or developing country in need of funds may file a project application to the secretariat of the BRICS Development Bank, which will submit a written project application to the Board of Directors based on evaluation. Once the project is approved, a project contract will be prepared by the Board Secretariat in conjunction with potential project implementers, international institutions, country-specific institutions or the local government, which will be responsible for advancing the establishment and operation of the project.
- **REGULATORY AND RISK PREVENTION SYSTEMS:** Risk guarantee systems and mechanisms should be set up. According to the Basel III Accord, the "tier-one core capital" and "capital conservation buffer" systems should be established, and a risk analysis and pre-warning mechanisms shall also be developed.

### CONCLUSION

The BRICS Development Bank needs to be set up as a common development and financing institution for the purpose of promoting transmission between government forces and market forces; supporting capital construction; energy and resources development; energy conservation and emissions reduction; environmental protection and other prioritised fields, thereby boosting sustainable development of the BRICS countries.

In the spirit of cooperation and development, it is easy to believe that the BRICS governments could reach consensus on some issues relating to the specific implementation





plan, including the capital scale, capital base and financial structure of the Bank; equity distribution between the BRICS and non-BRICS countries; the determination of cross-border projects; financing methods (securities investment, bond financing and guarantee) and management approaches; the participation and scope of the private sector, the public sector and economic development departments.

Besides the above issues, the BRICS governments may bring up other necessary topics, and the BRICS Business or Academic? Forum could prepare more documents on these topics for reference. More detailed information is available from multilateral development banks (the World Bank, the Asian Development Bank, the African Development Bank, and the Inter-American Development Bank etc.). These multilateral development banks have rich experiences on most organisation and operation requirements for building development banks.

The establishment of the BRICS Development Bank will consolidate cooperation with such international organs as the UN Special Unit for South-South Cooperation (SU/SSC); boost extensive sharing of development experiences and achievements, trading and translation of know-how and technologies among developing countries; develop partnerships, and further build a positive international image of BRICS nations as responsible powers.

## REFERENCES

Chen Yuan, Study on the Establishment and Improvement of Social Security System Covering Rural and Urban Areas. Beijing: Yanjiu Publishing House, September 2010.

Muhammad Yunus, Banker to the Poor: Micro- Lending and the Battle against World Poverty, New York, Public Affairs, 2003.

Zou Lixing, Development-oriented Finance and Sustainable Development in China, China, Changsha: Hunan University Press. 2013.

Zou Lixing, China's Rise: Development-Oriented Finance and Sustainable Development, Singapore, World Scientific Publishing, June 2014.

Zou Lixing, China Base: County-Level Economy and Society, Beijing, China Finance Press, June 2014.

Chuanqi He, China Modernization Report Outlook (2001-2010), Beijing, Peking University Press, September 2010.

---

## NOTES

<sup>i</sup> See Dr. Sergey G. Luzyanin, To the More Profound Business Cooperation within BRICS, Adjustment Innovation Cooperation----- Proceedings of 2012 BRICS Thinks- Tanks Forum.

<sup>ii</sup> Lixing Zou: "Development-oriented Finance and Sustainable Development in China ", China, Hunan University Press, 207-218.



## TRANSFORMING GLOBAL GOVERNANCE INSTITUTIONS: TOWARDS PUBLIC INTERESTS?

*Michelle Pressend is a senior environmental and socio-economic policy analyst and researcher with a M.Sc from the University of Cape Town. She currently coordinates the Southern Africa leg of the Campaign on Corporate Power at the Alternative Information Development Centre (AIDC). She previously served as coordinator of the Trade Strategy Group and Tax Justice Coordinator at the Economic Justice Network and Global Network Africa at the Labour Research Services. She has written extensively on socio-economic justice.*

### INTRODUCTION

GLOBAL GOVERNANCE INSTITUTIONS play a central role in terms of setting policies and rules to broadly foster global financial stability, peace, the fulfilment of human and environmental rights and equity amongst nations, often going by the name of Global Administrative Law. Yet, with the advance of globalisation and increased global governance, inequality has increased, the wealthy are get richer and the poor poorer. The world now faces deepening crises on multiple fronts – ecological, climate, food, energy, and finance. Global integration has been neoliberal in nature, and this has devastated the world's poor, led to environmental destruction and natural resource exploitation, now affecting the ecological planetary systems of the world and instrumental in the shift from the real to financial economy.

Governments at a global level seek to “solve” these crises through various multilateral institutions such as the United Nations (UN), World Bank (WB), International Monetary Forum (IMF), the World Trade Organisation (WTO) and self-organised groups of the world's most powerful countries including such formations as the G7, G20 and BRICS. The BRICS grouping has generated much interest, particularly about its potential to shift the geo-political and geo-economic balance in the world. Given the economic, military and population disposition of these countries the question is what is novel that BRICS can bring to transform global governance institutions.

While there are a number of concerns, the paper does not provide a synthesis, but raises some of the core concerns for the much-needed reform of international financial institutions to address global financial stability and to strengthen the UN to promote more public interest policies as opposed to market or corporate interests. Though BRICS is a political 'working in progress', as stressed by Dot Keet (2013), "[t]hey are engaged in negotiating common international public policy positions - not according to some prior agreed template but through mutually accommodating, flexible, practical and sometimes pragmatic processes". The paper provides a geo-political perspective of interventions by BRICS in their various formations on two key international issues: finance and climate change. In the climate change negotiations these countries have formed the sub-group BASIC (of Brazil, South Africa, India and China). Russia is not this part this group. Also looking through the lenses of diminishing regional and national policy space, the paper argues that the policy structure and composition of institutions lags behind the changing political realities.

## GEO-POLITICS AND THE REFORM IN MULTILATERAL INSTITUTIONS

### INTERNATIONAL FINANCIAL INSTITUTIONS (IFIS)

Although the BRICS focus on the change in the voting structure and composition of the international financial institutions is a laudable goal, it is a long- term goal. The more immediate policy priority facing the world that needs to be addressed is the commitment to austerity as a measure to deal with the consequences of the global financial crisis that started in the rich countries, both at the ideological, academic and practical level.

The neoclassical and neoliberal economics idea premised on cutting spending has largely undermined employment and living standards within and across nations. The assumption is that "business confidence" will be restored since the government will neither be "crowding out" the market for investment nor sucking up all the available capital by cutting the state's budget, debts and deficits. This has largely been devastating for the poor and working class. Besley and Kanbar (1990) explicitly explain the implications of reducing expenditure and the implications of privatisation of a range of social services to relieve the state of its heavy fiscal burden.

Austerity measures are being imposed even in advanced countries such as Spain Greece, Portugal and Italy. While the International Monetary Fund has made special arrangements to deal with the problem of certain countries, the overall approach is still that of austerity informed by neoclassical economics.

At another level it can be seen that poor countries - particularly in Africa - have received the "poor man's credit card" when the crisis hit Europe. However, policy flexibility is evident and a number of solutions can be used to deal with the crisis, and particularly the crisis in Africa, including allowing countries to settle their debts in their local currency.

The key problem with austerity policies is that when countries are in trouble, the IMF policies further harm these countries and deepen their socio-economic challenges, which ultimately leads to increased unemployment and social instability. Akyüz (2002) describes that current practices that have not involved market discipline, ultimately place the burden



on the taxpayer to 'bail out' the private sector. Furthermore he stresses that the IMF and its major shareholders have a great deal of discretion regarding the timing and extent of official financing.

The most immediate priority for reform of international financial institutions is to remove the limitations that they place on the policy space of countries, which reduces their ability to effectively deal with unemployment, poverty and inequality. Policies are needed that allow for employment promotion and increases in standards of living and not just increases in the Gross Domestic Product (GDP).

The BRICS have come under significant criticism from progressive civil society for extending a "helping hand" to the IMF in 2012, when it gave the IMF US \$75 billion. At the

centre of the criticism is the fact that this allows for the continuation of austerity measures as a means dealing with national debt and balance of payment difficulties. When the Bretton Woods Institutions were established, the original structure did not include a global regime for capital movements because it was considered that capital mobility was not compatible with currency stability and the expansion of trade and employment. However as stated by Akyüz (2002):

*"The international financial system has continued around a principle of laissez-faire, laissez-passer, and developing countries are advised to have an open capital account and convertibility, and resort to controls over capital flows only as an exceptional and temporary measure. All this has extended the reach of financial markets without corresponding to the strengthening of global institutions."*

"The international financial system has continued around a principle of laissez-faire, laissez-passer, and developing countries are advised to have an open capital account and convertibility, and resort to controls over capital flows only as an exceptional and temporary measure. All this has extended the reach of financial markets without corresponding to the strengthening of global institutions."

The world is in a situation where the top transnational corporations (TNCs) surpass the economies of entire countries. Walmart's gross domestic product (GDP) is ranked twenty-five in the world and the Royal Dutch Shell ranked at twenty eight, surpassing

South Africa that was ranked at thirty one in 2010. These corporations have found various ways to avoid tax and shift their profits in a laissez-faire global financial system.

An African Development Bank and Global Financial Integrity Joint Report on illicit financial flows reveals that Africa has suffered a loss of between US\$597 billion and US\$ 1.4 trillion in net outflows between 1980 and 2009. The report suggests that Africa is a "net creditor to the rest of the world". These enormous financial losses could satisfy African external debt with a surplus to meet Africa's developmental needs and reduce poverty. The bulk of these



illicit flows – an estimated 60-65 per cent of the global total - consists of paid or reduced taxes on profits that businesses, particularly TNCs, shift between tax jurisdictions in order to reduce their tax bills (to nil, in some cases).

This loss of revenue through the architecture of impunity facilitated by trade and investment agreements has significant impacts on the current accounts of States, particularly their ability to raise resources as a consequence of the removal of taxes on trade and capital controls.

The multiple crises the world faces today suggest that challenges are global and systemic. Even though some countries may have room to improve national policies and institutions to address their balance of payments and debt problems, such as imposing capital controls, this will be insufficient to deal with global financial instability. Thus, reform and strengthening of multilateral institutions is essential. As stated by Yılmaz Akyüz,

“Despite the growing agreement on the global and systemic nature of financial instability, the international community has so far been unable to achieve significant progress in establishing effective global arrangements that address the main concerns of developing countries”.

This is particularly evident from the G20 that was established to come up with measures to deal with the financial crisis, and has thus far been ineffective. Akyüz proposes that the reform of the international financial architecture that broadly covers four areas:

“Global rules and institutions governing international capital flows; the exchange rate system; orderly workouts for international debt and; the reform of the International Monetary Fund (IMF), with reference to surveillance, conditionality, the provision of international liquidity, and its potential function as lender of resort.”

He states that implementation of any of these would entail the creation of new international institutions and mechanisms as well as the reform of existing ones.

### **MULTILATERAL NEGOTIATION TO DEAL WITH CLIMATE CHANGE**

It is critical to address the weakening of the United Nations (UN) as the central global international governance institution. Besides the global finance crisis, climate change is one of the most pressing issues facing humanity. Following COP 17, the financial resources required by developing countries to adapt to the impacts of climate change and mitigate carbon emissions towards a transition away from a fossil-based economy remains a major point of contention. Regrettably the BASIC (Brazil, South Africa, Indian and China) countries made significant compromises on genuine climate finance when they supported the weak unofficial Copenhagen Accord during COP 15. These compromises included a “pledge and review” system, where developed countries are committed to mobilise US\$100 million by 2020 through various means, which include carbon trading (of which the real benefits to the environment are as yet unproven); private equities; and investments in cleaner development mechanisms as well as the establishment of the Global Climate Fund. A major concern related to the sources of funding are that it is predominately from private sources.



The implications of the Copenhagen Accord has been widely criticized as the “death of multi-lateral environment agreements”, especially the Kyoto Protocol.

With the sub-group BASIC having played an invidious role during COP 15 and COP 17, it remains to be seen how they regroup their positions and make up for the lost ground to strengthen the UN multi-lateral environment agreements in the build up to 2020. Furthermore, given the BRICS appetite for natural resource extraction, it is critical that the BRICS collectively seizes the opportunity in the transition to a low carbon economy and create fair, equitable and decent jobs, as these resources are finite.

If international institutional policies continue to lag behind the political, economic and environmental realities it is unlikely that climate change and inequality will be addressed.

### IMPLICATIONS FOR STRENGTHENING REGIONALISM

At regional level both trade and investment agreements need to be re-considered. Trade agreements such as the Economic Partnership Agreements (EPAs), which present a number of threats to regional integration as well fostering South- South relations. The “most favoured nation” clause (MFN) in the EPAs would mean that African countries would not be able to give any concessions to developing countries on products where they may be competitive as they would not necessarily be competitive with European Union (EU) products. Furthermore, the MFN clause will also create problems for trade negotiations with partners from the South, for example the Brazilian- SACU trade negotiations, as the EPAs would lock SACU into inflexible trade rules. Also any concessions offered to the other trading partner means that the EU would automatically receive the same concessions.

Regional intra-African promotion of trade needs to be an integrated arrangement based on cooperation. This means putting in a place a range of policy and practical pre-conditions as a means to addressing productive and ‘supply capacities’, in order to take advantage of improved market access into their neighbouring markets. This will require prioritising effective productive capacities – flanked by ‘marketing skills’ and other technical capacities – effective trade, and not vice versa (Keet 2008).

Bilateral investment treaties (BITS) are another concern at the regional level. They are part of the international investment regime that disciplines how governments may regulate foreign investment in their territories. Over the past few decades, the world has seen an impressive increase in the number of BITS signed between countries to attract and protect foreign direct investment (FDI). South Africa broke this fashionable trend with its 2010 Cabinet decision to terminate or not renew its BITS “except in cases of compelling economic and political circumstances”, with a view to renegotiating these agreements. Brazil has not entered into any BITS.

There many elements of BITS that impact on a government’s ability to regulate the investor. A key aspect is an investor’s right to compensation. Under a BIT, a State undertakes to compensate a foreign investor if they suffer losses due to the government’s own actions (or omissions). It also allows the investor to use the investor-to-state dispute settlement (ISDS) mechanisms.



The Southern African Development Community (SADC) negotiated the 2006 SADC Finance and Investment Protocol, which entered into force in 2010 and deals with investments for the community of States. But the problem is that they are based on neoliberal macroeconomic 'principles'. Keet (2008) points that the prescriptions include the overriding necessity for private investments, and unquestionable advantages for both internal and international liberalised capital flows.

Developmental investment regulations – for national, regional and international investors - are needed. It will be critical for countries in the region to ensure more national ownership in key sectors to create long-term stability rather than dependence on foreign direct investment. Keet (2008) sets out a regional finance framework with a joint regional investment code that includes:

- conditionalities for capital movements across the borders within the region, and controls on rapid and speculative capital movements into and out of the region;
- criteria on the levels and time-frames for profit re-investments by all local and international companies operating in the region;
- requirements for local inputs into such ventures, encouraging the creation of backward and forward linkages to existing or newly stimulated local companies; and
- technology and management skills transfers, labour rights, and labour training, and social and environmental responsibilities, as well as formal accountability and accounting obligations, and so on.
- BRICS investments are expanding around the world, particularly in Africa. Concerns have been raised on the nature of these BRICS investments, stressing that these investment agreements are no different to investments from the Global North. As highlighted by Keet (2013),
- “Questions have to be posed as to the scale and effects of the profit ‘transfer rights’ of BRICS companies out of the countries where they operate... which would also be a replication of the exploitative operations of earlier colonial and neo-colonial ‘partners’ from the North.”

*South Africa needs support from BRICS for its Industrial Policy Action Plan in order to strengthen value - addition. As mentioned earlier, national ownership is key to ensuring long-term stability. Furthermore, business relations should include technology transfer and skills development.*

#### 4. NATIONAL IMPLICATIONS

Two important areas need to be addressed; national production and monetary sovereignty.

South Africa's Industrial Action Plan for the 2010 to 2013 period recognises that growth in the productive sector has been relatively low from the period 1994 to 2008. Sectors such



as agriculture, mining, manufacturing, electricity and water, and construction grew by only 41 percent (2.9 percent annually). South Africa needs support from BRICS for its Industrial Policy Action Plan in order to strengthen value - addition. As mentioned earlier, national ownership is key to ensuring long-term stability. Furthermore, business relations should include technology transfer and skills development.

When looking at the BRICS it is clear that there is one feature (possibly there are others) that differentiates South Africa from the other members. All the other members of the BRICS have clear development policies that are financed through state institutions, rather than complete reliance on the commercial banking sector. This perhaps reflects on South Africa's development policy and approach, but also its orientation in terms of how it sees the role of the state in the economy.

What is clear is that the international economic order does not distribute benefit as claimed by neoclassical theory and that state intervention is required to ensure the adequate distribution of benefits. Countries that run persistent and chronic deficits have different characteristics and policy options available to them as compared to countries that run surpluses or are in a position of holding sufficient control over the market and exercise control in a way that does not dilute policy space. Therefore national finance policy is needed to support monetary sovereignty so that countries are not so dependent on capital inflow. India has capital controls and regulates derivatives and China is looking at currency swapping arrangements.

Government will need to provide incentives for local investments and tax the wealthy to deal with inequality. South Africa should also look at the financial arrangements carried out by Brazil to fund the Bolsa Familia – a conditional cash transfer to provide money directly to poor families via a “social contract” with the beneficiaries. In January 2005, Bolsa Familia covered 6.6 million families and accounted for a quarter of Brazil's social net spending. Part of the success was through consolidating various social-net programmes across national ministries and through paying attention to vertical integration, complementary decentralized partnerships were developed with the state and municipal programmes.

## CONCLUSION

In conclusion, the issue of development, defined as the fair and equitable distribution of benefits from economic activities as well as the important element of technological upgrading, is critical. Even with the global economic crisis the response of government's policy tools to address the productive structure is lacking in a number of respects. Levels of industrialisation and productivity are low. Stimulus measures in such a context would merely inflate the demand for imports.

Therefore given the dire socio-economic situation, especially in developing countries with high levels of poverty, inequality and unemployment, BRICS with their economic might, collectively have the power to influence changes in global multilateral institutions. For instance the BRICS Development Bank and proposals by the BRICS to borrow in their own currency and create currency reserves could make countries less prone to currency volatility and debt crisis since it would deter rapid exit and speculative attacks.





But even though some countries individually or collectively may have some room to manoeuvre at the national or regional level if they chose too, ultimately significant transformation is needed within multilateral institutions that would need to regulate TNCs, institute market discipline especially in times of crisis, and remove austerity measures.

## REFERENCES

Akyüz, Y. (2002). *Reforming the Global Financial Architecture: Issues and Proposals*, published by UNCTAD, Third World Network and Zed Books

Besley and Kanbar (1990) in “Targeting and Universalism in Poverty Reduction” by Mkandwire, T, in *Policy Matters*, 2007 published in Association with the United Nations

Declaration of the G20 Counter-Summit, St Petersburg, 4 September 2013. Post Globalization Initiative, 4 September 2013, [www.pglobal.org](http://www.pglobal.org)

Keet, D. (2008). “Strengthening Regionalism” in *Dilemmas of Poverty and Development: A proposed framework for the Southern African Development Community*, eds Michelle Pressend and Michele Ruiters, Institute for Global Dialogue.

Lindert, K, “Brazil Bolsa Familia Program – Scaling-up Cash Transfers for the Poor, MfDR Principles in Action: Sourcebook on Emerging Good Practices, World Bank

Tayob, R. Trade: African Ministers and CSOs in scathing attack on EPAs, Published in SUNS #6462 dated 24 April 2008, TWN Info Service WTO and Trade Issues (May 08/7), Third World Network, [www.twinside.org.sg](http://www.twinside.org.sg)

## NOTES

<sup>i</sup>Declaration of the G20 Counter-Summit, St Petersburg, 4 September 2013. Post Globalization Initiative, 4 September 2013, [www.pglobal.org](http://www.pglobal.org)

<sup>ii</sup>Yılmaz Akyüz. (2002). *Reforming the Global Financial Architecture: Issues and Proposals*, published by UNCTAD, Third World Network and Zed Books

<sup>iii</sup><http://www.tni.org/sites/www.tni.org/files/download/corporatepower-webbooklet.pdf>

<sup>iv</sup>Defined as fair and redistributive, taking into ecological limits and improves the well-being of people not just based on GDP growth)

<sup>v</sup>*Ibid.*

<sup>vi</sup>Michelle Pressend, (2011), Potential Outcome of COP 17: The ‘Greedy Corporate Fund’, <http://sacsis.org.za/site/article/799.1>

<sup>vii</sup>Saliem Fakier, Was Copenhagen the Death of Environmental Agreements, <http://sacsis.org.za/site/article/408.1>

<sup>viii</sup>Tayob, R. Trade: African Ministers and CSOs in scathing attack on EPAs, Published in SUNS #6462 dated 24 April 2008, TWN Info Service WTO and Trade Issues (May 08/7), Third World Network, [www.twinside.org.sg](http://www.twinside.org.sg)

<sup>ix</sup>Keet, D, (2008). “Strengthening Regionalism” in *Dilemmas of Poverty and Development: A proposed framework for the Southern African Development Community*, eds Michelle Pressend and Michele Ruiters, Institute for Global Dialogue.

<sup>x</sup>According to the UNCTAD World Investment Report the international investment agreement “universe” included “3,164 agreements, which include 2,833 bilateral investment treaties (BITs) and 331 “other IIAs”, including, principally, free trade agreements (FTAs) with investment provisions, economic partnership agreements and regional agreements”. 2012 UNCTAD World Investment Report 2012 United Nations New York, Geneva 2012

<sup>xi</sup>Department of Trade and Industry, Industrial Action Plan of 2010 to 2013, February 2010

<sup>xii</sup>Lindert, K, “Brazil Bolsa Familia Program – Scaling-up Cash Transfers for the Poor, MfDR Principles in Action: Sourcebook on Emerging Good Practices, World Bank

<sup>xiii</sup>*Ibid*





## COOPERATION ON AFRICA

### INDIA AND AFRICA: AN EVOLVING PARTNERSHIP

*Ruchita Beri is a Senior Research Associate and Coordinator, Africa, Latin America, Caribbean and United Centre as the Institute for Defence Studies and Analyses (IDSA). She holds an M.Phil in African Studies from Jawaharlal Nehru University and a diploma on Conflict Studies from Uppsala University. She is currently the Vice President of the African Studies Association of India and a member of the Africa Committee of the Confederation of Indian Industry and the Indian Council of World Affairs. She is the editor of "Africa Trends" and "Indian Ocean Watch" published by DSA. She is also a member of the Editorial Board of "Austral: Brazilian Journal of Strategy & International Relations". She has edited two books and contributed journal articles and book chapters to over 80 publications.*

IN THE 21ST CENTURY, **India has emerged as an important global economic and political actor and increasingly, a significant partner for Africa. The increasing two way visits by leaders, officials, academics and businessmen reflect the vibrancy of the relationship. On the other hand the trade figures that have risen from \$967 million in 1990-91 to \$68 billion in 2011-12 reflect the booming commercial activity. This evolving partnership reflects several aspects:**

#### **INDIA'S ENGAGEMENT WITH AFRICA IS HISTORICAL**

India has often reiterated the historical importance of its ties with Africa. As Prime Minister Manmohan Singh stated: "India will never forget Africa's role in inspiring our own struggle for national liberation. It was here that Mahatma Gandhi developed his political philosophy and developed the concepts of non-violence and peaceful resistance." The idea of a shared historical experience marked by Western exploitation, is an important factor in the relationship. India as a previous British colony shares a history of anti-colonial struggle with Africa. It was also the first country to take the issue of racial discrimination in South



Africa to the United Nations. At the same time, India was a forerunner as a champion of the interests of the developing countries, including those from Africa, particularly through the Bandung Declaration of 1955, the Group of 77, and the Non-Aligned Movement (NAM). Moreover, a large chunk of India's diaspora lives in Africa; South Africa alone has an approximately 1.3 million-strong Indian community that traces its origins back 150 years when Indian indentured labour arrived in the country to work at sugar plantations across South Africa. Other African countries with a sizeable Indian community include Kenya, Uganda, Mauritius, and Nigeria.

### INDIA ACKNOWLEDGES THAT AFRICA IS RISING

From an Indian perspective Africa is not a "hopeless continent" as suggested by the Economist a decade ago, rather "it possesses all the prerequisites to become a major growth pole of the world." The latest statistics suggest that Africa's economic output has almost tripled since 2003, and the IMF forecasts that seven of the 10 fastest growing economies in the world over the next five years will be African. Similarly, a World Bank report published in March 2011, stated that, "Africa could be on the brink of an economic take-off, much like China was 30 years ago, and India 20 years ago". Africa's economic growth is driven by a number of factors. The UN Economic Commission for Africa (ECA) in 2005, linked democracy to economic growth. Another important factor is, urbanisation. While it may strain social services in the cities, it has also led to an increase in urban consumers. More than 40 per cent of Africa's population now lives in cities, and a recent study suggests that by 2030 "Africa's top 18 cities will have a combined spending power of \$1.3 trillion".

### INDIA- AFRICA ENGAGEMENT GOES BEYOND TRADE

Apart from trade, India has undertaken a number of investment projects in Africa and is unlikely to reverse this policy. However these investments are not limited to the energy sector and span diverse sectors such as pharmaceuticals, IT and telecommunications, and agriculture. India's engagement with Africa is not just led by government institutions. The private sector also plays an important role. Vedanta Resources has invested in copper mines in Zambia, while the Oil and Natural Gas Corporation Videsh Limited (OVL) has invested in equity assets in Sudan, Nigeria, and Libya, and the Tata Group in the engineering and information technology sectors. Similarly, an Indian firm such as Bharti has acquired the \$10 billion African assets of telecom giant Zain in 2010. Investments have also been made in a wide array of sectors including agriculture and water management. Kirloskar Brothers and Mahindra also have a presence in several countries. Indian companies have shown willingness to make knowledge transfers in key areas, such as chemicals, with Uganda's state owned, Quality Chemicals and India's Cipla, being just one example of a joint venture that will enable value addition.

Over the years the networking between Indian business groups and their counterparts in Africa has increased. Indian industry in partnership has taken several initiatives to enhance this interaction. In particular, the India- Africa Project Partnership Conclave, organised annually, by Confederation of Indian Industry and Export Import Bank of India has become an important meeting ground for business representatives, government officials from India and African countries to explore new opportunities for cooperation. Launched in 2005,



this conclave offers an opportunity to discuss projects in sectors such as agriculture, infrastructure, minerals, power, information technology, education, water management, irrigation, banking, manufacturing amongst others. Apart from the annual conclave in New Delhi, CII has organised 13 regional conclaves in various African countries. Similarly, another industry organisation, the Federation of Indian Chambers of Commerce and Industry (FICCI) has organised several sectoral conclaves such as 'India- Africa Hydrocarbons conference' and 'India- Africa Agrifood summit', health summit, etc. FICCI has also organised several sub-regional business initiatives entitled 'Namaskar Africa' in African countries, such as, Kenya and Nigeria. The main purpose of organising these business meetings has been to facilitate project transfers from India to the African countries and also create a brand image for the country, by offering technology and products that are affordable, adaptable and easily accessible. The increasing number of business delegations travelling to Africa, and business conclaves in India and Africa suggest that India is an important stakeholder in Africa's development.

### INDIA'S ENGAGEMENT WITH AFRICA IS UNIQUE

India has often reiterated that its engagement with Africa is unique and based on mutual benefit, while contributing to Africa's development objectives through a consultative process. In the words of a former Indian minister of state, "We do not wish to go and

*In the words of a former Indian minister of state, "We do not wish to go and demand certain rights or projects in Africa but we do want to contribute to the achievement of Africa's development objectives as they have been set by our African partners".*

demand certain rights or projects in Africa but we do want to contribute to the achievement of Africa's development objectives as they have been set by our African partners". The development cooperation between India and Africa covers diverse areas, such as agriculture, small and medium enterprise, science and technology, health, education, culture, infrastructure, energy, communications, civil society, and governance. India provides lines of credits to support economic development in African countries.

India has taken several initiatives to deepen engagement with Africa. These include the Exim Bank's Focus Africa, policy initiated in 2002 to deepen trade ties with African countries. To enhance cooperation with the West African region, the India government launched the Techno-Economic Approach for India Africa Movement (TEAM) in partnership with eight countries in the region - Burkina Faso, Chad, Cote'd Ivoire, Equatorial Guinea, Ghana, Guinea Bissau, Mali and Senegal. The TEAM

9 initiative envisages transfer of critical technologies from India to the region. India's development cooperation also seeks to enhance inter and intra African connections. The prime example is the Pan African E network initiative that seeks to enable African capacity building through e-learning and online medical consultations. This seeks to overcome the barriers to learning and promotes public health in the continent.

India recognises the diversity within the African continent and in that spirit, India's current engagement with Africa, is at three levels - bilateral, regional, and pan- African. At the pan-



African level, India has hosted two India-Africa Forum Summits in 2008 and 2011. The summit is not open to all African countries, but is based on Banjul formula that leaves it to the African Union to choose the countries that should participate in the summit. India has also begun a structured dialogue with African regional economic communities.

Following the last India – Africa Forum summit, apart from unveiling a \$5.7 billion line of credit for Africa, India undertook a slew of signature initiatives that distinguished India's development-centric approach towards Africa, announced New Delhi's intention to set up over 80 capacity-building institutions across the continent as well as additional scholarships for African students. These institutions encompass areas ranging from agriculture, rural development and food processing to information technology, vocational training, English language centres, and entrepreneurial development institutes. These institutions will be in addition to 19 training centres started by India as part of the action plan launched with the AU in March 2010. Moreover these will be set up in consultation with the African countries at the pan-African, regional, and bilateral level.

These initiatives highlight the Indian focus on capacity building and human resource development. India has devised a strategy that would support the African countries efforts to create a new generation of entrepreneurs and technologists within the continent. The India-Africa Food Processing Cluster and an India-Africa Integrated Textiles Cluster, announced at the last summit, are aimed at enhancing the industrial capacity. Another set of institutes have been set up to boost Africa's agrarian sector and include an India-Africa Centre for Medium Range Weather Forecasting and an India-Africa Institute for Rural Development. India has also unveiled plans to set up an India-Africa Virtual University. At the same time it has instituted more than 22,000 scholarships for African students. Clearly these initiatives are meant to enhance the skills of Africa's youth and are the centrepiece of its current engagement with Africa.

### **INDIA SUPPORTS EFFORTS TOWARDS PEACE AND SECURITY IN AFRICA**

India has actively contributed to the efforts to maintain peace and security in Africa through its long involvement in UN peacekeeping efforts. While India's contributions to the UN peacekeeping budget may be less than one percent, it has contributed nearly 160,000 troops, the largest by any country for 43 UN peacekeeping missions across the world. As around 70 percent of UN peacekeepers deployed globally and more than 50 percent of the UN peacekeeping missions in the post Cold War era were in Africa it can be argued that to a large extent Indian peacekeepers have been involved in reducing conflict in this troubled region. Currently Indian peacekeepers are deployed in the UN peacekeeping missions in Liberia, Ivory Coast, Democratic Republic of Congo and South Sudan.

In the past it has offered to train African security personnel at the various defence training academies within India and has also been involved in training and infrastructure development in countries such as Ethiopia, Nigeria, Mauritius, Zambia, Ghana, Sudan, Botswana, South Africa, Tanzania, Egypt and Lesotho. This entailed developing operational and administrative facilities and infrastructure such as roads, airfields, communication network etc. India has also cooperated with African littoral states such as Mozambique, Mauritius and Seychelles in the maritime sphere in the past. In the last few years the Indian navy has been undertaking constabulary duties in the Gulf of Aden, where it has



successfully escorted over 2,400 vessels. India has been supportive of African Union's efforts towards enhancing the region's peace and security architecture. In this context India has pledged \$US one million to the African led Support Mission in Mali and \$ US two million for the African Union Mission in Somalia (AMISOM).

### GROWING CONVERGENCE ON GLOBAL ISSUES

The interactions between India and the African countries indicate a growing convergence of interests and positions on a variety of global issues, ranging from jointly combating terrorism and piracy to close coordination in global forums over UN reforms, climate change and the WTO negotiations. The reform of political, security and economic institutions of governance continues to be a key issue in the discussions, with both sides underlining the urgency of supporting negotiations for UN reforms and expansion of the UN Security Council. India's Prime Minister during the last India Africa summit noted that:

..the current international economic and political situation is far from favourable, particularly for developing countries ... fresh political upheavals are taking place. The world faces new challenges in assuring food and energy security. Global institutions of governance are outmoded and under stress.

India has often underscored the need for a new spirit of solidarity among developing countries to achieve the goal of recasting the larger global governance structure. India's engagement fulfils certain strategic goals

From the geostrategic perspective, there has been a perceptible rise in the importance of Africa for New Delhi. First, to some extent, it is influenced by the demand for natural resources to fuel its growing economy. India's growing energy needs have forced it to diversify its oil imports. In the past, India has been dependent on West Asia for its oil imports. In recent years, India, like the US and the other major powers, has recognised the energy potential of African countries. Second, there is a growing recognition that countries on the eastern coast of Africa abutting the Indian Ocean – from South Africa to Somalia – fall under India's maritime strategic neighbourhood. It is also a fact that insecurity in the Indian Ocean region is growing, in view of the existence of fundamentalist, terrorist, and militant, separatist or extremist organisations and criminal syndicates involved in trafficking in drugs, arms and humans, and piracy. The growth in incidents of piracy in Somali waters in particular threatens the security of the Sea Lanes of Communications (SLOCs). Moreover, though not explicit, India's drive into Africa is guided by a desire to seek support for the early reform of the UN Security Council (UNSC). India strongly believes that this vital organ of the United Nations is unrepresentative and not in sync with the current geopolitical realities. India is aware that Africa is the only continent that is not represented in the UNSC and hopes that the interests of both can converge to hasten this process.

### CHALLENGES

India faces a number of challenges in its quest for bilateral and multilateral cooperation with African countries. First, while Africa is now the focus of India's foreign policy, it is not the primary focus, given India's growing economic and security cooperation with the US, the EU and its Asian neighbours. Second, though, India's engagement has been largely

welcomed by the African governments there has been some criticism in certain quarters. India's offer of cost effective and intermediate technology in areas such as information technology, agriculture, health and pharmaceuticals has been much appreciated by the Africans. An assessment of African media indicates that for most Africans India is just another country with whom they would want to cooperate whenever the opportunities arise. Unlike China, India did not face much criticism with regard to its investments in oil sector in Sudan or for doing business with Khartoum. However there has been some controversy relating to Indian companies investing in the agriculture sector. Several Indian companies have leased land for commercial crops and bio-fuels production. The biggest investment has been made by a private Indian firm, Karuturi Global Ltd. Recently there were reports of an Indian company in Ethiopia displacing local communities but these were denied by both the Indian and Ethiopian governments. Finally, India has been working to make its relationship with Africa distinct in content and form. However it is not the only external power engaging Africa, developed countries and other emerging powers like China, Brazil and Russia have also been involved in various activities across the continent. To a large extent, African countries have welcomed investment in the much neglected areas such as infrastructure and communications that are vital for raising productivity and reducing poverty. The challenge remains as to how the BRICS countries who have different levels of interaction with African countries will develop a common vision regarding cooperation with Africa.

### INDIA, AFRICA AND THE BRICS

India has offered a model of partnership that is consultative and hinges on human resource development and capacity building in the African countries. There is no doubt that India's domestic experience and success in developing vibrant manufacturing and services sectors, while encouraging inclusiveness at the societal level has impressed several African countries who are keen to replicate this model on their own turf. India can therefore be viewed as a partner that is able to offer successful solutions to address the continent's various problems. India's relations with Africa are yet to peak and there is potential for both parties to benefit from this relationship. Africa is poised to benefit significantly from its engagement with India and the other BRICS states. What had started as a loose grouping of geographically dispersed countries, the BRICS, consisting of Brazil, Russia, India, China and South Africa are today, with a combined population of three billion and a combined Gross Domestic Product (GDP) of 16 trillion, often referred as the 'global economic power house'. While in future, the BRICS partners may consider newer forms of political and economic cooperation and coordination including that in the African region. However, in the African context, the foremost challenge is that each of the BRICS partners have followed different pathways while engaging with

*At the same time BRICS nations should work towards consolidating and deepening their partnership. Hopefully the partnership between India and Africa and the other emerging powers reflects the beginning of a new era for Africa- an era that will bring "Amandla Ngawethu" (power to the people)*



the countries in the region. India has maintained that its relationship with African countries is distinct and unique. Therefore as a first step, BRICS partners should focus on nurturing their bilateral interactions with the African countries. At the same time BRICS nations should work towards consolidating and deepening their partnership. Hopefully the partnership between India and Africa and the other emerging powers reflects the beginning of a new era for Africa- an era that will bring “Amandla Ngawethu” (power to the people)

## NOTES

<sup>i</sup> Government of India, Department of Commerce, Export Import Data Bank at <http://commerce.nic.in/eidb/> (Accessed December 12, 2012)

<sup>ii</sup> Address by the Prime Minister at the Plenary Session of the second India Africa Summit, Addis Ababa, May 24, 2011 at <http://www.indembassyeth.in/eoi.php?id=IAFS2%20PM%20Visit> (Accessed May 27, 2014)

<sup>iii</sup> Abraham Itty “From Bandung to NAM: Non-Alignment and Indian Foreign Policy, 1947-65” *Commonwealth and Comparative Politics* Vol. 46, No. 2, April 2008, pp. 195-219

<sup>iv</sup> Statistics South Africa, *Census 2011: Census in Brief* (Pretoria, Statistics South Africa, 2012) at [http://www.statssa.gov.za/census2011/Products/Census\\_2011\\_Census\\_in\\_brief.pdf](http://www.statssa.gov.za/census2011/Products/Census_2011_Census_in_brief.pdf) (Accessed May 28, 2014)

<sup>v</sup> Elizabeth Sidiropoulos, “Lions and Tigers: Africa and India” in Ruchita Beri, (ed.), *India and Africa : Enhancing Mutual Engagement*, IDSA and Pentagon Press, New Delhi, 2014, p.77

<sup>vi</sup> See Address by the Prime Minister, note 2.

<sup>vii</sup> ‘Africa’s impressive growth’ at [http://www.economist.com/blogs/dailychart/2011/01/daily\\_chart](http://www.economist.com/blogs/dailychart/2011/01/daily_chart)

<sup>viii</sup> World Bank, *Africa’s Future and the World Bank’s support to it*, March 2011, p. 4. [http://siteresources.worldbank.org/INTAFRICA/Resources/AFR\\_Regional\\_Strategy\\_3-2-11.pdf](http://siteresources.worldbank.org/INTAFRICA/Resources/AFR_Regional_Strategy_3-2-11.pdf). Accessed 29 April 2012.

<sup>ix</sup> Kingsley Ighbhor, *African economies capture world attention* <http://www.un.org/africarenewal/magazine/august-2012/african-economies-capture-world-attention> (Accessed February 1, 2013)

<sup>x</sup> Ibid

<sup>xi</sup> Ruchita Beri, “Evolving India- Africa relations-: continuity and change” *SALIA Occasional paper no. 76*, February 2011

<sup>xii</sup> Confederation of Indian Industry, ‘Conclave synopsis’ at <http://www.ciafricaconclave.com/conclave-synopsis.aspx> (Accessed May 28, 2014)

<sup>xiii</sup> ‘FICCI Africa Desk’ at [http://www.ficci.com/international/54523/Project\\_docs/AfricaDesk.pdf](http://www.ficci.com/international/54523/Project_docs/AfricaDesk.pdf)



- <sup>xiv</sup> Address by Minister of State Dr. Shashi Tharoor at the CII-EXIM Bank Conclave on India - Africa Project Partnership. New Delhi, March 15, 2010 at [http://www.mea.gov.in/Images/pdf/Indias\\_Foreign\\_Relations\\_2010.pdf](http://www.mea.gov.in/Images/pdf/Indias_Foreign_Relations_2010.pdf) ( Accessed February 15, 2013)
- <sup>xv</sup> African Union, "Decisions And Declarations", Assembly of the African Union, Seventh Ordinary Session 1 – 2 July 2006, Banjul, the Gambia at [http://www.africa-union.org/root/au/Conferences/Past/2006/july/summit/doc/Decisions\\_and\\_Declarations/Assembly-AU-Dec.pdf](http://www.africa-union.org/root/au/Conferences/Past/2006/july/summit/doc/Decisions_and_Declarations/Assembly-AU-Dec.pdf) ( Accessed January 25, 2013)
- <sup>xvi</sup> Government of India, Ministry of External Affairs, Second India Africa Forum Summit, Africa- India Framework for Enhanced Cooperation, <http://mea.gov.in/bilateral- documents.htm?dtl/34/Second+Africa+India+Forum+Summit+2011+Africa+India+Framework+for+Enhanced+Cooperation> ( Accessed January 18, 2013)
- <sup>xvii</sup> Manish Chand, "A two way street : India brands its Africa diplomacy" at <http://www.pambazuka.org/images/Emerging%20Powers%20newsletter%20May%202011/Issue%209%20May%202011.pdf> (Accessed January 28, 2013)
- <sup>xviii</sup> 'India and United Nations peacekeeping and peacebuilding' at <https://www.pminewyork.org/pages.php?id=> (Accessed May 30, 2014) See also ' Financing peacekeeping ' at <http://www.un.org/en/peacekeeping/operations/financing.shtml> (Accessed May 30, 2014)
- <sup>xix</sup> 'UN peacekeeping operations in Africa: change in 2013 and Priorities for 2014' London, Chatham House, 13 January 2014 at [http://www.chathamhouse.org/sites/default/files/home/chatham/public\\_html/sites/default/files/130114peacekeeping.pdf](http://www.chathamhouse.org/sites/default/files/home/chatham/public_html/sites/default/files/130114peacekeeping.pdf) ( Accessed May 30, 2014)
- <sup>xx</sup> See, Address by Admiral CK, Joshi, Chief of Naval Staff, India on the theme, "Role of Indian Navy in Maintaining Peace in Indian Ocean Region," March 5, 2013, at the Institute for Defence Studies and Analyses, New Delhi at [http://www.idsa.in/keyspeeches/RoleofIndianNavyinMaintainingPeaceinIndianOceanRegion\\_CNS](http://www.idsa.in/keyspeeches/RoleofIndianNavyinMaintainingPeaceinIndianOceanRegion_CNS) (Accessed March 6, 2013)
- <sup>xxi</sup> 'India pledges five million credit to Africa' at [http://articles.economictimes.indiatimes.com/2011-05-25/news/29581729\\_1\\_india-pledges-african-nations-credit-line](http://articles.economictimes.indiatimes.com/2011-05-25/news/29581729_1_india-pledges-african-nations-credit-line) (Accessed May 30, 2014) See also 'India pledges \$1 billion to UN backed mission in Mali' at <http://economictimes.indiatimes.com/topic/African-led-International-Support-Mission-to-Mali> (Accessed May 30, 2014)
- <sup>xxii</sup> See Address by the Prime Minister, note 2.
- <sup>xxiii</sup> 'India not pursuing an agenda for expansion of BRICS' at [http://zeenews.india.com/business/news/economy/india-not-pursuing-any-agenda-for-expansion-of-brics\\_99414.html](http://zeenews.india.com/business/news/economy/india-not-pursuing-any-agenda-for-expansion-of-brics_99414.html) ( Accessed May 30, 2014)



## BRICS ECONOMIC AND TRADE COOPERATION WITH AFRICA

*Yao Guimei is Deputy Director of African Studies at the Institute of West-Asian and African Studies, China Academy of Social Sciences (CASS). She serves as Chief Research Fellow on China's Strategy for Foreign Direct Investment in Africa and Deputy Secretary-General of the Third World Centre at CASS. She is a standing member of both the Research Society for African Problems and the China Society of Emerging Economies. She has published widely in the fields of African economic development, African economic integration and Sino-African relations.*

### THE BRIC RISE TOGETHER WITH AFRICA

At the end of the Cold War, and following the 2008 international financial crisis, the global economic and political landscape has undergone profound changes. This can be seen in the (re)-adjustment of interest distribution. Traditional economic powers, like European countries and the United States, have witnessed sluggish growth while emerging economies represented by the BRIC have become important engines in international economy with their eye-catching growth. According to IMF estimate, the BRIC countries' share of global output has climbed from 13.7 percent in 2007 to 17.5 percent in 2010; by 2015, their share will further increase to 22.1 percent. In addition, the Goldman Sachs Group, which first coined the popular term 'the BRIC', forecasts that by 2027 the total GDP sum of BRIC may outrun that of the Group of Seven. As the BRICS cooperation mechanism gradually improves, their international influential shall become bigger and stronger.

Africa's recent economic boom and performance, on the other hand, has gained considerable worldwide attention. Since the mid-1990s, Africa's aggregate GDP has grown at an average annual rate of 5 percent. Despite the global impact of the international financial crisis, Africa has demonstrated a positive capacity by growing steadily and inclusively, which stands out in the gloomy world economy. By now, the international community has generally agreed that the foundation of Africa's economic growth has become more solid than it was previously, thereby demonstrating a positive development outlook for the continent. The current round of economic growth in Africa should not be perceived as a one-time event. Rather it may be the starting point for Africa's global economic reintegration.

The Fifth BRICS Leaders Meeting, hosted by the South African government in Durban, from the 26th to 27th March 2013, focused on a broad range of strategic cooperation

areas between the BRICS' countries and Africa. The population of the BRICS and Africa collectively makes up 57 percent of the global population and accounts for 21.7 percent of the world's total trade/industrial outputs. Moreover, their total trade value represents 17.1 percent of global trade averages. Therefore is it undeniable that the prospect of cooperation between Africa and the BRICS is important to examine and understand.

**TABLE:  
THE BASIC INDICATORS OF BRICS AND AFRICA IN 2011**

	Area		Total Population		Total GDP		Total trade Value	
	Thousand Km2	% of the world	Billion	% of the world	Trillion of US \$	% of the world	Billion of US \$	% of the world
BRIC	3938.9	26.4	2.9791	42.7	13.67	19.61	5313.448	14.55
BRICS	3816.9	25.6	2.9286	42.0	13.26	19.02	5088.172	13.91
Africa	3032.3	20.4	1.045	15.0	1.87	2.69	1159..83	3.17

RESOURCE:UNCTAD, HANDBOOK OF STATISTICS 2012

### COOPERATION WITH THE BRICS BRINGS NEW OPPORTUNITIES FOR AFRICAN ECONOMIC DEVELOPMENT

There are many factors that underline Africa's improved economic outlook.. First, the engine of growth does not solely lie in the energy industry. The demographic dividend, urbanization construction and increasing domestic demand from growing middle class have contributed to demand in the continent's economic performance. In addition, the catalyst for Africa's economic growth is also fueled by external factors, in particular cooperation by African countries with China, India and other new partners.

In fact, before the formation of BRIC was established as cooperation mechanism, China, India, Russia and Brazil had formed and enjoyed strategic bilateral economic and trade relations with African countries. In particular, China and India, in the past several decades, have made large amount of trade -related investments in Africa. However only after the overall rise of the BRICS in the first decades of 21 century, the BRICS made a greater positive impact on African development.

First, the value of bilateral trade between BRIC states and African countries is growing rapidly. According to UNCTAD statistics, the proportion of the BRIC states exports over African imports climbed from 8.17 percent in 2001 to 18.58 percent in 2010. At the same period, the BRIC states imports to African exports ratio rose from 7.7 percent to 20.7 percent. Therefore, Standard Bank of South Africa argues that it is the BRIC rather than the developed countries, which has redefined the role of Africa in the world economy. That is business demand and interest sharing.

Second, the FDI flows to Africa from BRIC states have increased significantly. Since the beginning of 21st century, Brazil's investment in Africa has been rising. Based on the study



of FDI in 2003-2009 of Standard Bank of South Africa, the amount of Brazil's investment in Africa reached US \$10 billion involving 25 projects with an average of US \$400 million for each. From 2001 to 2008, the stock of direct investment in Africa is US \$11.2 billion, representing approximately 6.4 percent of Brazil's total. Brazil's major sectoral investments are: agriculture, oil, mining, infrastructure as well as bio-energy production and others. Its target investment countries are Angola, Mozambique, Equatorial Guinea, Nigeria, Zambia, and South Africa.

China's FDI in Africa has steadily climbed. From 2000 to 2004, China's FDI in Africa rose from US \$216 million to US \$317 million. According to 2009 Statistical Bulletin of China's Outward Foreign Direct Investment, after the 2006 FOCAC Beijing Summit, China's FDI in Africa witnessed a phenomenal growth from US \$520 million in 2006 to US \$1.574 billion in 2007 to US \$5.491 billion in 2008, which was identified as a historical high. Though the impact of the 2007-2008 international financial crisis saw China's FDI in Africa drop to US \$1.439 billion [IN 2009?], investment transactions soon rebounded to US \$2.112 billion in 2010 exceeding the level of 2007. From 2004 to 2010, the average annual growth rate of China's FDI in Africa reached 115 percent. This was far more than that of China's total FDI, which is 63.4 percent. Currently, Africa is ranked as the fourth largest destination of China's OFDI. In 2011, the flow of China's FDI in Africa was US \$1.7 billion, by the end of 2011, the stock of China's FDI reached US \$14.74 billion, 20 times that of the figure in 2003. If investments via a third country are included in the analysis, China's investment in Africa would amount to more than US \$40 billion. While the scale of investment is growing, China's investment in Africa shows a trend of diversification in terms of broadening the band of investor countries, expanding investment fields and increasing ways of cooperation. At present, China has set up more than 2000 direct investment enterprises, hiring over 80 thousand local employees in 49 African countries, especially in South Africa, Algeria, Nigeria, Sudan and Zambia. These investment enterprises conduct businesses involving mining, manufacturing, construction, trade, transport, and agriculture. Among them, the investment stock in mining, manufacturing, construction and financial industry are relatively large.

India's FDI in Africa shows an upward tendency. In the early 1990s, India's could be seen as only investing in a handful of Commonwealth African countries. However with the deepening domestic dependence on overseas market and energy, India's investment in Africa has expanded since 2009 from Mauritius to 31 countries including Sudan, Egypt and Angola. From April 2000 to March 2009 India's FDI in Africa amounted to US \$8.976 billion accounting for 12.3 percent of India's total FDI. From 2003 to 2009, India invested in more than 130 projects in Africa taking up 5 percent of newly established foreign direct projects. Thus India became the ninth largest source of foreign investment in Africa.

Although Africa was not the focus of Russia's foreign investment, but it began to be a new growth point. In recent years, the number of projects invested by Russian transnational corporations has increased significantly with investment scale enlarged. Statistics show that from 2005 to 2008, Russia has completed cross-border mergers and acquisitions totaled up to US \$250 million. In June 2009, Gazprom injected US \$2.5 billion to set up a joint venture with the Nigerian National Petroleum Corporation. Although this represented



one of Nigeria's highest foreign investment transactions, the overall size of Russia's direct investment in Africa remains relatively small. Africa's share of investment in Russia is negligible. By the end of 2012, Russia's FDI stock in Africa reached 1.58 billion US dollars taking up 0.3 percent of Russia's total outward investment.

It is worth noting that South Africa played the role of locomotive in terms of African capital flow. South Africa is considered to be the economic giant of African continent. Due to its unique advantages in resources and prowess, it not only attracts large amount of FDI, but also outflows more and more capital to other African countries. According to a report by the South Africa Institute of Race Relations (SAI|IR), South Africa's direct investment growth in Africa ranks first in its overall foreign investment, far more than in other regions. According to statistics, South Africa's total direct investment in African sums up to Rand 115.7 billion, accomplishing a 31 times growth compared with Rand 3.8 billion in 1994. Although South Africa only put 8 percent out of its total foreign investment in Africa in the last 15 years, but its growth rate is increasing. In term of the stock of South Africa FDI, Africa's share rises from less than 4 percent before 2000 to 4.4 percent in 2008. Investors from South Africa are mainly financial institutions and mining giants. The major areas of investment in Africa not only include South Africa's traditional competitive industries such as mining, civil engineering construction , agriculture, tourism, manufacturing and service industry, but also add energy industries (oil and gas) and newly emerging information and communication technology industries.

### **AFRICA WILL BENEFIT ALL ROUND FROM THE BRICS COOPERATION MECHANISM**

As previously mentioned, the bilateral trade and economic relations of the BRIC and Africa has had positive impacts for Africa's economic development. Currently South Africa, one of Africa's strategic economies, has already joined the BRIC and is ready to host the fifth BRICS Leaders Meeting and other supporting events. It provides closer view for the BRICS to understand African countries' demands and priorities, thus better safeguards the African interests. Here comes the question of how the role of BRICS can promote African industrialization, development, and integration. The following recommendations should assist in boosting Africa-BRICS economic and trade cooperation:

- Formation of a partnership between BRICS and African sub-regional integration organizations that enhances the overall development capacity of Africa. Due to the increasing role of African regional integration organizations in promoting economic and social development in Africa, these regional bodies are seen as important institutions to cooperate with by the international community. The BRICS as a group should undertake to strengthen relations by establishing sub-regional and continental economic and trade cooperation mechanisms that inform engagements with Africa's regional integration groupings. Under this mechanisms, support for trade facilitation, transnational infrastructure construction, investment and financing support, and financial cooperation, amongst other areas of interest, can be explored. In particular, knowledge should be shared and lessons learnt regarding the experience of international cooperation, where applicable a step-by-step negotiation process should be initiated related to the establishment of free trade area with African sub-regional bodies. The preferred negotiating partner shall be the Southern African Customs Union (SACU)



centered by South Africa and then the negotiation can gradually expand to the Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC).

- Foster continental industrial development by investing in Africa's manufacturing sector. The BRICS member states and their financial institutions should encourage and support their enterprises to invest in mineral process, agricultural process, home appliances and textile. To combine Africa's comparative advantage in resources and the BRICS' strategic complementarity in capital and technology, the opportunity exists for the labels "made-in-China" and "made-in-India" to become "made-in-Africa". In this way improving the value chain of African products and assisting the continent in setting up its own industrial system to become competitive in global exports. Since African integration organizations have achieved little success in terms of promoting and strengthening modes of production cooperation, the powerful enterprises in the BRICS should identify investment destinations in which the construction of cement plants, glass plants and metal refineries preferably across several countries belonging to a single customs union or free trade area will advance regional integration. For there to be a solid foundation that underpins long-term cooperation with host countries, investors from the BRICS' countries should boost technology transfer and employee training that leads to sustainable job creation.
- Creation of an African-BRICS transnational/cross border infrastructure development fund that promotes infrastructure planning, feasibility studies and project implementation.. The BRICS especially China through its preferential loans facility, should encourage their enterprises to continue to participate and invest in Africa's infrastructure construction and operation, that is aimed at promoting and strengthening cooperation in transnational power, telecommunications and transportation networks and hubs. Meanwhile Chinese financial institutions should be encouraged to support African infra construction and interconnection projects via various forms of financing; solve bottleneck problems of infra construction in trade and investment so as to reduce the cost of trade contact, and which enhances intra-Africa and foreign trade development and integration process. In regard to the choice of cross-border infra construction projects, the BRICS shall begin with SADC located in South Africa, support southern Africa grid and transportation network projects at first, and then spread to financing western Africa mining development plan, power development plan, west-east rail/road project and eastern Africa agriculture cooperation planning and so on. Of course, the specific projects shall base on the needs of the BRICS and Africa whereof diversified portfolio is founded. Though the establishment of the fund may be opposed based on the view that emerging economies are confronted by their own financial obstacles, and are countries in transition. However what should be emphasized in this regard is that the BRICS should work towards developing better practical efforts of coordination and solidarity that enables a long-term cooperation mechanism in Africa's interests. Only with solid South-South cooperation, the BRICS can stand with greater influential and power.
- Development cooperation, strengthen livelihood projects and improve Africa's self-development capacity. As emerging donor countries, the BRICS are obliged to meet the legitimate requirements of African development, expand the scale of assistance



and highlight agriculture, education, health care, public health and poverty alleviation so as to transfer technology and improve livelihood of African people. It should also be noticed that human resources cooperation and training is vital to enhance Africa's self development capacity.

- Improve risk prevention through international cooperation. The current international situation is unstable and the BRICS are facing collective economic deceleration. African economies, though have huge development potential, remain affected by the global economic growth uncertainty and internal turmoil and crises. Therefore, cooperation between the BRICS and Africa is underscored by risks and challenges. In order to undertake risk prevention measures, the cooperation shall be open to include developed countries from the global North as partners in South-South cooperation. By integrating finance and international management, the political risks and economic uncertainty can be reduced.

## NOTES

<sup>i</sup> China Daily Jun 7, 2010, Page 9.

<sup>ii</sup> African Development Bank, Tracking Africa's Progress in Figures, 2014.

<sup>iii</sup> Standard Bank, Africa: BRIC and Africa, 14 October 2009.

<sup>iv</sup> Standard Bank, Africa: BRIC and Africa, 14 October 2009.

<sup>v</sup> BNDES, The Financing of Brazilian Companies in Africa, 12 August, 2010.

<sup>vi</sup> 2013 Statistical Bulletin of China's Outward Foreign Direct Investment

<sup>vii</sup> The African Development Bank Group, India's Economic Engagement with Africa, Africa Economic Brief, volume 2, Issue 6 11 May, 2011, p.7.

<sup>viii</sup> Standard Bank, BRIC and Africa: New sources of foreign capital mobilising for Africa, complementing and competing with traditional investors, Economics, 4 August 2010, p.9.

<sup>ix</sup> Andrei Panibratov, Kalman Kalotay, "Russian outward FDI and its policy context", Vale Columbia Center, October 13, 2009.

<sup>x</sup> UNCTAD FDI/TNC database, based on data from the bank of Russia

<sup>xi</sup> UNCTAD FDI/TNC database, based on data from the South Africa Reserve Bank



## DRAWING BRICS INTO THE AFRICAN AGENDA: SOUTH AFRICA'S APPROACH TO BRICS

*Siphamandla Zondi is the Executive Director of the Institute for Global Dialogue, associated with the University of South Africa. He was trained in African studies at the former University of Durban-Westville and the University of Cambridge. Dr Zondi has published widely on issues of regional integration, South Africa's international relations and foreign policy, governance in Africa, social policy, public health, migration-development nexus and soft power politics.*

THE CENTRAL PROPOSITION OF MY PRESENTATION is that as an effort to demonstrate its ability to influence the trajectory of the Brazil, Russia, India, China and South Africa (BRICS) forum, South Africa has used the 5th BRICS Summit in Durban, 2013, to draw the BRICS into pursuing the African agenda in the manner that it prefers, which is to focus on continental flagship initiatives designed to promote integration and economic development. This is consistent with South Africa's wish to use global multilateral platforms to advance pan-African interests. The significance of this, if it succeeds, is that it could encourage other multilateral platforms to focus on mega African projects rather than piecemeal country-specific programmes. Secondly, it might enable the BRICS platform to enhance its legitimacy as an ideologically southern initiative in the continent with the greatest potential to grow economically and in terms of political clout, Africa. In this sense, without burdening someone else for Africa's renewal, there are bright prospects in this for forces of the global south to take a greater responsibility for partnering with Africa for a renaissance that reinforces beneficial global reforms.

### REGIONAL POWERS AND BRICS IN CONTEXT

One of the main features of the BRICS forum is the deliberate move on the part of its initiators to ensure that members are not just countries with fast growing economies and expanding markets as Jim O'Neill envisaged, but it is a catalyst of shifts in global power balance. Members see themselves as strong regional powers with a significant concern about the global commons, from the reform of international finance institutions to reform of the United Nations and the transformation of the global economy. These states showed an appetite for pursuing change by creating greater space for otherwise peripheral countries to have their voices heard in high decision-making levels. They represent important regions in the world's geopolitical map, three of which are growing regions of the global south – Africa, Asia and Latin America.





It is worth noting that all five states are positioning themselves as leaders in their respective regions in the developing world: Africa, Asia, South America and the former Soviet Union or northern Eurasia. They bring into the BRICS the impulses of emerging global reforms that want to see an expanded UN Security Council, more democratic decision-making structures in the IMF and the World Bank, a stronger developmental orientation in the World Trade Organisation's agenda, stronger multipolarity and global multilateralism and peaceful resolution of conflicts all over the world. In this sense, they share the ideological outlook that has the possibility of shifting the logic of global power towards non-imperialist orientation. Of course, there is a debate on this with some arguing that BRICS is displaying tendencies that suggest that it has sub-imperialist impulses and that these impulses are actually typical of how the BRICS states relate with their respective geopolitical regions.

Obviously, BRICS countries do not always adopt exactly the same posture in response to global power or in their exercise of regional power, making generations very difficult to defend. While Brazil, India and South Africa have economic and political clout in their respective regions, they are ambivalent about exercising hegemonic roles; China and Russia show more will to assert their regional power in their immediate neighbourhoods. To differing degrees and with variable intensity, the BRICS see their regional significance as central to the projection of their global power. Some like Brazil, China and South Africa have acquired greater regional power as their economic influence spreads across the regions where they are located in. China and Russia have also extended their power currency through hard-power initiatives including projection of military presence in their regions. China, India and Russia have had difficult security relations with some of their neighbours and this continues presently, complicating their ability to project regional power. All but China and Russia tend to build their regional leadership through working with their regional rivals. In this sense, these regional powers have significant capacity to build their global power on the basis of their regional legitimacy.

In the case of South Africa, there is an expectation that the country would repay African support to its long struggle against apartheid and colonialism by leveraging its global status for the benefit of Africa. This converges with this idea that South Africa cannot develop to its full potential as long as the continent remains underdeveloped, and mired in conflict. It is in this context that South Africa's "inclusion" as the supposed African representative in a BRICS agenda should be seen.

Taken together or as a power bloc, in spite of internal divergences, the BRICS is a significant alliance in global politics, a catalyst for shifting the balance power. In this way illustrating that the Group of 7 (G7) industrialized countries (Canada, France, Germany, Italy, Japan, UK and US) is not the only interstate alliance in the hierarchy of international power that influences and benefits from global prosperity. The BRICS have the capacity to influence the structure and form of global development and financial cooperation that emerges from the on-going discussions within the major global economic of the Group of 20 (G20). As their internal policy and institutional coherence deepens, the BRICS will have a significant bearing on major international negotiations including the multilateral trade regime, climate change, nuclear and energy, the post 2015 Development agenda and others. All of these



are crucial for the developing world and Africa, specifically and shall be returned to as a discussion later in this chapter.

The BRICS' significant is felt in global economic terms. It represents 43% of the world's population, approximately one fifth of global gross domestic product (GDP), estimated at US\$13, 7 trillion, notwithstanding a combined foreign reserves estimated at US\$4, 4 trillion.<sup>1</sup> Currently, they also account for 11% of global annual foreign direct investment (FDI) flows (US\$465 billion) and 17% of world trade. The enormity of such economic activity is definitely in Africa's interests, especially in consolidating the continent's economic renaissance.

### **SOUTH AFRICA AND THE AFRICAN AGENDA**

The admission of South Africa into the BRIC surprised many who believed the group belonged exclusively to those economies considered by Jim O'Neill of Goldman Sachs. O'Neill identified these emerging economies to be the second strata of global power, measured by size of national GDP, volume of foreign direct investment and size of population among other key economic considerations. It was argued by many in public debates inside and outside of the country that South Africa did not belong to this stratum of emerging markets. Indeed, this was true. South Africa's GDP, population size and the size of its economic input in the global economy is not comparable to that of the BRIC countries. But this approach is erroneous in that it takes a parochial view and overlooks the fact that South Africa was invited by the same BRIC countries to be part of their significant forum. Of course the importance of African representation for the legitimacy of the BRICS agenda could not be ignored.

The second point relates to the formalisation of the BRIC as an interstate alliance within the Global South in June 2009, Yekaterinburg, Russia. From its inception the members of the forum did not see themselves as emerging markets, a term that denotes economic significance and under-states political considerations. Instead their identity was defined as emerging global powers, a term that speaks to more to the ability to use economic power and political capital to influence the direction of global power. They stated specifically that the platform was created "to share views on how to respond to the challenges and opportunities presented by globalisation." (Qobo, 2010). For this reason, the BRIC that emerged was not solely on the basis of the economic considerations that O'Neill had in mind, who incidentally together with other investment bankers foresaw these actors as just another layer in the consolidation of the current global power hierarchy with key role players overtaking each other. Rather the BRICs were also displeased about the current global economic and political order, which identified the West as the central region of the world while alternative sources of global activity were peripheralised. Therefore from the outset the BRICs sought global reform. The group also identified the developing world as its major area of concern, thereby positioning itself based on the identity of its South-Centric orientation.

The implication thereof, is that South Africa shared a common identity with its BRICs partners in advocating for an equitable global order. The significance of this can be found in Pretoria's constant referral for the need for alternatives, reforms and change to underpin the multilateral order. The country's re-entry into the community of nations after decades

of isolation under apartheid was remarkably successful. In the process, it turned its pariah status into an iconic status built around the iconography of its political transition and negotiated settlement, eradication of all forms of global oppression, and the persona of Mandela in the early stages of post-apartheid.

As has been argued by others, the BRICS countries maintain warm relations with the countries of the north. In the case of South Africa, its economy is strongly tied to western economies, which continue to be major sources of incoming investment and trade. Western powers also consider to be crucial for their own foreign policy goals including asserting their power in Africa. No wonder, the Germany, UK, US and the EU have signed strategic partnerships with the country and France is elevating its relations with South Africa, an approach it had previously reserved for Francophone African powers. The US calls South Africa a pivotal state with which it has a strategic dialogue. The UK has an elevated Bi-National Commission because it regards South Africa as key. Germany has since 1994 maintained comprehensive relationships anchored on special trade arrangements, significant development budget and high-level dialogue. On this basis, it was invited into the G8 Outreach as the G8 sought to achieve greater legitimacy by reaching beyond the industrialized western world.

*Western powers also consider to be crucial for their own foreign policy goals including asserting their power in Africa. No wonder, the Germany, UK, US and the EU have signed strategic partnerships with the country and France is elevating its relations with South Africa, an approach it had previously reserved for Francophone African powers.*

Countries of the world voted for South Africa to host international conferences like the World Conference against Racism and the Rio+10 Conference. It also has the distinct honour of global diplomacy by being voted to become the non-permanent member of the UN Security Council twice in five years. In all of this, South Africa distinguished itself as a voice for systematic reform of global institutions, for a greater attention to developmental issues on the global scale, for greater focus on African development on the basis of partnership rather than dependence. Pretoria has also firmly placed itself among the leading powers of the Global South, helping to re-energise the Non-Aligned Movement and the Group of 77 developing nations and was actively involved in the creation of new clubs from the South including the India, Brazil and South Africa (IBSA) forum and the New Africa-Asia Strategic Partnership (NAASP).

South Africa has always harboured global ambitions, the manifestations of which include alliances with emerging powers. In the early 20th century, the Smuts government positioned itself such that it became one of the key states in the creation of the League of Nations and it continued to play an important role in this structure for a decade or so. The apartheid years isolated South African into a pariah state. But the liberation movements, especially the African National Congress (ANC), expanded their international and diplomatic legitimacy significantly during this period of isolation in South Africa's global diplomacy. Although not a state, the ANC had virtually represented South Africa at the Organisation of African United (OAU) Summit for 3 decades, and was given a special status at the United Nations, as



well as participated in NAM conferences and other fora. The ANC simply built on its global legitimacy and used the domestic bureaucratic infrastructure that was developed under apartheid to enable post-apartheid South Africa to punch well above its weight (that is, to operate in the league that its size of economy, geography and military power does not justify, on the basis of the prestige it has acquired as an active player in inter-state alliances for global reforms).

Post-apartheid South Africa, must utilise global diplomacy to ensure that national interests are served, which are inextricably linked to peace, stability and development priorities in the African continent and within the international system. The mass media quoted the South African Minister of International Relations and Cooperation, Ms. Maite Nkoana-Mashabane, saying that, "South Africa's membership of BRICS contributes to further leveraging economic opportunities for our own development agenda as well as that of the continent." South Africa's interest has been attracted by the market size of its BRIC partners as a source of foreign capital that provides significant opportunities for South African and African goods and services to access. In turn, this will lead to downstream effects including job creation and entrepreneurial opportunities, while individual countries will also earn much needed revenues needed to meet high socio-economic needs.

#### AFRICA AND THE DURBAN SUMMIT

This section of the chapter explores the prospects of enhancing the African focus in the BRICS agenda as a focal point in examining the extent to which the Africanisation of the BRICS agenda is important for the Durban Summit. Through its participation in the past two Summits, namely Sanya in China and New Delhi in India, South Africa had already advanced the importance of Africa as pivotal area of cooperation and collaboration for the other members of the BRICS. The idea is that Africa represents an important opportunity for the BRICS platform to strengthen their commitments around: new terms of economic cooperation; sustained development; the promotion of peace and security; and the coordination of international and regional issues. The formal BRICS support for the African Union (AU) High-Level Panel on Libya (of which South Africa was a key member) expressed in Sanya, for instance, helped strengthen the AU's efforts to deal with the Libyan crisis, even though in the end it was muscled out of the country by the west. South Africa's decision to vote with the west rather than BRICS countries, which abstained, in favour of UN Resolutions 1970 and 1973 created an impression that it was vacillating between the west and BRICS. This adventure turned out to be a nightmare as western powers brought NATO in to bomb Libya and assassinate Libya's Muamar Qaddafi. Similarly the BRIC partners also supported the CoP 17 hosted by South Africa and its intention to make it an African conference, taking due consideration of African concerns about climate change. But these remain general support for African related issues.

It was at the New Delhi Summit that the BRICS drew closer to advancing a specific and stronger African agenda, which was as a result of South Africa's championing of NEPAD as a blueprint to guide BRICS positions on Africa. At the conclusion of the Summit, the BRICS declared, among other things:

*We attach the highest importance to economic growth that supports development and stability in Africa, as many of these countries have not yet realised their full economic*



*potential. We will take our cooperation forward to support their efforts to accelerate the diversification and modernisation of their economies. This will be through infrastructure development, knowledge exchange and support for increased access to technology, enhanced capacity building, and investment in human capital, including within the framework of the New Partnership for Africa's Development (NEPAD).*

This means that the BRICS forum decided to make Africa a centerpiece of its agenda for global economic development. Although it must be noted that over and above South Africa championing of African agenda, other individual BRIC countries like China, Brazil and India have already elevated Africa's significance in their foreign and economic policies with the increasing levels of bilateral trade and investment agreements being signed between them and African economies. This would compliment efforts being made through platforms like the Forum on China-Africa Cooperation (FOCAC) and the India-Africa Forum Summit (IAFS). They, therefore, are aware of the economic and developmental challenges and opportunities in Africa. Thus, South Africa could be said to have been preaching to the converted in that BRIC countries have long been aware of the challenges of Africa, having individually also established relations with the continent over a long period of time.

Turning back to the above-quoted declaration, the support for strong economic growth and development is significant for two reasons respect of the African continent. For Africa to overcome most of its internal challenges it needs a growing economy as its bedrock. Secondly, growth alone cannot be sufficient. The continent needs economic development that translates growth into social benefits, which addresses poverty, underdevelopment, inequality and unemployment in order for the continent's economic renaissance programme to be realised. In this sense, BRICS may go well beyond mere stabilisation of currencies in order to protect the liquidity of various economies. Thus, change and reform would become necessary or inevitable.

The decision to specifically focus on diversification of African economies is a radical move than it appears on the surface. Lack of diversity of economic production in Africa manifests in over-dependence on the export of primary commodities, which is also an outcome of how colonial economies were structured to be nothing more than suppliers of cheap products, services and labour to the colonial empire. This structure or logic has not changed, meaning there has not been a significant decolonization of the structural conditions of African economies. For this reason alone, if the BRICS are to deliver on its promises, it might lead to a rupture in relations of dependency and open a way for establishing truly equitable economic relations between Africa and other parts of the world. This would also mean that the BRICS would have to significantly challenge the terms of reference of the WTO and the modus operandi of the global trading regime in the context of enabling the Doha Development Round to be achieved. The very idea of partnership as a fundamental economic paradigm for Africa's economic renaissance (see NEPAD) is revolutionary in many ways. It changes African attitudes to the global economy from that of expectation and assistance in grants and loans to one of market access for trade. It enjoins African countries to take responsibility for their own development rather than leaving it to others to do it for them. This, inevitably, challenges the mindset of inferiority and dependency by encouraging active agency in continental and global development. The BRICS offer an opportunity for Africa to achieve this NEPAD logic.



The BRICS Heads of State Summit declarations up to Durban do not even mention the terms, development assistance or aid, because development aid is the language and technology of the Global North, belonging to the discursive patterns that torment the South's desire to have development sovereignty and agency. The BRICS are aware of the fact that aid is part of the logic of development where non-western countries are expected to catch up with the West rather than find their own routes to better forms of progress. They may have come to realize that perhaps partnership, which is emphasized in the declaration, is the alternative, not just as a principle in the framework of the principles on development effectiveness enshrined by the High Level Forum on Development Effectiveness, but also as a paradigm of development in general.

In view of the Durban Summit, the BRICS countries need to build on decisions initiated earlier and have to also answer the question: how do they apply these decisions especially to Africa as a continent of very poor people and yet home to some of the most resource-rich countries? Besides the decisions mentioned, there are several other agreements or decisions that may be burdensome in respect of implementation when it comes to Africa. These include the Master Agreement on Extending Credit Facility in Local Currency under the BRICS Interbank Cooperation Mechanism and the Multilateral Letter of Credit Confirmation Facility Agreement between the Export Import/Development Banks, that are designed to be enabling instruments for enhancing intra-BRICS trade.

The decision to establish a developmental bank to provide further options for developing countries looking for capital and technical expertise to expand and advance their own development is another important decision. Africa can benefit immensely from access to new and more favourable financial resources given the impact of the international financial crisis on its access to resources that is needed to fund infrastructure development, the stimulation of agriculture, the diversification of the economy, beneficiation of natural resources and other strategic economic needs.

Concrete decisions at the Durban Summit about how previous decisions could be made practical, even if as pilots, on the African continent could be the best way to start. The following list of priorities and recommendations are proposed for the way in which the BRICS bank can strengthen the African agenda within the BRICS:

- Supporting the NEPAD implementation plan on infrastructure (especially the construction of the north-south and east-west corridors) and agriculture (especially the inputs for both commercial and small enterprises as well as agro-processing in one or two sub-regional locations); and
- Promoting the beneficiation of mineral resources through the building of manufacturing capacity on the continent in line with African common positions.



## SELECT REFERENCES

White, L. 2013. 'Emerging powers in Africa: Is Brazil any different?', *South African Journal of International Affairs*, 20 (1), pp. 117-36.

MacFarlane, S. N., 2006. 'The 'R' in BRICS: Is Russia an Emerging Power?' *International Affairs*, 82 (1), pp. 41-57.

Kornegay, F. and Masters, L. 2011. 'From BRIC to BRICS: A Report on the Proceedings on the International Symposium on South Africa's Emerging Power Alliances – IBSA, BRIC, BASIC, Pretoria: Institute for Global Dialogue.

Smith, J.A. 2011. 'BRIC becomes BRICS: Emerging Regional Powers? Changes on the Geopolitical Chessboard'. <http://www.globalresearch.ca/bric-becomes-brics-emerging-regional-powers-changes-on-the-geopolitical-chessboard/22812> (accessed 20 May 2014).

Kornegay, F. and Boeller-Muller, N. 2013. *Laying the BRICS of a New Global Order: From Yekaterinburg 2009 to eThekweni 2013*. Pretoria: Africa Institute of South Africa.

## NOTES

<sup>i</sup>See Stuenkel, O. 2013. 'Towards a "BRICS Consensus"', 26 March. Available at <http://www.postwesternworld.com/2013/03/26/towards-a-brics-consensus/> (accessed on 27 March 2013).

<sup>ii</sup>See Armijo, L.E. and Roberts, C. 'The Emerging Powers and Global Governance: Why the BRICS Matter'. Available at <http://www.hunter.cuny.edu/polsci/faculty/Roberts/repository/files/BRICS%20-%20Global%20Governance%20Final%20July%202013%20.pdf> (accessed 11 November 2013).

<sup>iii</sup>This view has been made famous by Patrick Bond of the Centre for Civil Society in South Africa. But it has a view that is gathering momentum in critical subaltern platforms. See, for instance, the many articles in 'BRICS in Africa anti-imperialist, sub-imperialist or in between? A reader for the Durban Summit'. Available <http://ccs.ukzn.ac.za/files/Bond%20CCS%20Brics%20booklet%2022%20March%202013.pdf> (accessed 12 March 2013).

<sup>iv</sup>For a critical discussion of emerging power dynamics in BRICS, see Smith, J.A. 2011. 'BRIC becomes BRICS: Emerging Regional Powers? Changes on the Geopolitical Chessboard'. <http://www.globalresearch.ca/bric-becomes-brics-emerging-regional-powers-changes-on-the-geopolitical-chessboard/22812> (accessed 20 May 2014).

<sup>v</sup>This is crudely expressed in Nigeria's reminder to South Africa after a number of tiffs over visa issue. See "South Africa needs to appreciate Nigeria's role in ending apartheid". Available at <http://www.safpi.org/news/article/2013/south-africa-needs-appreciate-nigeria-s-role-ending-apartheid> (accessed on 13 November 2013).

<sup>vi</sup>See BRICS 'to help SA, Africa develop'. Available at <http://www.southafrica.info/global/brics/development-250213.htm#.U5Lpav1bxg0> (accessed on 1 April 2014).

<sup>vii</sup>See the preface of Kornegay, F. and Masters, L. 2011. 'From BRIC to BRICS: A Report on the Proceedings on the International Symposium on South Africa's Emerging Power Alliances – IBSA, BRIC, BASIC, Pretoria: Institute for Global Dialogue.

<sup>viii</sup>Professor Gerrit Olivier has dedicated a lot of his work on this. A media think piece represents his consistent argument that South Africa has sought to balance its relations with south with those of the north. See, for instance, Olivier, G. 2006. 'South Africa: SA And EU Can Build a Partnership', 24 August. Available at <http://allafrica.com/stories/200608240088.html> (accessed on 24 August 2006).

<sup>ix</sup>I borrow this phrase of global ambitions from the work of Chris Landsberg. See, for instance, Landsberg, C. 2006. 'New Powers for Global Change? South Africa's Global Strategy and Status'. FES Briefing Paper no. 16, November. Accessible at [www.fes.de/globalization](http://www.fes.de/globalization) (accessed on 2 April 2010).

<sup>x</sup>Nkoana-Mashabane, M. 2013. 'The 'S' in BRICS: an African perspective', 22 January. Available at [http://www.southafrica.info/global/brics/mashabane-220113.htm#.U5LxQ\\_1bxg0#ixzz33wyVBsiy](http://www.southafrica.info/global/brics/mashabane-220113.htm#.U5LxQ_1bxg0#ixzz33wyVBsiy) (accessed on 3 May 2014).

<sup>xi</sup>BRICS, fourth BRICS summit – Delhi Declaration, March 29, 2012. Available at <http://www.brics5.co.za/about-brics/summit-declaration/fourth-summit/> (accessed on 8 February 2013).

<sup>xii</sup>See Global Partnership for Effective Development Cooperation in <http://effectivecooperation.org> (accessed on 3 October 2013).



## BRAZIL'S DEVELOPMENT COOPERATION IN AFRICA: A NEW MODEL?

*André de Mello e Souza is a researcher at the Institute for Applied Economic Research (IPEA). He received a Ph.D. Political Science from Stanford University. He has served as Professor of International Relations at the Pontifical Catholic University of Rio de Janeiro, Brazil. His main areas of research include global governance of intellectual property rights and its impact on health and biotechnology; international private and governmental development cooperation; and BRICS. He is one of the authors of "The Politics of Private Aid" published in "International Organization".*

### INTRODUCTION

WHILE BRAZIL HAS ENGAGED IN INTERNATIONAL DEVELOPMENT COOPERATION since the early seventies, it was only after 2003 that the country began to be treated as an "emerging donor", and that such cooperation grew significantly in both volume of resources and in geographical reach. Concurrently, Brazil has increased its political and economic presence in Africa, and the region has become the second most important regional partner of its international development cooperation.

Although Brazil's forays into Africa are still much more restricted than those of China and India, the country enjoys comparative advantages such as closer historical and cultural ties with the region. Brazil also shares development challenges with many African countries as a result of similar climate, environmental, linguistic and social conditions.

The aim of this paper is twofold. First, it seeks to map Brazilian development cooperation in Africa and; second, to explore the question of whether and to what extent such cooperation offers a new and sustainable model. It is argued that such purported Brazilian model differs not only from the international development cooperation of member countries of the Organization for Economic Cooperation and Development (OECD) Development Aid Committee (DAC) – the so-called "traditional donors" – but also from that of other emerging countries.

The following three sections of the paper are essentially descriptive; the final two sections are mostly analytical and aim to answer the question posed at its title as well as to look into questions of sustainability of the alleged Brazilian development cooperation model



in Africa. The second section presents aggregate data on the growing significance of Brazilian international development cooperation and discusses its main guiding principles as explicitly defended in governmental discourse. This section makes clear that “emerging donor” is a misnomer for Brazil, both because the country has been engaging in international development cooperation for many decades (and is therefore not “emerging”) and because treating it as a “donor” is antithetical to the principles of this cooperation.

The third section presents evidence of Brazil’s increasing political and economic presence in the African continent during the presidency of Luiz Inácio Lula da Silva. The fourth section seeks to map Brazil’s development cooperation in Africa, presenting data on its relative regional position, its evolution during the last decade and its distribution across countries.

The fifth section addresses the question of whether and to what extent Brazilian development cooperation in Africa offers a distinctive model in practice (and not just in rhetoric). In particular, the argumentation is based on the intangible nature of such cooperation, on the multiple channels used for dispensing it and the partnerships established, on the humanitarian and social development issue-areas in which it concentrates, and on the externalization of so-called “best-practices”.

The sixth section seeks to point out the main challenges confronting the Brazilian development cooperation model in Africa and the implications of such model for policy and research on development cooperation more broadly. I argue that most of such challenges derive from institutional fragmentation and lack of central coordination and planning. I further argue that the transfer of best-practices oftentimes overstates similarities between Brazil and Africa, requires more knowledge in Brazil about Africa, and should not overlook domestic political processes that made these best-practices possible in the first place.

### **BRAZIL AS AN “EMERGING DONOR”?**

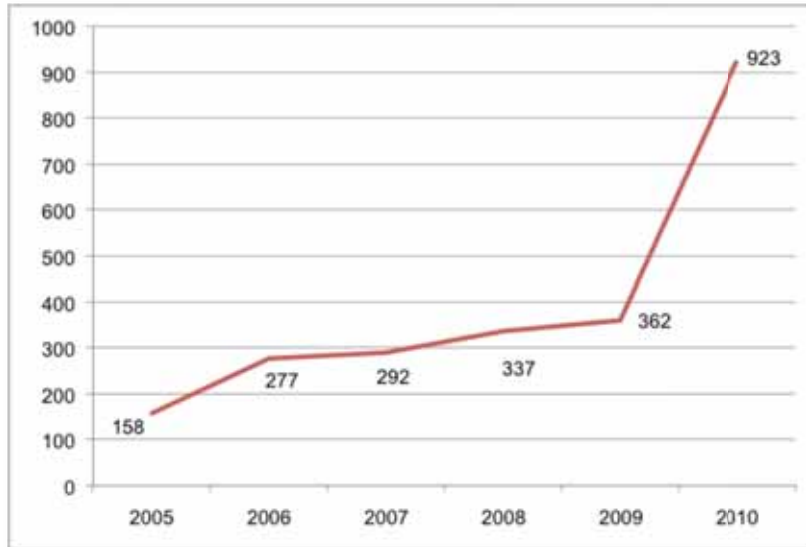
#### **ORIGINS AND RECENT GROWTH OF BRAZILIAN INTERNATIONAL DEVELOPMENT COOPERATION**

Brazil’s first initiatives in South-South development cooperation date to the 70s and consisted of technical training programs for skilled workers and human resources of Latin-American and African Portuguese-speaking countries. By the end of the 70s, in the context of the United Nations’ Buenos Aires Action Plan in Technical Cooperation between Developing Countries (1978), South-South development cooperation gains prominence in Brazilian diplomatic discourse and foreign policy.

Nevertheless, the most significant expansion of Brazilian international development cooperation occurs only during the first mandate of President Lula, which began in 2003. In the course of this mandate, the number of partner beneficiary countries rose from 21 to 56, 35 of which are located in Africa. According to data from IPEA (2010: 21 and 2013: 17), the volume of resources destined to Brazilian international development cooperation rose more than four times during the Lula government: from US\$ 158,1 million in 2005 to US\$ 923,4 million in 2010. The yearly evolution of such cooperation throughout this period is shown in Figure 1.



**FIGURE 1**  
**TOTAL BRAZILIAN INTERNATIONAL DEVELOPMENT COOPERATION EXPENDITURE**  
**2005-2010 (US\$ MILLIONS)**



SOURCE: IPEA (2010: 21) AND (2013: 17).

### **GUIDING PRINCIPLES OF BRAZILIAN DEVELOPMENT COOPERATION**

Crucially, Brazil rejects the terms “aid”, “donor” and “recipient” – traditionally associated with DAC/OECD countries – to describe its development activities abroad. Similarly to India and other emerging countries, Brazil prefers to describe such activities as “cooperation” and treats itself and others involved in them as “partners”. This terminology has important political underpinnings and stresses the differences between an ostensible model of South-South development cooperation and the DAC/OECD model of development aid. In addition, it also underscores the adoption of several guiding principles championed by Brazil’s international development cooperation. They are briefly presented below.

**Common heritage.** Brazil emphasizes a common heritage of Southern countries, derived from the experiences of colonialism, imperialism and peripheral position in the world system, and reflected in shared cultural and historical affinities. Particularly in relation to Africa, a “natural partnership” (IPEA and WORLD BANK, 2011: 1) is identified, and geographical and historical ties are emphasized. In particular, the slave trade brought to Brazil from Africa several linguistic, religious, gastronomic and other elements that helped to shape and define the country’s culture and identity. In addition, currently of all countries Brazil has the largest black population after Nigeria. Similarities in climate, environmental, urban and social conditions also mean that Brazil and Africa face similar development challenges and that Brazil is therefore better equipped to engage in development cooperation in the region than DAC/OECD countries or even other emerging countries.

**Partnership and horizontality.** Brazil defends these principles as the foundation of an international development cooperation model based on the exchange between equals.



The paternalism of vertical and hierarchical development aid schemes is rejected in favor of a relationship that has no impositions or conditionalities. This is closely related and leads to the additional principle of a demand-driven approach to development cooperation, whereby Brazil does not decide which development goals should be pursued in partner countries, nor how such goals should be pursued. Rather, it only responds to the needs of partners that make such decisions for themselves.

Mutual benefits. Brazil strongly believes that a truly cooperative and horizontal partnership for development will produce mutual benefits and responsibilities in “win-win” situations. In other words, Brazilian international development cooperation consists of two-way relationships, unlike DAC/OECD one-way donor-recipient relationships where the donor has nothing to receive and the recipient nothing to give. These principles also mean “both sides of a partnership being active rather than spectators or witnesses as Lula has put it” (ISELIUS and OLSSON, 2012: 34).

Respect for sovereignty and non-intervention. This principle can be seen as a cornerstone of Brazilian diplomacy. As a country that, like so many others in the developing world, has endured the experience of colonialism and of several foreign interventions, Brazil is particularly sensitive and attentive to the risks of sovereignty violations, especially in a context of political or economic power asymmetries.

Non-conditionality. Brazilian development cooperation rejects the governance, human rights, environmental and social conditionality traditionally associated with DAC/OECD development aid. Such conditionality is considered incompatible with the principles of partnership and horizontality and with a demand-driven approach to development cooperation, as well as with the respect for sovereignty.

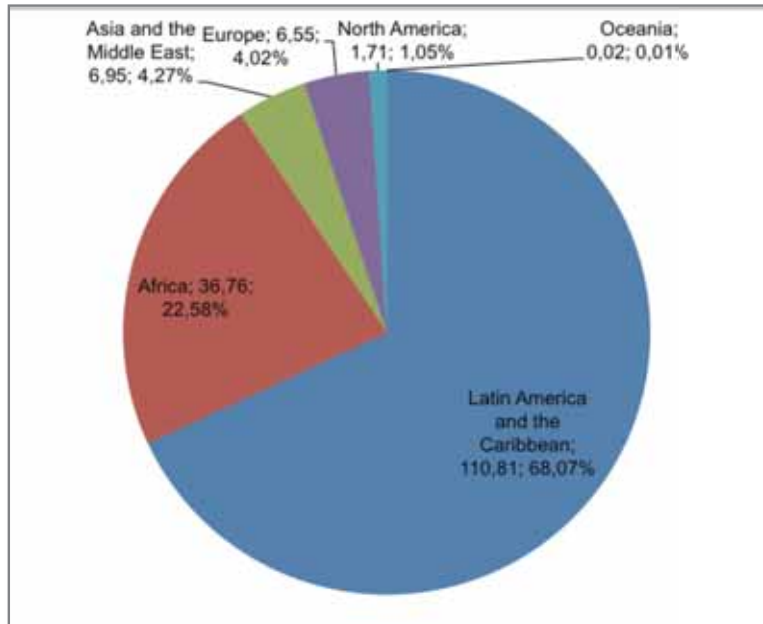
### **BRAZIL'S GROWING PRESENCE IN AFRICA**

Early in his first term President Lula treated Africa as a priority in Brazil's foreign policy and particularly in its effort to diversify the country's South-South partnerships. As a result, the number of Brazilian embassies in Africa more than doubled since 2003, from 18 to 37, surpassing the number of African embassies of the United Kingdom, the region's most important colonial power. The number of African embassies in Brasilia also more than doubled (16 to 34) and is now superior to that in any other capital of the Western Hemisphere except Washington D.C. Accordingly, President Lula made 12 trips to Africa, visiting 21 countries; and as Brazil's Foreign Minister (2003-2010), Celso Amorim made 67 official visits to African countries. Since 2003, Brazil received 47 visits of African leaders from 27 nations (STUENKEL, 2013: 30-31).

Brazil's economic ties with Africa have also been significantly enhanced. Trade has increased to US\$ 20 billion, climbing back to the peak of 6% of the country's overall trade (STUENKEL, 2013: 31). Furthermore, Brazilian companies currently invest in 19 African countries. The most important recipient of Brazilian investments is Angola, followed by Mozambique, Libya and South Africa; and the most important investment sectors are construction, oil, and mining (CABRAL, 2011: 4; 20). Finally, the Brazilian National Economic and Social Development Bank (BNDES) has also significantly increased the

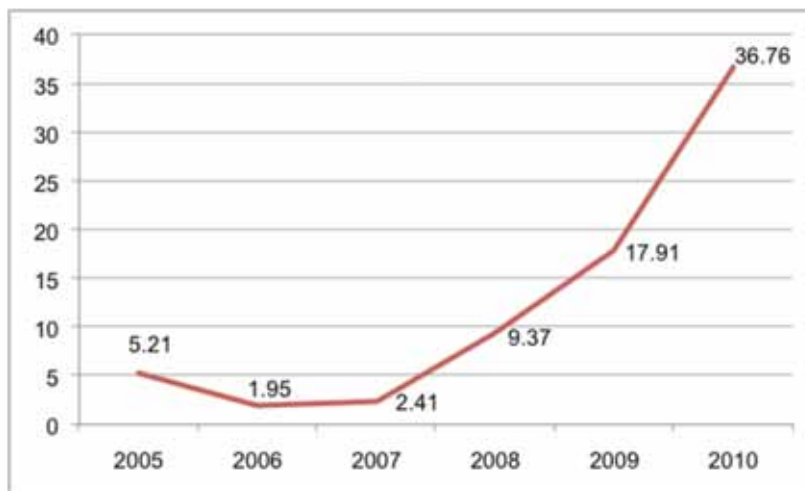


**FIGURE 2**  
**REGIONAL DISTRIBUTION OF BRAZILIAN DEVELOPMENT COOPERATION, 2010 (US\$ MILLIONS AND %)**



SOURCE: IPEA (2010: 19). BRAZILIAN REAIS CONVERTED TO US DOLLARS USING THE AVERAGE 2010 NOMINAL EXCHANGE RATE.

**FIGURE 3**  
**BRAZILIAN DEVELOPMENT COOPERATION IN AFRICA, 2003-2010 (US\$ MILLIONS)**



SOURCE: IPEA (2010: 57 AND 2013: 18). BRAZILIAN REAIS CONVERTED TO US DOLLARS USING THE AVERAGE 2010 NOMINAL EXCHANGE RATE.

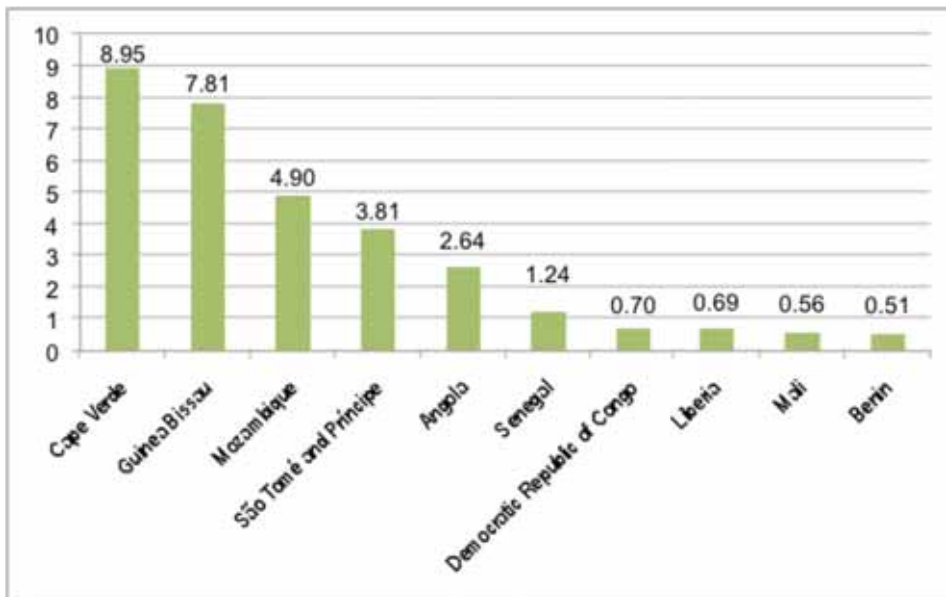
resources used to finance Brazilian companies investing in Africa from R\$ 477 million in 2008 to R\$ 649 million in 2009.

### BRAZILIAN DEVELOPMENT COOPERATION IN AFRICA

In 2010 Brazil's development cooperation in Africa amounted to approximately US\$ 36,76 million, and represented 22,58% of total Brazilian international development cooperation (IPEA, 2010: 18-19, see Figure 2). These figures position Africa as the second most important partner region in Brazil's international development cooperation, after Latin America. Moreover, Africa accounts for 39,5% of Brazilian international technical cooperation (IPEA, 2010: 29). Finally, Brazilian development cooperation in Africa has increased substantially since 2007, even in the aftermath of the global financial crisis which began in 2008 (see Figure 3 on page 116).

Looking within Africa, Figure 4 shows the distribution of Brazilian technical bilateral and trilateral cooperation in 2010 among the top 10 partner countries in the region. Strikingly, the five top partners of Brazilian development cooperation in Africa are all Portuguese-speaking countries, which together account for 76,5% of such cooperation (IPEA, 2013: 21-22). This provides empirical support to the common heritage principle discussed in section 2.2 by suggesting that language and a shared colonial power, two factors that arguably help to determine national culture, are key elements of Brazilian international development cooperation.

**FIGURE 4**  
10 MOST IMPORTANT PARTNER COUNTRIES OF BRAZILIAN TECHNICAL BILATERAL AND TRILATERAL COOPERATION IN AFRICA, 2010 (US\$ MILLIONS)



SOURCE: IPEA (2010).



## A DISTINCTIVE MODEL OF DEVELOPMENT COOPERATION IN AFRICA?

Section 2.2 showed how the principled discourse permeating Brazilian international development cooperation seeks to distinguish it from traditional DAC/OECD foreign development aid. Do such distinctions hold in practice in Africa? What evidences beyond rhetoric are available regarding the supposed existence and exceptionality of a Brazilian model of development cooperation in the region? And if we can speak of such a model, does it differ from the international development cooperation offered by other emerging countries as well as from the DAC/OECD model? How so? Though it is not possible to offer definitive answers to these questions, I argue below that there is indeed a distinctive Brazilian model of development cooperation, partly defined by its transfer of intangible goods, its diverse instruments and execution channels, the development issue areas in which it concentrates, and the externalization of domestic best-practices.

First, an important caveat is in order. A large portion of Brazilian development cooperation, especially in Africa, consists of technical cooperation. By its very nature, this kind of cooperation involves the transfer of intangible assets such as knowledge, technology and skills. As a result, the economic and social value of technical cooperation cannot be easily measured or quantified, and certainly cannot be captured simply by looking at the travel expenses of experts.

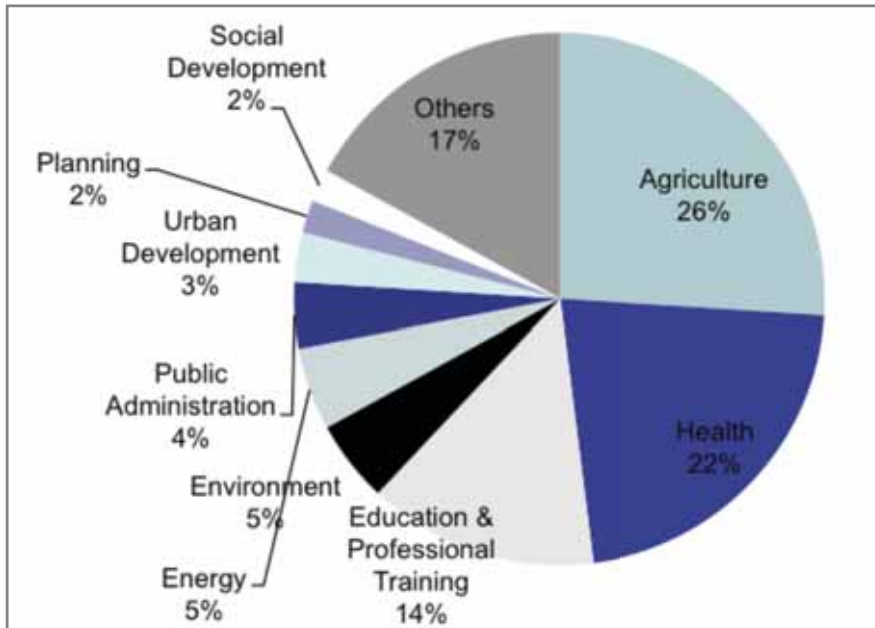
Indeed, the generation of such new knowledge, technology and skills took place over the course of decades and involved much higher sums invested and research and development by Brazilian institutions. More generally, Brazilian international development cooperation does not involve financial transfers and, therefore, cannot be measured or assessed using the same indicators as DAC/OECD foreign development aid.

Second, in contrast to the international cooperation offered by other emerging countries, executed almost entirely through bilateral channels, more than 50% of Brazilian development cooperation in 2010 is carried out multilaterally (IPEA, 2013:5), and a significant part of such cooperation is carried out trilaterally. The most important partners in Brazilian trilateral development cooperation are, according to the Brazilian Cooperation Agency (ABC), Japan and the International Labor Organization (ILO). Crucially, bilateral cooperation allows much greater control of the country conceding such cooperation over development activities being carried out than multilateral or trilateral cooperation, which lends empirical support to Brazilian claims of partnership and horizontality.

Third, Brazil prioritizes in Africa humanitarian cooperation (23% of the total Brazilian development cooperation, according to IPEA, 2013:17), agriculture and social development issue-areas, notably health and education. Accordingly, Figure 5 shows that agriculture (26%), health (22%) and education and professional training (14%) are the most important issue-areas addressed by Brazilian technical cooperation in Africa. This evidence suggests that Brazilian development cooperation in the region is not primarily driven by economic, commercial or investment interests, and also empirically supports the principles of partnership and horizontality.



**FIGURE 5**  
**BRAZILIAN TECHNICAL COOPERATION IN AFRICA, DEVELOPMENT ISSUE AREAS,**  
**2003-2010 (% OF RESOURCES)**



SOURCE: ABC

Finally, Brazilian cooperation appears to systematically replicate domestic practices and conceptions regarding poverty, development and well-being to its African partners. A number of specific examples help to illustrate such pattern.

Regarding Brazilian international cooperation in agriculture, the leading agency has been Embrapa, a state company that carries out agricultural and livestock research. Its programs offer examples of practical application of the mutual benefits principle discussed in section 2.2. Indeed, much of the agricultural technological development conducted by Embrapa, which allowed the company to adapt the cultivation of several crops in different climates and types of soil, was based on genetic materials supplied by foreign research institutions (ARRAES, 2011). Perhaps most notably, Embrapa succeeded in promoting the cultivation of soy in the cerrado of Brazilian highlands. African savannas have similar climate and soil as the cerrado, and Embrapa has thus been transferring this technology to African countries. The ProSavana program, for instance, attempts to replicate the experience of the Brazilian highlands in the Nacala Corredor in Mozambique in a trilateral cooperation scheme that includes Japan (ALVES, 2013). This program, as others carried out by Embrapa, also exemplify how long-term investments in research and development can generate knowledge, skills and technology which are transferred abroad but this transfer itself does not involve large financial sums.

Fiocruz, a federal laboratory and health research center, has played a prominent role in Brazilian development cooperation in health. It began producing generic versions of



antiretroviral drugs used in cocktail therapies to treat HIV/AIDS in 1997. Brazil was the first developing country to offer free and universal access to HIV/AIDS treatment, with highly cost-effective results in the fight against the epidemic, both in terms of declining death and morbidity rates and incidence of opportunistic infections as of longer survival rates and dramatically reduced hospitalization costs (MELLO E SOUZA, 2007: 49-54). Local generic production of antiretroviral drugs allowed the Brazilian Health Ministry to ensure the affordability of these drugs. The largest and most important project of Brazilian international development cooperation to date, the construction of a pharmaceutical factory in Mozambique cost US\$ 20 million and is expected to produce generic versions of 21 medicines, six of which are antiretrovirals, by 2015. By the end of 2013 this factory already produced lamivudine and nevirapine. Mozambique has an estimated 2,4 million HIV positive people (ROSSI, 2013). Like Embrapa's agricultural programs, Fiocruz' health programs involve long-term investments in innovations which generate intangible goods transferred overseas.

Other examples include educational projects carried out by SENAI, a governmental industrial apprenticeship network in Brazil responsible for setting up and administering seven vocational training centers in sub-Saharan Africa (Angola, Cape Verde, Mozambique, Guinea Bissau, São Tomé and Príncipe and two in South Africa); as well as for providing training for trainers, managers and technical personnel. BolsaFamília, a highly successful conditional cash-transfer program, is an additional social policy originated in Brazil that is being adapted and replicated in African countries (IPEA and WORLD BANK, 2011: 63; 74). Finally, the Program for Food Acquisition in Africa, which uses the produce from family agriculture to supply schools, day care centers and nursing homes, also originated from an equivalent program implemented in Brazil by the Ministry of Social Development.

### CHALLENGES TO THE BRAZILIAN DEVELOPMENT COOPERATION MODEL

Is the Brazilian model of development cooperation in Africa sustainable? What are the main challenges to the sustainability of this model? Many of such challenges are institutional in nature. For instance, Brazilian legislation is ill equipped to deal with governmental expenses related to international development cooperation and proscribes the financing of activities and the hiring of personnel abroad, which is done by means of a legal loophole using international organizations such as the United Nations Development Program (UNDP).

More importantly, as other BRICS countries like India and China, Brazil still confronts considerable institutional fragmentation and lack of central planning and coordination in implementing its international development cooperation. Such cooperation is executed not only by ABC, subordinated to the Foreign Affairs Ministry, but also by several ministries, including the Ministries of Agriculture, Health, Education and Social Development – to which Embrapa, Fiocruz, SENAI and the BolsaFamília Program are subordinated – as well as state companies, BNDES, and sub-national entities.

This institutional fragmentation and the absence of a central agency capable of planning and coordinating diverse international development cooperation initiatives is surely, at least





in part, a consequence of the application of the demand-driven principle. If African partners are deciding which development challenges should be addressed and how to address them, and Brazil is simply responding to these decisions, then Brazilian development cooperation in Africa will necessarily be ad hoc and decentralized.

Yet, such institutional fragmentation and incoordination may also result in redundancies and prevent synergies and joint efforts in development cooperation activities. It also may decrease transparency and undermine aggregate monitoring and evaluation efforts, as well as costs/benefit analyses, especially in the long-term. Finally, it may lead to the simultaneous implementation of projects and programs based on diverging if not contending development views and ideologies, as noted by Lídia Cabral (2011: 32-33). A notable example comes from the comparison of the previously mentioned ProSavana program, which aims to promote large-scale modern export-oriented agriculture in Mozambique, and other projects that seek to promote family agriculture in the same country, such as the also previously mentioned Program for Food Acquisition in Africa.

A second set of challenges to the Brazilian development cooperation model in Africa has to do precisely with the replicability of domestic best-practices. First, the common heritage principle is frequently exaggerated when applied to Africa. While there certainly are important similarities between Brazil and this region, evidenced especially in the example of Embrapa's development cooperation activities in Mozambique and elsewhere discussed in section 5, Africa is a highly diverse and complex continent. Moreover, the field of African studies has yet to be expanded and developed in Brazilian universities and research institutes (CABRAL, 2011: 34).

In addition, it is noteworthy that Brazilian best-practices are oftentimes the product of long-standing political struggles in which civil society groups have played a prominent role (CABRAL, 2011: 34-35). The example of generic antiretroviral production mentioned in section 5 is a case in point. Though in Brazil HIV/AIDS initially spread among relatively well-off gay groups, capable of politically organizing and mobilizing an articulated demand for free and universal antiretroviral treatment, in sub-Saharan Africa the epidemic has shown highest incidence among the disenfranchised poor. Furthermore, Brazil's health system is largely based on principles of gratuity, universality and integrality, defended by the so-called sanitary movement during the democratization process and incorporated into the 1988 Constitution. Notably, health is treated in Brazil as a right of citizenship and duty of the state (MELLO E SOUZA, 2007: 38-40). Hence, can Brazilian best-practices be simply replicated through governmental initiatives in countries that lack similarly organized and mobilized civil society groups and institutionally consolidated principles regarding healthcare? It is doubtful.

In any case, the involvement of local civil society groups seems highly recommendable. There is ample evidence that the most successful development projects are those that incorporate input from affected groups. Yet this would require safeguards against accusations of imposing political conditionalities, or of by-passing local governments. Negotiations would need to be carefully conducted and their focus should be on the effectiveness of the activities to be undertaken under development cooperation agreements.



## CONCLUSIONS

The objectives of this paper have been both descriptive and analytical. The descriptive objective has been to map Brazilian development cooperation in Africa across time, countries, and issue-areas and relative to other regions. I have argued at the outset that it is inappropriate to describe Brazil as an “emerging donor”, both because the country has been engaging in international development cooperation since the 70s – even though such cooperation grows significantly only since 2003 – and because it sees development cooperation as involving horizontal partnerships. The paper also shows how Africa has gained prominence in Brazilian foreign policy and, accordingly, became the second main regional partner in Brazilian development cooperation. The fact that the major African partners in Brazilian development cooperation are Portuguese-speaking countries confirms the applicability of the common heritage principle.

The second and analytical objective of this paper has been to explore the question of whether and to what extent Brazil offers a distinctive model of development cooperation. Unlike other emerging countries, Brazil uses a wide range of channels to deliver such cooperation, including multilateral organizations and trilateral arrangements with OECD countries. Moreover, Brazil concentrates its cooperation in Africa on humanitarian and social development, principally agriculture, health, and education. In so doing, the country attempts to replicate in the region its so-called “best practices”, innovative national policies that were highly successful in the domestic realm. Such replication has benefited from the cultural, linguistic, social, climatic, environmental and epidemiological similarities between Brazil and Africa. It also most often than not involves the transfer of assets such as technology, knowledge and skills which result from long-term investments in research and development; and the value of these assets cannot be measured through the direct expenses associated with such transfer. These evidences corroborate the claims of partnership, horizontality and of disinterested motivations regarding Brazilian international development cooperation.

However, in order to ensure the sustainability of Brazil’s development cooperation in Africa several challenges still need to be overcome, including the institutional and legal deficiencies of the country’s development cooperation agencies, their lack of central planning and coordination, and the need for deeper knowledge and understanding of the specific social, economic and political conditions of African partner countries, which do not always resemble those of Brazil.

## REFERENCES

ALVES, Daniela. “Brasil e Japão Anunciam Novo Investimento ao ‘Programa ProSavana’ em Moçambique”, CEIRI Newspaper, Apr. 9, 2013. Available online at: [http://jornal.ceiri.com.br/index.php?option=com\\_content&view=article&id=3645:brasil-e-japao-anunciam-novo-investimento-ao-programa-prosavana-em-mocambique&catid=94:notas-analiticas&Itemid=656](http://jornal.ceiri.com.br/index.php?option=com_content&view=article&id=3645:brasil-e-japao-anunciam-novo-investimento-ao-programa-prosavana-em-mocambique&catid=94:notas-analiticas&Itemid=656).

ARRAES, Pedro. “Como o Brasil Virou Fornecedor de Tecnologia Agrícola”, Dinheiro Rural, ed. 82, ago. 2011. Available online at: <http://revistadinheirorural.terra.com.br/secao/artigo/como-o-brasil-virou-fornecedor-de-tecnologia-agricola>.

CABRAL, Lúcia. “Cooperação Brasil-África para o Desenvolvimento: Caracterização, Tendências e Desafios”, Textos Cindes Nº26, Dec. 2011. Available online at: <http://www.iadb.org/intal/intalcdi/PE/2012/09904.pdf>.



CABRAL, Lídia and WEINSTOCK, Julia. "Brazilian Technical Cooperation for Development: Drivers, Mechanics and Future Prospects". London: Overseas Development Institute, Sept. 6, 2010.

ISELIUS, Gabrielle and OLSSON, Maria. "South-South Development Cooperation and the Changing Dynamics of Development Assistance: A Study of Brazil's Positioning and Identity as a Partner for Development". Bachelor Thesis in Global Studies, University of Gothenburg, 2012.

IPEA. Cooperação Brasileira para o Desenvolvimento Internacional 2005-2009. Brasília: Ipea, Dec. 10 2010. Available online at: [http://www.ipea.gov.br/portal/images/stories/PDFs/Book\\_Cooperacao\\_Brasileira.pdf](http://www.ipea.gov.br/portal/images/stories/PDFs/Book_Cooperacao_Brasileira.pdf).

IPEA. Cooperação Brasileira para o Desenvolvimento Internacional 2010. Brasília: Ipea, 2013.

IPEA and WORLD BANK. Bridging the Atlantic: Brazil and Sub-Saharan Africa: South-South Partnering for Growth. Brasília: Ipea and World Bank, 2011. Available online at: <http://siteresources.worldbank.org/AFRICAEXT/Resources/africa-brazil-bridging-final.pdf>.

MELLO E SOUZA, André de. "Defying Globalization: Effective Self-Reliance in Brazil" in Paul G. Harris and Patricia D. Siplon (eds.), The Global Politics of AIDS. Boulder, Colo.: Lynne Rienner Publishers, 2007.

ROSSI, Amanda. "Depois de 10 Anos, Fábrica de Remédios contra Aids Começa a Produzir na África". O Estado de São Paulo, Nov. 2, 2013. Available online at: <http://www.estadao.com.br/noticias/cidades,depois-de-10-anos-fabrica-de-remedios-contra-aids-comeca-a-produzir-na-africa,1092215,0.htm>.

STUENKEL, Oliver. "Brazil in Africa: Bridging the Atlantic?" KAS International Reports. São Paulo: KAS, 1/2 2013. Available online at: [http://www.kas.de/wf/doc/kas\\_33516-544-2-30.pdf?130218102618](http://www.kas.de/wf/doc/kas_33516-544-2-30.pdf?130218102618).

## NOTES

<sup>i</sup>China and India, in contrast, concentrate their development cooperation in the region on infra-structure and energy.

<sup>ii</sup>About 60% of ABC's project-related funds is channeled through the UNDP, while the remaining 40% is distributed across other international organizations such as the ILO and the Inter-American Institute for Cooperation on Agriculture (IICA) (CABRAL AND WEINSTOCK, 2010, p. 11).

<sup>iii</sup>This is not to argue that Brazil does not also use its development cooperation in Africa to promote its own trade and investment interests. Indeed, the operation of several Brazilian companies in the region, the promotion of ethanol as an energy source as well as the funding offered by BNDES – to the extent that it may be considered development cooperation – suggest otherwise. But, judging from the available evidence, these interests appear to play a relatively less important role in Brazilian international development cooperation than in that of other emerging countries.





# EDUCATION, RESEARCH AND SKILLS DEVELOPMENT FOR BUILDING INDUSTRIALISED ECONOMIES

## EDUCATION, TRAINING AND THE 'PRECARIAT': AN OVERVIEW OF THE SOUTH AFRICAN EDUCATION AND SKILLS LANDSCAPE

*Volker Wedekind is Associate Professor and Deputy Dean in the Faculty of Education at the University of Kwa-Zulu Natal. He holds a PhD in Sociology from the University of Manchester. His current research focuses on Further Education and Training Colleges in South Africa. He has also been appointed to a Ministerial Task Team that will advise Dr Blade Nzimande, the Minister of Higher Education and Training, on improving the performance of Sector Education and Training Authorities (SETAs).*

SINCE THE ADVENT OF DEMOCRACY IN 1994, **South Africa has prioritized education and training with three broad social goals: redress of past injustice; developing skills for an industrializing economy; and enhancing democratic practices.** Almost 20 years later, South Africa's education system is poorly regarded by the public and often referred to as being in crisis. The inequalities of the colonial and apartheid periods have not lessened, the education system does not deliver the skills required by the economy, and there is little evidence to suggest that the system has deepened democratic values and practices. This paper tracks the various policy moves that South Africa has made, including the processes of borrowing, and proceeds to discuss the ways in which the reforms have failed to address the social goals that they were intended to address. Finally, alternative ways of addressing the crisis in education are discussed, and possible areas of alignment with BRICS countries are explored.

## INTRODUCTION

In order to locate South Africa's education system in relation to those of the BRICS partners it is first necessary to map out the shape of the system and the historical and contemporary social forces that have shaped the system. This chapter provides a broad introduction to the South African education system and the key moves in the debates about the system. It goes on to argue that at the centre of educational initiatives is a growing concern with what Guy Standing has referred to as the 'precariat', the increasing number of young people who are neither in education, employment or training. The chapter ends with a discussion of how comparative studies across the BRICS countries offer potential learning opportunities for thinking about social and educational policies.

## HISTORICAL OVERVIEW

Like all of South Africa's modern history, the marks of colonialism and the more recent apartheid system are deeply etched into every aspect of the education system. A comprehensive history or even summary is not possible within the scope of this paper. It is only possible to highlight a few strands of the history that are particularly relevant for analyzing present day education.

Formal modern schools were introduced shortly after the arrival of the Dutch colonists in the mid 17th century, primarily to cater for the education of slaves. With the expansion of the colonial system and the arrival of missionaries, schooling and various forms of higher education expanded throughout southern Africa. However, mass schooling for a large proportion of the population was only made available by the state during the course of the 20th century alongside industrialization and the formal implementation of the apartheid system.

As the convoluted logic of the apartheid system was implemented, the school system became increasingly fragmented. Each racial and ethnic group had their own education department developing parallel systems and institutional types. Separate schooling expanded upwards into separate universities and technikons for each linguistic and racial group. While there were elements of commonality in terms of curriculum, the various systems developed their own organizational culture and resourcing and quality varied greatly, with white South Africans enjoying the lion's share.

The technical and vocational education system was further shaped by the economic developments in South Africa. Initially an agrarian economy, the discovery of minerals (diamonds and gold in particular) catapulted South Africa into a global economy and drove the industrialization of key parts of the country. Mining, particularly the deep mines on the Witwatersrand, required technical skills that weren't being produced locally. Technical education systems designed to train artisans began emerging, based largely around an apprenticeship system, while higher-level engineering and other scientific skills were trained at new universities. However, from the outset the racialised nature of the labour market shaped the institutions, with skilled labour being reserved for whites.

It was only in the 1970s, when South Africa's economy started to contract, that neo-classical economic policies started gaining ascendancy and a progressive deregulation of



the race based education and training system began. Training institutions offering technical education to black South Africans were opened and some of the restrictions on categories of jobs were lifted in order to widen the skills base. Up to this point the system, which comprised technical colleges and state enterprises where apprentices were contracted, was largely successful at supplying the mid-level skills required by industry and the public sector. However, with declining demand and increasing privatization of public entities, training at colleges became delinked from the actual apprenticeships. By the mid 1980s 26 000 applicants per annum did a trade test in engineering fields with about half succeeding at the test. A decade later this had dwindled to only 5 000 applicants with about 3 000 passing (Wedekind, 2013).

When the first democratic government was inaugurated in 1994 it was faced with an education system that was highly fragmented, of uneven quality and no longer supplying adequately skilled new entrants into the workforce. The schooling system was particularly volatile, as schools had become a central pillar of the liberation struggle, with student organisations and teacher unions playing leading roles in the internal resistance movement. This had led to the ongoing disruption of many schools around the country and the consequent impact on students, with growing drop out rates and high failure in standardized assessment. Educational renewal and reform was a critical issue that needed to be tackled by the new government.

### EDUCATION REFORM IN DEMOCRATIC SOUTH AFRICA

The education system was one of the priorities for the new democratically elected government and South Africa has consistently spent a comparatively high 18% of government expenditure on education. Interestingly, the primary driver for educational reform in the immediate post-apartheid period was the labour movement rather than education organisations. Labour's concerns were twofold: avoiding redundancies that were a seemingly inevitable consequence of South Africa's reintegration into the global economy, and recognition of prior learning (RPL) for unqualified yet skilled workers. The former sought to upskill the workforce to improve competitiveness and productivity, while the focus on RPL was intended to ensure that those workers that had picked up skills informally were credited for these without having to jump through all the education hoops. The vehicle to achieve these two aims was a National Qualifications Framework (NQF), that would integrate all education and training.

The model that was adopted drew on the New Zealand, Australian and Scottish experiences in particular (Allais, 2007). It divided the education system into three bands (General, Further and Higher Education and Training) with eight (later ten) levels. Each and every qualification, course or section of knowledge had to be assigned a certain number of credits at a specific level, with the intention being that these credits could be transferred across the system.

The framework as a whole would be managed by the South African Qualifications Authority (SAQA) while two (later three) statutory bodies would oversee quality assurance at the different levels – the Higher Education Quality Council (HEQC), Umalusi and the Quality Council for Trades and Occupations (QCTO). Figure 1 below presents a basic schema of the NQF.



Higher Education	Universities	Universities of Technology	Private Providers	HEQC
	National Senior Certificate Further Education and Training Certificate (now National Certificate Vocational)			Umalusi
Further Education and Training	Grades 10-12 in Schools	FET Colleges	Workplace	
	General Education and Training Certificate Adult Basic Education and Training Certificates			
General Education and Training	Schools Grade R – 9	ABET Levels 1 – 4		

This model has had profound effects on the design of the system, and on the curriculum and pedagogy. The latter has been the source of significant research and debate in the schooling sector, with the introduction of outcomes based education being particularly problematic in the schooling system (Harley & Wedekind, 2004; Jansen, 2004).

While the primary drivers of the system had been motivated by an integrated education and training system, the implementation of reforms in the vocational training side of the system were focused on institutional size and shape, rather than curriculum. Thus it was some time before the vocational curriculum was reformed. While it is evident from the history described above that the training system had already declined prior to democracy, there was a widespread popular perception that it was the introduction of reforms in the training system after 1994 that had led to the decline. The new Further Education and Training (FET) Colleges that had been created out of amalgamations of various small technical colleges were thus burdened with the pressures of dealing with mergers, changes in governance and significant shifts in their learner population, before the introduction of new qualifications (Akoojee, 2008). When the new National Certificate Vocational (NCV) was introduced to replace outdated curricula, the FET college system was not able to deliver quality programmes at a large scale.

In the higher education system there have been significant changes in the institutional landscape, with a number of mergers taking place between institutions that historically served different race groups or different purposes (polytechnic and research institutions) and the creation of three categories of university: research, comprehensive and universities of technology. However, because of the relative autonomy of higher education institutions



and the political and economic influence of some institutions' alumni, the mergers did not affect a number of key institutions which were able to continue functioning with minimal disruption. Arguably, with one exception, all the top universities in South Africa today are the institutions which did not go through a merger process.

*High levels of teacher and learner absenteeism, low levels of teacher content and pedagogic knowledge, limited parental involvement, poor levels of administrative and academic support from education authorities, and backlogs in infrastructure are features of a school system that is consistently referred to as being in crisis.*

There have been a number of other quality assurance and curriculum related changes in the higher education landscape that have sought to insert the outcomes based model of education into the higher education band. This has been largely resisted with only limited compliance with registration of qualifications.

In the field of adult education there has been uneven progress. Adult literacy levels have not changed significantly with around 11% of adults classified as functionally illiterate. A recent campaign has shown some success, but generally the provision for adults has not been seriously addressed (Aitchison, 2012).

Having outlined some of the key pressures and policy shifts in the South African education system we now turn to an overview of how the South African system fares against a range of quality and performance indicators. This provides a basis for thinking about what comparison with other BRICS countries may be useful for future collaboration.

### EDUCATION IN SOUTH AFRICA IN 2013

In 2013 we continue to have a schooling system that is bi-modal, with 70% of the system characterized by dysfunction and poor national and international achievement scores (Spaull, 2012). High levels of teacher and learner absenteeism, low levels of teacher content and pedagogic knowledge, limited parental involvement, poor levels of administrative and academic support from education authorities, and backlogs in infrastructure are features of a school system that is consistently referred to as being in crisis. However, there are a relatively stable 30% of schools that do function and produce results of reasonable quality, along with a growing private sector that caters both to the elite and a growing number of poorer communities that are either not serviced by state schools or have become disenchanted.

This bimodal system ends with a high stakes final national examination system that sees about half a million students writing examinations which will determine whether they are able to access other levels of education and enter the (albeit limited) job market. About a third of all the candidates that write the examination do not pass and of those that do, only a quarter achieve a level of pass that allows them to proceed into a university degree programme. This poor throughput is exacerbated by the fact that there is a significant dropout from the schooling system before the final grade, with the Department of Basic Education's own data suggesting that Grades 10 and 11 have dropout rates of almost





12%(Department of Basic Education, 2011). In addition, South Africa has a high Grade repetition rate with an average of 9% of each grade repeating, resulting in a significant set of over-aged students in the schooling system.

With significant parts of the schooling system dysfunctional, the post-school education and training (PSET) system has become increasingly central to strategies that seek to address inequality, unemployment, and poverty. Most of the discussion about post-school education and skills development relates to the relationship between this triad (inequality, unemployment, and poverty) of disabling conditions and job creation. Major planning initiatives focusing on PSET are underway. However, the key public institutions, Further Education and Training Colleges, also have poor throughput rates and are not trusted by industry to deliver skilled workers. Part of the concern relates to the fact that the colleges have been unable to recruit staff that are qualified educators that have industry experience (Wedekind & Watson, 2012), but there is also a lack of public and industry understanding of the new curriculum offerings. Many colleges or programmes at colleges have limited linkages to industry and there is little recruitment by some industries from this sector. This has resulted in students opting for colleges as a last resort, rather than as a deliberate decision to pursue a specific career option. One consequence has been high levels of alienation amongst staff.

Universities and universities of technology, which have largely retained public trust, are under pressure to absorb more students with limited resources. This has resulted in an inverted pyramid, with university enrollments far outstripping vocational programmes in colleges, and humanities, social sciences and management making up the bulk of the university enrolments. Despite attempts to promote more science and technology oriented programmes and incentivize institutions to grow these programmes, the skewed shape of enrolments has remained. The throughput rates are also very problematic, with a recent report suggesting that almost half of all students drop out of degree programmes(John, 2013). This is in part a consequence of inadequate preparation of students by the schooling system, but also lack of support at university level. In addition, while there is a financial aid system that supports the poorest students, the financial burden of the costs of higher education remain a major factor in the drop-out phenomenon.

*... inadequate preparation of students by the schooling system, but also lack of support at university level. In addition, while there is a financial aid system that supports the poorest students, the financial burden of the costs of higher education remain a major factor in the drop-out phenomenon*

On the research and development front, the South African system is underdeveloped and most of the expenditure is outside the university system. However, South African universities do feature amongst the top 500 universities in the world on various rankings and represent the bulk of the continents leading institutions. South African scientists and companies have a track record of innovation in various fields that attests to a small but strong innovation system. The fact that South Africa's bid to host the Square Kilometre Array (SKA) telescope



was successful indicates that there is international recognition that there is capacity to manage high-level scientific infrastructure.

### MAPPING A WAY FORWARD WITHIN BRICS

There is a clear sense that educational reform has not achieved the intended outcomes that were imagined when South Africa moved into the democratic era after 1994. The reasons for this failure are multifaceted. South Africa designed a complex, high-end system without due regard for the capacity to deliver, and the complexity of aligning the previously uneven systems that were inherited from the apartheid past. The focus has been on establishing new systems, often borrowed from a range of international contexts (Jansen, 2004). By

trying to signal a break from the past, there has been a conscious attempt to impose new models that often do not resonate with the institutional histories. This has resulted in the creation of bureaucracies (particularly in the training sphere) that generate their own logics and have opened spaces for corruption. While pockets of excellence exist throughout the system, the overarching picture is one of crisis.

*... the National Development Plan continue to perpetuate a widely held belief that education can unlock South Africa's economic potential (National Planning Commission, 2011). However, despite continued growth, even during periods of global economic crisis, the national economy continues to fail the poor and marginalized and it is not education's responsibility.*

While the problems of the education system (such as poor management, poor quality, poor infrastructure) undoubtedly need to be addressed, there is a mistaken belief that these problems are the root cause of wider social and economic challenges faced by South Africa. Education is viewed as the panacea for all manner of ills that are not under its control. Specifically, recent policy initiatives such as the National Development Plan continue to perpetuate a widely held belief that education can unlock South Africa's economic potential (National Planning Commission, 2011). However, despite continued growth, even during periods of global economic crisis, the national economy continues to fail the poor and marginalized and it is not education's

responsibility. South Africa's various economic and development strategy documents suggest that a 9% growth target is required if unemployment figures are to be brought to within manageable range. However, growth rates of about 3% have been achieved, but significantly this has been largely jobless growth. Rising unemployment amongst graduates is not endemic to South African society only, but is an international trend. Technological and managerial efficiencies make it possible to reduce the need for labour, and South Africa has witnessed a decline in labour intensive industries since the 1990s. Whilst the graduate unemployment trend is worrying, the problem for those without higher education qualifications is far greater. By some estimates as many as 13 million South African's with less than 10 years of schooling remain on the margins of formal employment - insecure and unable to obtain meaningful access to the formal economy – and many face permanent unemployment (Human Resource Development Council, 2012). Over the last decade



hundreds of youth have been “warehoused” in initiatives such as learnerships, internships and employment schemes as a means to make them more employable but whose impact in practice has been marginal (Kraak, 2013). It is clear that focusing narrowly on the formal economy and imagining that education can facilitate access to that economy makes an assumption that the economy is theoretically able to absorb all the young people looking for work. The trend globally would suggest that this is not possible within the current neo-liberal economic framework and that there will be an increasing number of adults and youth (referred to as the precariat by Standing (2010)) in both urban and rural, developed and developing contexts who are excluded from the formal economy (Brown, Lauder, & Ashton, 2008). Unless we explore the potential that resides in local initiatives to contest social inequalities and build a better ‘commons’ through socially useful work and the human agency inherent in it, education researchers are likely to remain marginal to solving the crises that affect education but are not primarily educational problems.

The relationships and support structures that are made possible within the BRICS framework create possibilities for comparative work across very different systems and institutional logics. South Africa’s historical linkages are framed by the British colonial legacy and much of the system is still framed by this. In this respect there are some parallels with India, but Brazil, China and Russia offer alternative systems that have not been explored. Besides building up a common set of data across the five countries that would provide the basis for comparison, exploring the relationship between macro-policies and micro-level individual and institutional engagement with policies would be a fruitful area of research. The range of possible collaborative research spans all aspects of the education system but a current priority is the relationship between education and the world of work, and the issue of language in education. But there are possibilities to build a unique capacity that does not just replicate traditional methodologies. Given the discussion on the precariat above, and the recognition that the formal economy (even under optimal conditions) is unlikely to absorb all the new entrants into the labour market, there is a need for socially-engaged research, radical approaches to community research, responsive educational curricula and appropriate pedagogical actions that support broader community development needs. In this sense the BRICS education research agenda needs to transcend a technicist analysis of formal education, and reimagine education drawing on the very diverse philosophical and methodological traditions that are represented in each of the constituent countries.

## REFERENCES

- Aitchison, J. (2012). A hidden education success story. Johannesburg: Mail and Guardian.
- Akoojee, S. (2008). FET college lecturers: the ‘devolving’ link in the South African skills development equation. *Journal of Vocational Education and Training*, 60(3), 297-313.
- Allais, S. M. (2007). *The rise and fall of the NQF: A critical analysis of the South African national qualifications framework*. (PhD), University of Witwatersrand, Johannesburg.
- Brown, P., Lauder, H., & Ashton, D. (2008). *Education, globalisation and the knowledge economy: A commentary by the Teaching and Learning Research Programme*. London: ESRC.
- Department of Basic Education. (2011). *Report on Dropout and Learner Retention Strategy to the Portfolio Committee on Education*. Pretoria: Department of Basic Education.



Harley, K., & Wedekind, V. (2004). Political change, curriculum change and social formation 1990-2002. In L. Chisholm (Ed.), *Changing Class: Education and social change in post-Apartheid South Africa* (pp. 195-220). Cape Town: HSRC Press.

Human Resource Development Council. (2012). *Challenges Facing Youth who are neither in Employment, Education nor Training (NEET) in South Africa*. Pretoria: HRDC.

Jansen, J. (2004). Importing outcomes-based education into South Africa: Policy borrowing in a post-communist world. In D. Phillips & K. Ochs (Eds.), *Educational Policy Borrowing: Historical perspectives* (pp. 199-220). Oxford: Symposium Books.

John, V. (2013). Dropout rate points to lack of support, Mail & Guardian. Retrieved from <http://mg.co.za/article/2013-05-17-dropout-rate-points-to-lack-of-support>

Kraak, A. (2013). State failure in dealing with the NEET problem in South Africa: Which way forward? *Research in Post Compulsory Education*, 18(1-2), 77-97.

National Planning Commission. (2011). *National Development Plan: Vision for 2030*. Pretoria: Government Printer.

Spaull, N. (2012). *Poverty and Privilege: Primary School Inequality in South Africa*. Stellenbosch Economic Working Papers(13/12).

Standing, G. (2010). *The Precariat: The new dangerous class*. London: Bloomsbury.

Wedekind, V. (2013). *Rearranging the furniture: Shifting discourses on skills development and apprenticeship in South Africa*. Paper presented at the 5th International Network on Innovative Apprenticeship (INAP) Conference, Johannesburg.

Wedekind, V., & Watson, A. (2012). *Understanding complexity in the FET College system: An analysis of the demographics, qualifications, and experience of lecturers in sixteen FET colleges across Gauteng and KwaZulu-Natal*. Pietermaritzburg: Unpublished Paper.

## NOTES

<sup>1</sup>This chapter draws on an earlier presentation at the BRICS 2013 Education Forum. Ivor Baatje's input into the conceptualization of the presentation is gratefully acknowledged.

<sup>2</sup>By comparison, Russia and China have literacy rates of 99.5% and 93.7% respectively, Brazil is similar to South Africa at 90% while India's literacy rate is 62.8%.

## SOME TRENDS IN HIGHER EDUCATION AND RESEARCH IN BRICS COUNTRIES

*Paulo A Meyer M Nascimento is a research officer at the Brazilian National Institute for Applied Economic Research (IPEA) and a PhD student in economics at the Federal University of Bahia (UFBA). His research areas are focused on labour economics and the economics of education, in particular educational policies.*

THIS PAPER DISCUSSES TWO ASPECTS OF EDUCATION, **research and skills in BRICS countries**: 1) whether higher education systems in these countries are likely to be prepared to produce highly skilled, especially technical, graduates in quantity and quality; 2) what is the relevance and which is the specialization of each of these countries in terms of science production (measured as number of published articles and received citations). Secondary data are gathered from varied sources to build the analysis. Potential mechanisms to enhance collaboration among these countries in higher education and research are briefly discussed. The objective is to highlight the BRICS nation's capacity to produce highly-skilled labor force and influential research, as well as to identify possible channels for collaboration on education and science-related enterprises. Results suggest that BRICS nations already play an important role in both labor supply and scientific output. However, this rise is mostly numerical and the relevance of BRICS countries is not as clear in terms of quality.

### INTRODUCTION

This paper discusses two aspects of education, research and skills in BRICS countries: 1) whether higher education systems in these countries are likely to be prepared to produce highly skilled, especially technical, graduates in quantity and quality; 2) what is the relevance and which is the specialization of each of these countries in terms of science production (measured as number of published articles and received citations). Secondary data are gathered from varied sources to build the analysis. Potential mechanisms to enhance collaboration among these countries in higher education and research are briefly



discussed. The objective is to highlight the BRICS nation's capacity to produce highly-skilled labor force and influential research, as well as to identify possible channels for collaboration on education and science-related enterprises.

The paper is organized in five sections. After this initial introduction, section 2 presents trends in tertiary education in the BRICS countries. Section 3 discusses BRICS' capacity to produce technical graduates, particularly engineers. Section 4 presents and discusses trends in BRICS' scientific output. Section 5 brings final remarks and conclusions.

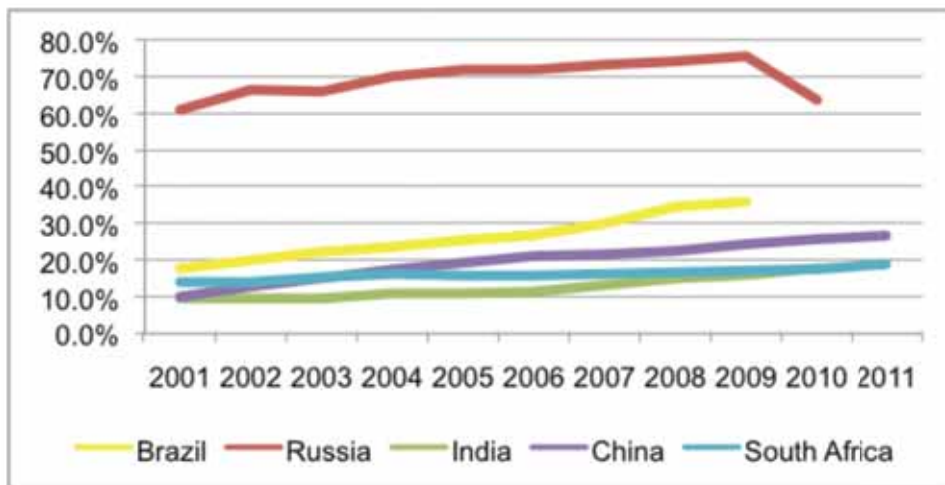
### TRENDS IN TERTIARY EDUCATION IN THE BRICS

A century ago, pursuing a university degree would be a differential that very few could reach. Elementary education and literacy would then suffice as basic requirements to succeed in a modern society. Higher education now plays such a role (OECD 1998).

As a consequence, tertiary education has expanded significantly in most developed and developing countries. The scenario is not different in the BRICS nations. Their higher education system shares some common characteristics with many developed countries under the same pressures to enhance education indicators: rapid expansion, the search for new sources of funding, and the consolidation of a limited number of elite ("flagship") universities (Balzer 2011).

The last decade was markedly the decade of mass tertiary education in the BRICS. Enrolments have mostly increased in Brazil, Russia, India, China and South Africa. This is shown in Figure 1, which depicts the trends for tertiary gross enrolment ratio in these countries between 2003 and 2010.

**FIGURE 1: GROSS ENROLMENT RATIOS ON TERTIARY EDUCATION. BRAZIL, RUSSIA, INDIA, CHINA AND SOUTH AFRICA, 2001 TO 2010.**



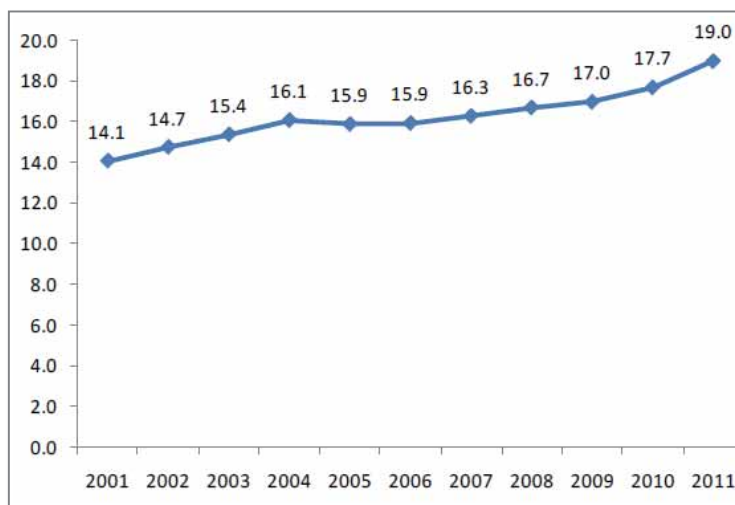
SOURCE: CALCULATIONS USING DATA FROM THE UNESCO INSTITUTE FOR STATISTICS (UIS). FOR RUSSIA (2010 ONLY) AND FOR SOUTH AFRICA (ALL YEARS), MENON(2012).

We can see from Figure 1 that Brazil, India and China have experienced the greatest expansion rates in the period, particularly from mid-2000s. Although we cannot draw causal links solely on these data, this trend is certainly associated with two other facts regarding these countries: (i) economy booming in the period; (ii) increasing number of secondary school graduates.

Russia, in its turn, may possibly be reaching its limit for further expansion. Among the BRICS, Russia is historically the most advanced in terms of educational indicators. Russia's tertiary gross enrolment ratio is high even for developed countries. In 2009, it was 75%, while in the US it was 45% (Loyalka et al. 2012). The tertiary gross enrolment ratio gives the total number of enrolments in higher education as a proportion of the population in the official age group corresponding to this level of education. Even with a high figure since the beginning of the decade, Russia's tertiary gross enrolment ratio continued to increase up to 2009. The decrease in 2010 does not necessarily mean a change in such an upward tendency, but one should take into account the demographic decline that is expected to reduce enrolments in Russia over the decade 2010-2020 (Balzer 2011).

In South Africa the concerns are of different type. Its higher education system is massified only for white citizens, whose participation rates among 18-24-years-olds is close to 60% – comparable with the developed world (Bawa 2012). University access for young African South Africans remains limited, though. The rate is 13% for this group (Bawa 2012). Hence massive expansion of tertiary education in South Africa depends on how successful are future policies to enlarge participation of African South Africans. Nonetheless, South African higher education system has been also expanding. Albeit in lower speed during some years, its gross enrolment ratio has been accelerating, particularly after 2007, as Figure 2 shows.

**FIGURE 2: GROSS ENROLMENT RATIO ON TERTIARY EDUCATION. SOUTH AFRICA, 2001 TO 2011.**



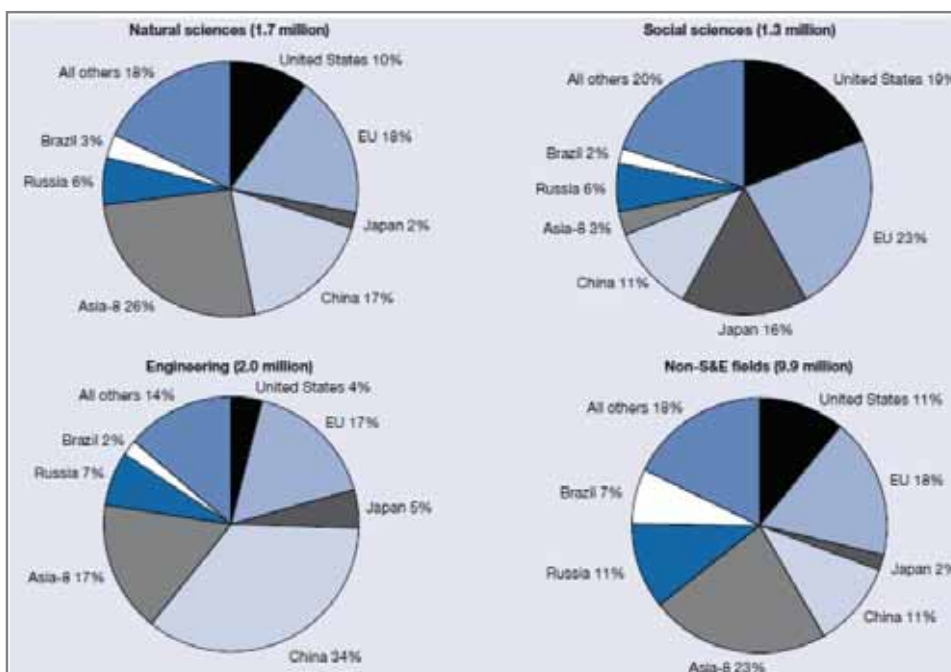
SOURCE: MENON (2012).



### BRICS' CAPACITY TO PRODUCE TECHNICAL GRADUATES, PARTICULARLY ENGINEERS

Competitiveness in a global economy based on innovation and knowledge demands advanced capacity to produce highly-skilled, particularly technical, workforce. Skills shortage is often seen as a potential constrain for sustaining economic growth in the BRICS (Bawa 2012; Farrell e Grant 2005; Saboia e Salm 2010). However, BRICS nations already play a central role in the global supply of technical labor. Brazil, Russia, India and China together produce more than half of the world's engineering graduates each year (Loyalka et al. 2012). Figure 3 highlights that the relative importance of the BRICS in engineering education is greater than in other areas.

**FIGURE 3**  
**DISTRIBUTION OF FIRST UNIVERSITY DEGREES BY SELECTED REGIONS/**  
**COUNTRIES (2008).**



SOURCE: ZHA E HAYHOE (2012).

Asia-8:

India, Indonesia, Malaysia, Philippines, Singapore, South Korea, Taiwan, Thailand.

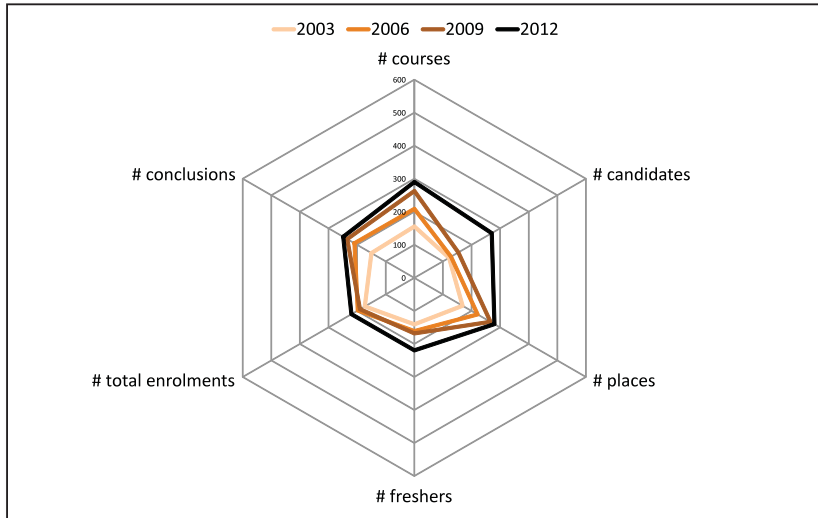
### EUROPEAN UNION (EU)

Even considering that China alone provided more than 1/3 of all new engineers that entered the labor market in 2008, the relevance of BRICS countries as a whole in the global supply of this kind of labor is clear in terms of quantity. In Brazil, for example, the relative expansion of engineering education in the last decade outperforms the already significant growth of the entire tertiary education, as we can see in Figure 4.



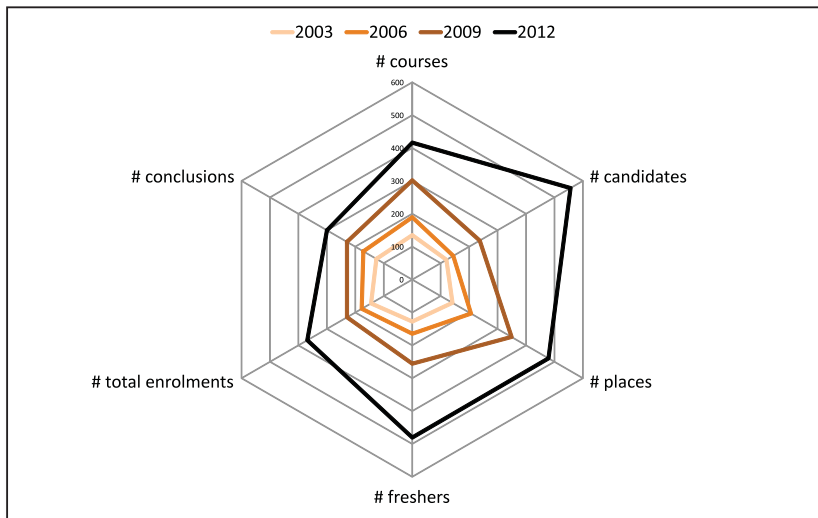
**FIGURE 4**  
**EVOLUTION OF TERTIARY EDUCATION INDICATORS. BRAZIL, 2003, 2006, 2009 AND 2012.**  
**ALL AREAS, AND ENGINEERING, MANUFACTURING AND CONSTRUCTION SEPARATELY.**

**(A) ALL AREAS**



SOURCE: ADAPTED FROM GUSO AND NASCIMENTO (2014).

**(B) ENGINEERING, MANUFACTURING AND CONSTRUCTION**



SOURCE: ADAPTED FROM GUSO AND NASCIMENTO (2014).

Note: Each indicator is expressed in index numbers. Values for year 2000 = 100. The distance from the origin to the data point is proportion to the variation on the respective indicator.



Carnoy (2012) points out that Brazil, Russia, India and China produce massive numbers of university graduates, and massive numbers of engineering and computer science graduates. The author argues that this number should increase rapidly in the coming years as higher percentages of the age cohort enter university in response to high rates of return to private investment in higher education, especially in engineering education. Carnoy concludes that tertiary education is likely to continue to expand in Brazil, India and China in the next ten years, particularly in engineering education. In Russia, as we saw earlier, demographic changes and an already high baseline should constrain similar trends.

Even playing a central role in the global provision of technical labor, the quality of the BRICS graduates is dubious. Carnoy (2012) argues that the quality of 4/5 of the engineering graduates in Brazil, Russia, India and China is expected to be much lower than in the developed countries – and this may impact future domestic development. This perception comes from some initial findings reported by the BRIC Higher Education Project, coordinated by Professor Martin Carnoy at Stanford University.

In spite of Professor Carnoy's first conclusions, the future prospectus might be better. In a more recent study of the same project, Loyalka et al. (2012) try to estimate the number of potential highly-skilled engineers whose degrees were obtained in one of the BRIC countries. They classify higher education institutions from these countries as "elite" and "non-elite" and consider as "quality engineers" those graduating in the former ones. Although the majority of students are enrolled in "non-elite" institutions, the authors state that:

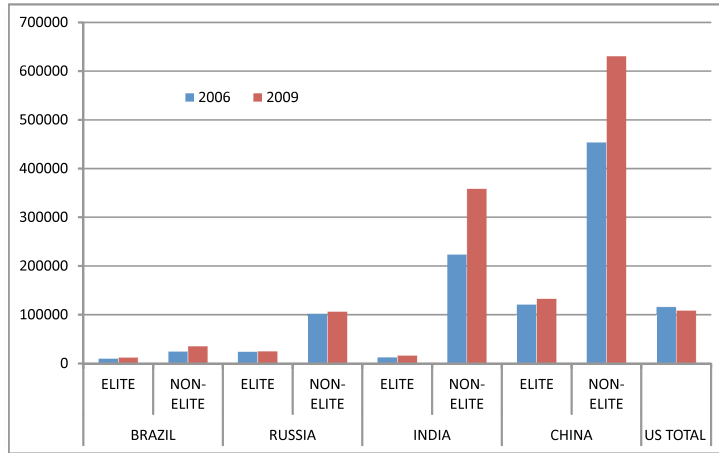
Overall, the BRIC countries have made significant strides in improving the quality of engineering education over the last decade. Each country's elite engineering programs benefit, albeit to different degrees, from a combination of factors, including: a competitive process by which a select group of high-ability students are admitted, relatively high per student expenditure, and relatively high qualified faculty. Policymakers in each country not only play a large role in managing these factors, but also help elite institutions (again to varying degrees) by providing substantial funding, mandating improvements in curricula and instructional practices, and encouraging faculty to concentrate more on research activities (Loyalka et al. 2012, p. 24-25).

(...) Given the resources and attention the BRIC governments have lavished on their elite institutions in recent years, we speculate that, at the very least, the top half of engineering graduates of elite universities in the BRICs are probably as well-prepared technically as the top half of the engineering graduates in developed countries. More specifically, the close to 100,000 engineering graduates of elite universities in the BRIC countries each year are comparable to the top 50,000 engineers receiving bachelor's degrees from US colleges and universities, the top 150,000 engineering first degree annually in the European Union, and the top 50,000 engineering first degrees annually in Japan (Loyalka et al. 2012, p. 27-28).

In fact, engineering graduates from Chinese elite institutions already outnumber counterparts from all US institutions together. Figure 5 presents the evolution of the number of engineering graduates from the BRIC countries in two points of time (2006 and 2009), separating the output from elite and non-elite institutions and comparing it with the total number of engineering graduates in the US.



**FIGURE 5**  
**NUMBER OF ENGINEERING GRADUATES FROM THE BRIC COUNTRIES, 2006 AND 2009, ELITE VS NON-ELITE INSTITUTIONS.**

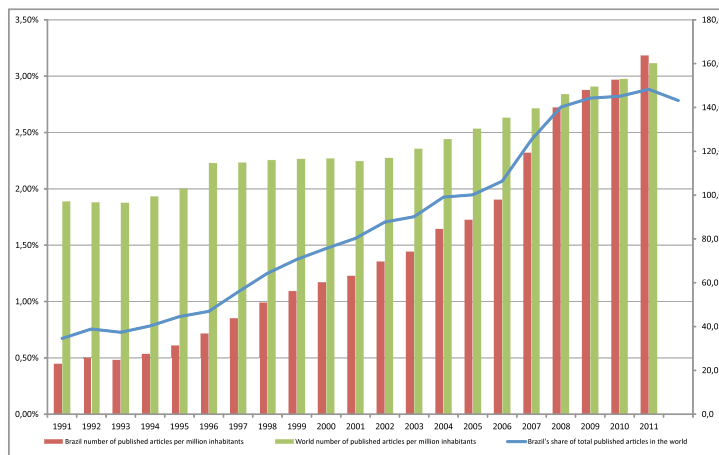


SOURCE: LOYALKA ET AL (2012).

### TRENDS IN RESEARCH PERFORMANCE

BRICS countries accounted for 15.5% of all articles published between 2008 and 2011, according to the Thomson Reuters Web of Science database. In spite of language limitations in measuring the impact of academic publications in BRICS countries as only South Africa and India publish widely in English, scientists based in these five countries are publishing growing number of papers. Figure 6 shows that for Brazil.

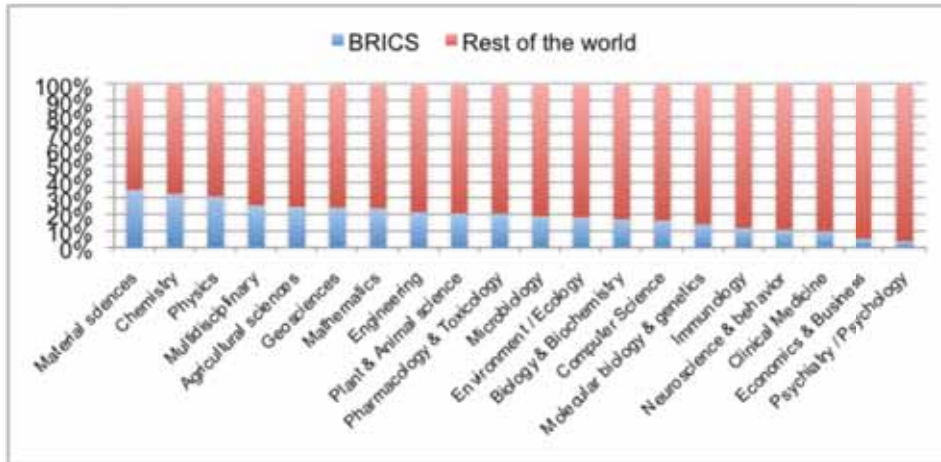
**FIGURE 6**  
**BRAZIL'S EVOLUTION IN TERMS OF SELECTED QUANTITATIVE INDICATORS OF RESEARCH OUTPUT – 1991-2011.**



SOURCE: OWN CALCULATIONS USING THOMSON REUTERS AND WORLD BANK DATA.



**FIGURE 7**  
**SHARE OF TOTAL NUMBER OF ARTICLES PUBLISHED IN 20 MAJOR AREAS BETWEEN 2008 AND 2011 – BRICS X THE REST OF THE WORLD.**



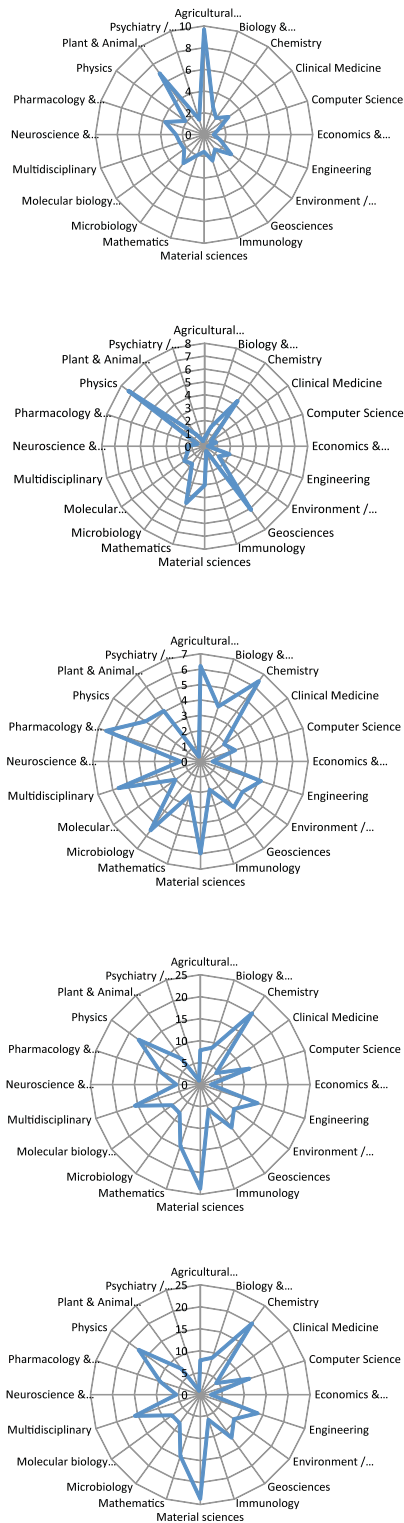
SOURCE: OWN CALCULATIONS USING THOMSON REUTERS DATA

Figure 7 above shows the share of papers of the BRICS in 20 major areas. If we consider a share of 20% as a good joint performance for the BRICS researchers, ten are the areas in which they collectively appear as global players: Material Sciences, Chemistry, Physics, Multidisciplinary, Agricultural Sciences, Geosciences, Mathematics, Engineering, Plant & Animal Science and Pharmacology & Toxicology. Each of the BRICS countries presents different individual profiles, though. Figure 8 shows in which areas are concentrated the research output of each of the five BRICS countries.

As we can see in Figure 8 (across left), in relative terms Brazil concentrates its research output in Agricultural and in Plant & Animal Sciences. The majority of Russian's articles are in Physics, Geosciences, Mathematics and Chemistry. In India, the areas that concentrate the research output are Pharmacology & Toxicology, Agricultural Sciences, Chemistry and Material Sciences, while in China these are Material Sciences, Chemistry and Physics. South African papers are concentrated in Plant & Animal Sciences, Immunology, Environment/Ecology and in Multidisciplinary studies.

The scales of the graphs show that China is the major producer of science in quantitative terms, whereas South Africa is the smallest of the five BRICS. This reflects, obviously, the size of the countries and of their number of scientists. But an important number to look at is the citation per document relative to the average of this indicator in the respective subject area. This is a useful indicator of the impact of a nation's scientific output in a time that the "publish or perish" statement is being replaced by "be cited or perish" (Aebi 2002; Harzing 2010; King 2004). Figure 9 (across right) presents this impact indicator for each of the five BRICS countries in 20 major areas.

FIGURE 8: DISTRIBUTION OF THE RESEARCH OUTPUT OF EACH OF THE BRICS IN 20 MAJOR AREAS BETWEEN 2008 AND 2011.



SOURCE: OWN CALCULATIONS USING THOMSON REUTERS DATA

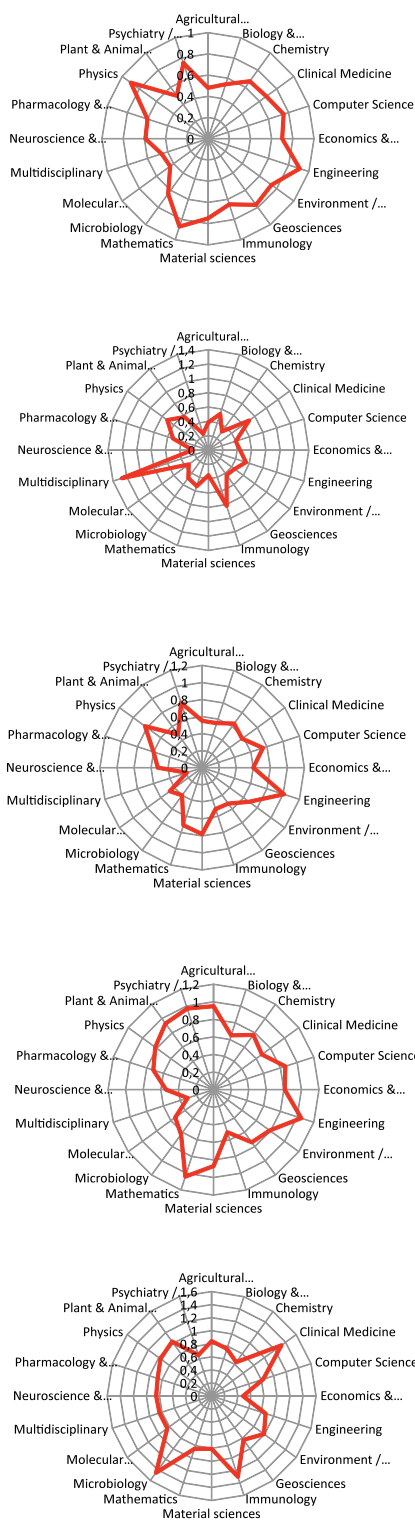


FIGURE 9: IMPACT (CITATION PER DOCUMENT) RELATIVE TO THE SUBJECT AREA – BRICS – 2008-2011.

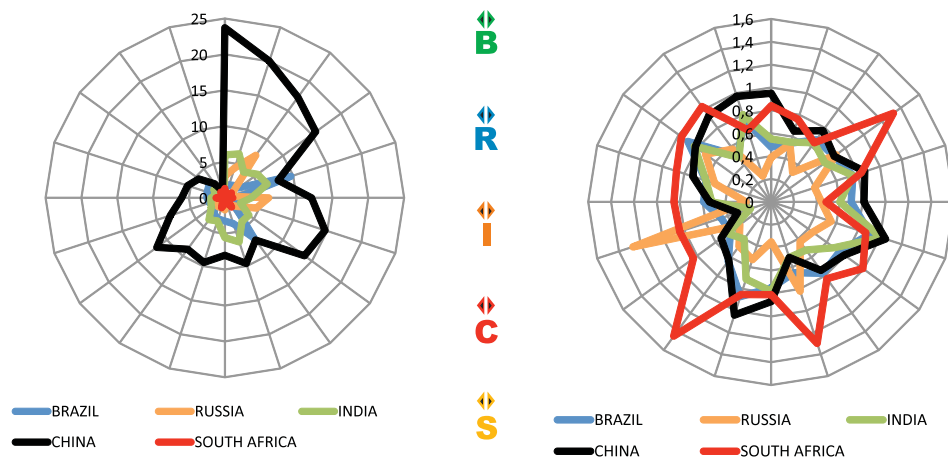


As we can see when comparing Figures 8 and 9, trends change dramatically when we look at impact rather than quantity. Brazil is no longer that relevant in Agricultural sciences or in Plant & Animal sciences. Brazilian scientists are much more influential in Physics, Mathematics and Engineering, although their output is very small in these subjects. Citations to Russian papers are concentrated significantly in Multidisciplinary studies. Physics and Geosciences, the top publishing areas in terms of quantity by scientists based in Russia, show much lower relevance in terms of impact. India is relatively strong in Engineering, China in Mathematics and Engineering. South African scientists are more cited in Microbiology, Immunology and Clinical Medicine, revealing a relative strength of this country in Health sciences in general.

These trends are important indicators to reveal relative strengths of each of the BRICS countries. From these data, the BRICS countries can build effective channels of collaboration in science. Relative strengths of each country can help the others to build capabilities and enhance science activity. And it is interesting to note that the massive expansion of engineering labor showed in the previous sections of this paper are also followed by relatively high impact of the scientific output, especially in China, India and Brazil. Looking at research output without considering its impact is not reasonable. And the scenario can change significantly when we move from quantity to quality, as Figure 10 below illustrates.

**FIGURE 10**  
**CHANGES IN TRENDS WHEN LOOKING AT QUANTITY AND WHEN LOOKING AT QUALITY OF RESEARCH OUTPUT.**

(A) Trends in terms of quantity of papers      (B) Trends in terms of impact of the papers



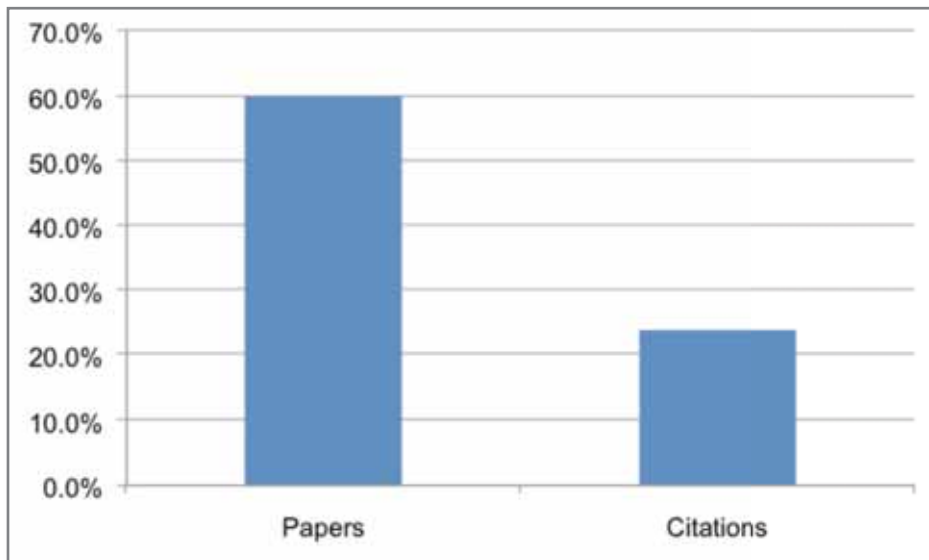
SOURCE: OWN CALCULATIONS USING THOMSON REUTERS DATA



As we can see, China is by far leading the BRICS when quantity of published papers is the considered indicator. When we move to quality measures, however, South Africa is more relevant in most of the areas – although China still dominates some areas, regardless the fact that most of the visible international science is produced in English (Archibugi e Coco 2004) and Chinese-based scientists may not be native English speakers.

The BRICS, however, are not relevant global players in terms of impact. Considering all areas together between 2003 and 2012, papers with at least one author from one of the BRICS countries represented 60.1% of the total research output of the US. In terms of total number of citations, however, the ratio was only 23.9% - as shown in Figure 11.

**FIGURE 11**  
**BRICS-US RATIOS IN TERMS OF TOTAL NUMBER OF PAPERS AND TOTAL NUMBER OF CITATIONS BETWEEN 2003 AND 2012, IN ALL AREAS.**



SOURCE: OWN CALCULATIONS USING THOMSON REUTERS DATA.

**FINAL REMARKS**

This paper presented some trends in Tertiary (particularly Engineering) education and in research output to highlight: 1) whether higher education systems in these countries are likely to be prepared to produce highly skilled, especially technical, graduates in quantity and quality; 2) what is the relevance and which is the specialization of each of these countries in terms of science production (measured as number of published articles and received citations).

Results suggest that BRICS nations already play an important role in both labor supply and scientific output. However, this rise is mostly numerical and the relevance of BRICS countries is not as clear in terms of quality.



## REFERENCES

- Aebi, M. 2002. "The impact factor: publish, be cited or perish...". *Eur Spine J* 11 (1): S1.
- Archibugi, D., e A. Coco. 2004. "A new indicator of technological capabilities for developed and developing countries (ArCo)". *World Development* 32 (4): 629–654.
- Balzer, H. 2011. "Russian higher education to 2020". *Russian Analytical Digest* (97): 2–5.
- Bawa, Ahmed C. 2012. "South African higher education: at the center of a cauldron of national imaginations". *Social research* 79 (3): 669–694.
- Carnoy, Martin. 2012. "Will the BRIC countries become the new centers of high tech production and innovation? A look through the lens of changing university systems." apresentado em SCID, Palo Alto. [http://scid.stanford.edu/system/files/shared/documents/Slides\\_Carnoy.pdf](http://scid.stanford.edu/system/files/shared/documents/Slides_Carnoy.pdf).
- Farrell, Diana, e Andrew J. Grant. 2005. "China's looming talent shortage". *The McKinsey Quarterly* 4 (56): 70–79.
- Gusso, D., e P. A. M. M. Nascimento. 2014. "Evolução da formação de engenheiros e de profissionais técnico-científicos no Brasil entre 2000 e 2012". In: Oliveira, M. et al. (Editors). *Coletânea da rede de pesquisa "Formação e Mercado de Trabalho"*. Brasília: Ipea and ABDI.
- Harzing, Anne-Wil. 2010. *The publish or perish book*. Tarma Software Research. <http://www.harzing.com/download/popbook12.pdf>.
- King, D. A. 2004. "The scientific impact of nations". *Nature* 430 (6997): 311–316.
- Loyalka, P., M. Carnoy, I. Froumin, R. Dossani, e J. Tilak. 2012. "Getting the quality right: Engineering education in the BRIC countries". Working paper. Center for Education Policy Analysis, Stanford University. <http://cepa.stanford.edu/content/getting-quality-right-engineering-education-bric-countries>.
- Menon, Kirti. 2012. "Higher education: supply and demand". Internationseminar apresentado em BRICS highereducation - ensino superior e desenvolvimento, a experiência dos BRICS, novembro, Campinas (Brazil). <http://www.gr.unicamp.br/ceav/brics/programacao-e-apresentacoes.html>.
- Saboia, J., e C. Salm. 2010. "Tendências da qualificação da força de trabalho". In *Perspectivas do investimento no Brasil: temas transversais.*, organizado por D. Kupfer, M. Laplane, e C. Hiratuka, 4:343–400. Projeto PIB – Perspectiva do investimento no Brasil. Rio de Janeiro: Synergia.
- Zha, Qiang, e Ruth Hayhoe. 2012. "The 'Beijing Consensus' and Chinese Higher Education: the successful stories and looming crisis." Internationseminar apresentado em BRICS highereducation - ensino superior e desenvolvimento, a experiência dos BRICS, novembro, Campinas (Brazil). <http://www.gr.unicamp.br/ceav/brics/programacao-e-apresentacoes.html>.





# PEACE AND SECURITY



## BRICS' PATH EXPLORATIONS: IN INTERNATIONAL PEACE AND SECURITY DILEMMAS

*Ji Ping received an M.Phil from the Jawaharlal Nehru University and an M.A. from the Central Party School, Beijing. He currently serves as the Deputy Secretary General of the China Foundation for Peace and Development (CFPD). Previously he served as Deputy Director-General of the International Department of the Central Committee of the Communist Party of China; Assistant Mayor of Weifang City, Shandong Province; and Political Counselor in the Embassy of the PRC in India.*

### INTRODUCTION

BEHIND THE OVERALL PEACE of the international situation lies a multifold of conventional and nonconventional security issues that are aggravating international security situation and bringing new challenges to the UN mechanism of collective security. Challenges come from two fronts, i.e., the innate deficiency and external constraints of the UN mechanism. In terms of innate deficiencies, the international security mechanism is made to keep balance of interests; hence compromise is its inborn nature. But the seeking of compromise is enough to undermine the authority and efficiency of the mechanism. Moreover, the existing international security mechanism takes its root in the West; Western countries set the tone for building international mechanisms and are the major practitioners. This, therefore, leads to the narrowness of the theory, application and political foundation of the international security mechanism.

In terms of external constraints, the fundamental feature of nation states era still remains today. Even in this globalized world, countries still put relative gains over absolute gains and national interests continue to be a top priority for all countries to safeguard and seek. Therefore, when it comes to the goal of collective security, by its selfishness, the nation states will pursue self-interests naturally. It is fair to say that the current international security mechanism is flawless as an ideal but unreachable in practice.

We cannot help but ask if the BRICS, as emerging economic and political force, will be able to respond to the current international security mechanism and have its own stance



in global governance? In a word, will BRICS have a say on issues concerning peace and security, and if so, how?

### THE RISING OF BRICS AND GLOBAL GOVERNANCE

The impact of BRICS countries goes far beyond the economic arena. We have more say on international affairs, which has changed the extremely unequal discourse power between Northern and Southern countries.

*... the homogeneous nature of BRICS economic structures naturally leads to competition, making it hard to come up with stable and effective consultation mechanisms for global affairs, nor regional governance.*

Since the first day they gathered together, BRICS countries have upheld the purpose of safeguarding the interests of this organization and the interests of developing countries. It is our shared hope to change the unfair global economic and political system by tapping into the influence of BRICS. We all hope to create a favorable external environment and find a short cut to the solution of problems by capitalizing on our strength in unity.

However, the status and role of BRICS have structural constraints. Our real gap with Western countries is our serious flaws in internal structures. We still have the hallmarks of developing countries and transitional economies and have weaknesses in the quality and sustainability of our socioeconomic and governance structures. China's over-dependence on foreign trade and poor economic quality unmatched with its large economic aggregate constrains China from making further impact on global governance. Brazil's over-reliance on natural resources and lack of investment capabilities, Russia's fiscal and financial vulnerabilities to the bumps of world energy prices, and India's lack

of competitiveness in infrastructure and manufacturing all lead to the same problem: the more we are involved in global governance, the more our structural deficiencies are laid bare. And the South Africa is yet to make a transition from old industry and huge income disparities domestically.

What is more, the homogeneous nature of BRICS economic structures naturally leads to competition, making it hard to come up with stable and effective consultation mechanisms for global affairs, nor regional governance. The geopolitical factors add to the difficulties of institutionalization. Countries with too much proximity may have geopolitical rivalry, while countries totally distant from each other geographically could hardly find common goals. Differences in political systems may also aggravate disparities in economic structures and add frictions.

Therefore, we must be sober minded that we have more internal problems to be solved rather than external ones.



### TO CONSOLIDATE THE POLITICAL FOUNDATION

On the other hand, modern political theories based on nation state are diluted due to the inability of nation states to safeguard the security of society and people. It has shown that national identity is the obstacle and the allies of nation states may also not work on safeguarding the security so perfectly. The main reason is the absence of a new political ecology as institutional guarantee. Therefore, only by developing a new security model can it be possible to deal with various security issues. BRICS considers itself as a platform for dialogue and cooperation amongst countries, “for the promotion of peace, security and development in a multi-polar, inter-dependent and increasingly complex, globalizing world” and “strengthened representation of emerging and developing countries in the institutions of global governance will enhance their effectiveness in achieving this objective”. It seems that BRICS is heading for a new security model sooner or later.

A new security model needs a new political foundation to match it. We have called for seeking security through development, equality, mutual trust, and innovation, which can well serve as the political foundation for such a model. Turning into action plan, it means the transnational and tran regional equality, mutual trust, tolerance, mutual-learning and win-win cooperation is needed in dealing with international relations.

Mutual trust is the essential condition for the political foundation. To establish mutual trust one must transcend ideological differences and differences in social systems and abandon the mentality and mindset of imposing one’s ideologies and values onto others. We must realize that given the divergences in various cultures, social systems and development stages, disaccords and disagreement are inevitable. Due to various reasons, development in the world is not a balanced one. Countries varies in their pace of development. Changes in the dynamics of national strength do not constitute threat to international security.

*We have to further build up our will of cooperation. We should say, cooperation is not sacrificing one’s own interests or imposing one’s will on others, nor going into alliance targeting a third country or hurting the common interests of mankind.*

Cooperation is the fundamental route to consolidate the political foundation. The international peace and security mechanism came into being as a result of policy coordination between governments. Such a mechanism often demonstrates the nature of public goods. Although the precondition for the establishment of international mechanism is that countries active in certain areas have some common interests that can only be realized through cooperation, yet common interests does not on its own necessarily mean cooperation. That is to say, common interest is the necessary but not sufficient condition for cooperation among us. We have to further build up our will of cooperation. We should say, cooperation is not sacrificing one’s own interests or imposing one’s will on others, nor going into alliance targeting a third country or hurting the common interests of mankind.



In other words, we share not only common interests but also threats. To develop itself, a country must also allow other countries to develop. To seek its own security, a country must also let others to feel safe.

### THE SUPER THIRD FORCE: THE NON-STATE ACTORS

Suppose the shortcomings within the BRICS framework are overcome and the political foundation is solid, how do we find a pragmatic roadmap to cooperate? Do we need to repeat the job already done by the existing international mechanism, or should we try to make claims as replacement of the old system when we are already part of the global governance structure and major players in the international peace and security mechanism?

In the field of international relations we need to pay more attention to the impact of political and economic situation as well as cultural and ethical factors of a country on its external behaviors. Countries often turn to alliance and balance of power to realize their own interests, while diplomacy is the invisible hand directing political actions of a country. This is like playing billiard ball. Each country is a ball on the table, while diplomats are the players. What they care about are interactions between the balls with total ignorance of inner structures of the balls, and the result is a record of series of failures. Therefore, when our government and market systems are faced with difficulties, we have to find a way out.

In recent years, some non-state actors, i.e. international NGOs known as the “super third force”, are playing a more and more important role in the democratization of global governance as a supplement to state actors. International NGOs could help change the jungle law long existing in international political struggles. This helps create a more democratic, transparent and benign international environment.

In terms of international peace and security, international NGOs are more resilient than governmental organizations, which can lower the cost of solving conflicts and helps promote international peace. Due to their participation, the concept of security has begun to extend from the high-politics to the low-politics. The emergence of international NGOs has provided new thoughts on tackling security issues.

Actually, many NGOs interact formally with international intergovernmental organisations (IGOs). For instance, more than 3000 NGOs actively consult with various agencies of the extensive UN system or hold parallel conferences with IGO meetings to which states send representatives. Such partnerships between NGOs and IGOs enable both types to work together in pursuit of common policies and programs.

The outlines of a future type of dual global system may be coming into view, driven simultaneously both by the continuing importance of relations between states and by the growing impact of multiple cross-border transactions and channels of communication among non-state actors.

The BRICS is already a non state actor like a coin with two sides. On one side, it is an IGO which works very well in many fields after it was born several years ago. On the other side, it should also be a NGO which has largely been ignored in the past few years. The think



tank meeting as a Track Two is simply an academic platform with no sign to show that will develop into a NGO with BRICS characteristics.

### CONCLUSION

We miss out the fact that the western countries remain in control of the high politics of international peace and security, and that these politics are badly affected by the external NGO pressures, the impact of NGO pressure on global policy making might lead to far-reaching transformational reforms in the conduct of international relations.

Could it be possible for the NGOs with global visions from BRICS countries to form a cooperation mechanism, or a totally fresh NGO, like Green Peace or Doctors Without Borders, be exclusively established within BRICS countries? Such a newborn platform might be marginalized or semi-marginalized at every beginning, but it's set to be strengthened with social progress and will greatly contribute to cementing the political foundation for mutual trust among us, to promoting the new concept of security, to creating sound atmosphere for peace making, and to serving the rest of the world with experiences of the five countries.

Last, but not least, it'll definitely be inspiring for improving the BRICS cooperation mechanism.

---

### NOTES

<sup>1</sup>Wang Renwei, Deputy Director of China Academy for Social Sciences, Shanghai chapter, "The Rise Of BRICS and the Global management", Contemporary World, May, 2011

<sup>2</sup>Dehli Declaration of BRICS summit, March 2011

<sup>3</sup>Lu Yong, The Third Force: America's Nonprofit Organizatons and People-to-People Diplomacy, Social Sceiences Academic Press, China, April, 2011

<sup>4</sup>Nonstate actors in world politics, World Politics 2012 Journal Citation Reports, Cambridge University Press on behalf of the Princeton Institute for International and Regional Affairs. P138



## AFRICA'S PEACE AND SECURITY CHALLENGES IN THE CONTEXT OF BRICS

*Buntu Siwisa is a Rhodes Scholar and Tutu Leadership Fellow (B.A. Honours, MA, University of Kwazulu Natal and D. Phil. Politics, Oxford). He has worked as Senior Researcher and Manager Knowledge Production Department at the African Centre for the Constructive Resolution of Disputes (ACCORD) as well as senior researcher on Zimbabwe and Southern Africa for the South African government. He has published on South Africa's municipal services delivery, social movements, development dilemmas and on the status of South Africa's post-apartheid education system.*

### INTRODUCTION

The BRICS formation, well into its sixth year, is carving out a niche in the international relations system ---- addressing imbalances in the international trade system; contending with peace, security and development concerns within a system that is traditionally biased towards the global North. South Africa's entry into BRICS is guided by three pillars, viz. national interests, regional integration and infrastructure development. More importantly, South Africa's participation in BRICS brings forth the hopes of the African continent, particularly on peace and security challenges and opportunities that are becoming more and more interconnected with those of the rest of the world. These range from terrorism; human and narco-trafficking; weakened states; intra-state conflicts with confounding regional dynamics; and regional resources conflicts. These concerns then seek to broaden the mandate of BRICS on peacebuilding and state consolidation, within the constraints of the international relations system that is founded on respect for sovereignty and non-interference.

This paper explores the concept of BRICS, its structural formation and discrepancies, and how particular historical and ideological conurbations have defined it. Within that, more importantly, it examines the constraints of BRICS countries in addressing the imperfections of the representation system of the United Nations Security Council (UNSC) against the background of its determination not to fundamentally alter the traditional international relations system. This is examined against the constraints of the contradictions of the political and economic make-up of the BRICS countries. How will BRICS countries make meaningful contributions towards the liberal international relations system, considering that

the member-states are developing countries and some are transitional economies? China is over-dependent on foreign trade while Brazil is over-reliant on its natural resources and lacks investment capabilities; Russia suffers from fiscal and financial vulnerabilities due to its susceptibility to the vicissitudes of the world energy prices; and India lacks the competitive edge in infrastructure and manufacturing. The problem then that BRICS countries face is that “the more we are involved in global governance, the more our structural deficiencies are laid bare.” The changing nature and dynamics of Africa’s peace and security challenges are examined against this canvas in order to further appreciate the context, structural and environmental challenges and constraints of the BRICS formation in addressing its peace and security challenges.

### BRICS: THE FORMATION

BRICS is a large constellation of countries making up nearly half of the world’s population (3 billion) , cohering on collective concerns and opportunities potentially threatened by the interests of the global North, which in turn are traditionally protected and nurtured by the pro-Northern international relations system. These concerns and opportunities range from peace and security; the regularisation of the international market and trade regimes; and the reform of international institutions; negotiations on climate change, etc.

Therefore, “BRICS form a heterogenous coalition of often competing powers that share a common fundamental political objective: to erode Western hegemonic claims by protecting the principle which these claims are deemed to most threaten, namely, the political sovereignty of states.” Moving along that line, BRICS is not an anti-Western lobby, seeking to form a fundamentally different world vision. The Chairperson’s Statement on the BRICS Foreign Ministers Meeting, convened on 24 March 2014 at The Hague in the Netherlands, clearly emphasized the traditional international relations system and institutional formation from which BRICS should operate, and how the formation should be wary of not ‘rocking the boat,’ as it were. The statement maintained that:

BRICS countries agreed that the challenges that exist within the region of the BRICS must be addressed within the fold of the United Nations in a calm and level-headed manner. The escalation of hostile language, sanctions and counter-sanctions, and force does not contribute to sustainable and peaceful solution, according to international law, including the principles and purposes of the United Nations Charter.

BRICS is not highly institutionalized, nor does it replace the regional economic community blocs, at this stage. It is the unprecedented vastness of this form of partnership, of this coming together of polities, that has elicited the assumption of what BRICS is not: a consolidated bloc of powerful emerging and emerged countries replacing the traditional political and economic international systems.

It is also what BRICS is not, or what it may not seek to be, that is potentially its Achilles’ heel. This potentially serves to derail its progress in redressing the order of the international systems, particularly in addressing peace and security challenges. Working in this loose mode, against the tide of regional economic communities serving to buttress their foreign



national policies' interests; and against the background of US and EU countries for the fortification of their domestic economic interests; BRICS may see itself unwittingly institutionalising a world of multipolarity without multilateralism. This is a system in which there exist multi-nodal points that, on an ad hoc basis, succeed in blocking Western hegemonic interests without revamping them nor their institutions. In a sense, the continuation of this working mode is likely to see through a sense of continuities within discontinuities in particularly addressing peace and security challenges and opportunities within the availed international system.

### **BRICS: HISTORICAL AND IDEOLOGICAL CONTEXTS**

BRICS is our present-day anomaly. Some regard it as the hubris of the global South. To many, it is a jigsaw puzzle meant only to fit in together in a forced way. It is made up of countries located at varied levels of economic development; reflecting conflicting regional political and security baggage. A common thread running through them is the West / global North: how in the past they have disentangled themselves from its political-economic hegemony; and how they continue to negotiate their contradictory terms of reference with the same hegemony (though changing and weakening).

The idea behind the formation of the collective that is Brazil, India, China and South Africa (BRICS) is no novelty. Perhaps the sheer enormity of it all, and the promise of what it wants to resolve may render it to look like a new phenomenon. Rather, the formation of BRICS follows in a historical continuum of the global South attempting, post-World War II, to organize itself and its foreign policy and development interests against the hegemonic interests of the global North.

The global South, realising its marginalisation of collective interests by the traditional and pro-Northern international relations institutions, has sought to conceptually reconfigure the perceptions of peace and security challenges and opportunities at the international relations level. They have sought to do so by twinning peace and security with development. This 'reproblematisation of security' has manifested itself, post-World War II, through the development of Third Worldism. At various stages, this has come in the forms of international socialism; the Non-Aligned Movement; and the short-lived Seattle anti-neoliberal movement.

From then on, regionalism took a central role, with macro-regions emerging as a result of a need for economic regionalization; regional zones of peace; regional diffusion of security and conflict; and also as a consequence of the heightened capacity of regional organisations in settling disputes and enforcing peace.

These forms of collectivization have been carried out with the objective of creating a multipolar world. Samir Amin described the concept of the multipolar world as:

...a recognition that the social system in which we live is thoroughly 'global' or 'globalized,' and that any alternative to globalization based on the principles of liberal capitalism (or its more extreme neoliberal form) can itself be nothing other than 'global'. In other words, I am a champion of what has been called 'alter-





globalization' in the sense of opposition to any form of globalization. That seems to me not only unrealistic but undesirable.

In this continuum of the marginalised at the level of international relations in pursuit of peace, security and development; how will the constellation of BRICS help to forge a multipolar world? In attempting to do so, does BRICS have a common position on how to reform the traditional pro-Northern institutions of international relations (particularly the United Nations Security Council)? How can BRICS cooperate to strengthen conflict prevention, conflict resolution, peacekeeping and peace missions? What are the possibilities and mechanisms of cooperation among BRICS countries to promote peace and security?

### ENTER SOUTH AFRICA: THE CHANGING NATURE OF AFRICA'S PEACE AND SECURITY CHALLENGES

South Africa enters into the BRICS formation expected to contribute to the ongoing debate on the restructuring of the United Nations Security Council (UNSC); and to continue playing peacemaker and peacebuilding roles in Africa's peace and security challenges. South Africa's participation in international relations is profoundly guided and paced by its foreign policy and traditions. These are clearly expressed in the country's White Paper on Foreign Policy, *Building a Better World: The Diplomacy of Ubuntu*. Ubuntu is a Nguni word in Southern Africa, which literally translates to 'humanity', and is underpinned by the importance of the unity of people. Its meaning is centred on how the actions of one person or an entity of people positively affect the other person or group of people. The concept of ubuntu manifests itself in the idea that "...we affirm our humanity when we affirm the humanity of others."

Through this philosophical tenet, the necessity of South-South cooperation, strong regional economic community blocs, and pan-Africanism are located. South Africa uses this *raison d'être* for fostering relations with countries in the global South, in pursuit of addressing challenges to underdevelopment, and improving multilateralism. In advancing multilateralism, South Africa has taken leading roles in various multilateral for a, such as in the Southern African Development Community (SADC); the African Union (AU); the Non-Aligned Movement (NAM); the UNSC Ad Hoc Working Group on Conflict Resolution in Africa; G77 + China; and the Commonwealth.

To that effect, the White Paper on South Africa's Foreign Policy further maintains that:

Reflecting national interest, South Africa's foreign policy recognises that states are interdependent, and promotes cooperation over competition and collaboration over

*These are clearly expressed in the country's White Paper on Foreign Policy, Building a Better World: The Diplomacy of Ubuntu. Ubuntu is a Nguni word in Southern Africa, which literally translates to 'humanity', and is underpinned by the importance of the unity of people*



confrontation. In this context [South Africa] is committed to development partnerships around the world. It draws on the spirit of internationalism, pan-Africanism, South-South solidarity; the rejection of colonialism and other forms of oppression; the quest for the unity and economic, political and social renewal of Africa; the promotion of poverty alleviation around the world; and opposition to the structural inequality and abuse of power in the global system.

South Africa's entry into the formation of BRICS is therefore drawn from these long-held principles and traditions of South-South cooperation. However, reading into the structural discrepancies found in BRICS, it is obvious that the nature of the South-Southness here is markedly different from the forms of South-South cooperation found in the structures formed immediately following World War II. South Africa is a middle-income country, struggling with its human development index, and plays a crucial role in fostering peace, security and development in Africa. It lies squarely within the fold of the global South economically. Brazil is also a middle-income country and holding firm pan-Latin American traditions. India is perched at a higher economic level, while Russia and China are higher performing economies, ensconced comfortably in the traditional pro-global North institutions of international relations. Further, they seek a firmer grip of their world power statuses.

It is also crucial to examine the regional political conurbations from which BRICS countries emanate from, and how these eventually will influence their foreign policy interests. These influences may potentially strengthen or weaken the collective resolve behind the formation of BRICS. South Africa jumps out of Southern Africa, SADC and the continent in a strong position, resolved to carrying the region's and Africa's political and economic interests to the world, as it has always done in the past. This is a stance that, perhaps, some BRICS countries may be wary of, particularly in resolving conflicts in certain parts of Africa that they may not have interest on.

Brazil also comes from a position wherein it plays strong economic and political roles, although it may struggle to get some of the South American neighbours into the fold. Russia, on the other hand, comes from an embattled region hostile to its foreign policy and economic interests. And India is in conflict and competition with a number of its neighbouring countries over terrorism, religious fundamentalism, economic and regional dominance concerns. Therefore, the BRICS countries come together with different legacies, political and economic concerns that they may want to project in the systems and institutions of international relations. These interests, coalescing and at odds with each other, may only serve to weaken the collective interests of the BRICS formation.

### RESTRUCTURING THE UN SECURITY COUNCIL

The core argument held by the global South on the restructuring of the core machinery of the United Nations (UN) is that its mechanisms of operations are anachronistic and militate against the interests of the global South. As representations of the international world order post-World War II and the Cold War, they do not reflect, nor empathise with the peace, security and developmental interests of the global South. Concerning the UN Security Council, the main point on restructuring is on the veto powers carried by the Permanent Five (P-5).



The essence behind the emergence and the resilience of the veto powers is the strength of the unanimity of the P-5. As victors in World War II and as world powers, they have been able to form a bulwark against any interests that may instigate war on a global scale, as in the last two world wars. Therefore, the P-5 "...were given their permanency, and the extraordinary power of the veto, because they were able to argue successfully against strenuous opposition, that unless these powers were given to them, there would be no new Organisation." At the signing of the UN Charter in San Francisco, a UK representative noted that:

Peace must rest on the unanimity of the great powers, for without it whatever was built would be built upon shifting sands... The veto power was a means of preserving that unanimity, and far from being a menace to the small powers, it was their essential safeguard. Without that unanimity all countries, large and small, would fall victim to the establishment of gigantic rival blocs which might clash in some future Armageddon.

The simple rejoinder to this argument is that the veto power is used by the P-5 to safeguard their own foreign policy and developmental interests. Consequently, despite many protestations from the global South aimed at restructuring representation in the UN Security Council; only three amendments have been effected in the UN Security Council and in the UN Economic and Social Council (ECOSOC).

Over the years in the post-Cold War era, there have been multiple proposals made on the reformation of the veto power and on the restructuring of the representation system of the UN Security Council. These are well-documented, and need no repetition here. What is important to note here is the lack of unanimity among countries aspiring for reforms in the UN Security Council: Germany; Brazil; India; Japan; Egypt; South Africa and Nigeria.

The lack of unanimity among these countries bears directly on BRICS' abilities to determine its future in the order of international relations. The interests of BRICS countries on the reforms of the UN Security Council criss-cross with those of the P-5. Foreign policy and development interests of some of these countries aspiring for reforms in the order of international relations system are embedded in those of the P-5. These interests among countries have been generated over many decades, and have thus been implanted in and projected to the traditional system of the institutions of international relations.

On many occasions, these interests are buttressed through arrangements made in regional economic blocs. Russia, India and China are members of one regional political-economic regional bloc, R-I-C (Russia, India and China). This is a regional bloc most preferred by Russia to resolve her political interests in the region. It is also a regional formation that, unwittingly, dilutes the collective interests of BRICS countries, as India may go against the interests of Brazil or South Africa, if they militate against the two P-5 members in the regional bloc – Russia and China.

India, Brazil and South Africa belong to the India, Brazil and South Africa trilateral forum (IBSA), a formation utilised for addressing mutual economic development concerns among



the three major developing countries. Therefore, regional political and economic formations that BRICS countries belong to, if not properly examined against the collective interests of BRICS countries, will only serve to compromise the unanimity and collectivity of BRICS in its pursuit of reforming the UN Security Council.

### **SOUTH AFRICA IN BRICS AND THE CHANGING NATURE OF PEACE AND SECURITY CHALLENGES IN AFRICA**

The African continent is fast changing along with a fast changing world. Differences on peace and security challenges between Africa and the rest of the world are fast diminishing, and the interconnectedness on these frontiers is becoming more palpable. Africa is becoming less regarded as being characterised by its own peculiar basket of peace and security challenges. As the world shrinks through interconnectedness, an equally interconnected chain of peace and security challenges is emerging. Terrorism; human trafficking; narco-trafficking; weak states / state vulnerability; intra-state conflicts; regional resources conflicts; and state vulnerability in the Maghreb following the Arab Spring uprisings all link up the concerns for the welfare of both the global South and North.

### **TYOLOGY OF PEACE AND SECURITY CHALLENGES IN AFRICA AND LINKS WITH THE WORLD**

<b>SOUTHERN AFRICA</b>	<b>EAST AFRICA</b>	<b>CENTRAL AFRICA</b>	<b>HORN OF AFRICA</b>	<b>WEST AFRICA</b>	<b>NORTH AFRICA</b>
Human trafficking	Terrorism	Intra-state conflicts	Terrorism	Terrorism	Terrorism
Porous borders	Human trafficking	Regional resources conflicts		Narco-trafficking	Post-Arab Spring state vulnerability
				Weak states	
<i>(India, Pakistan, Nepal, Bangladesh)</i>	<i>(Middle-East, Western Europe)</i>	<i>(Western Europe)</i>	<i>(Middle-East, Western Europe)</i>	<i>(Middle-East, South America, Western Europe)</i>	<i>(Middle East, Western Europe)</i>

SOURCE: AUTHOR'S OWN TYPOLOGY

Southern and East African regions are affected the most, more especially by human trafficking, linked with potential terrorist activities. In these regions, illegal immigrants are sourced mainly from Pakistan, Bangladesh and India. They are mainly transported via Kenya and Tanzania, through Mozambique, Malawi and Zambia. Their final destinations are Europe, via South Africa (particularly through the Western Cape province).

Well-connected and well-financed non-state actors play a critically important intermediate role in this enterprise. Wealthy individuals with multiple official identities and residences stretching from East Asia and Southern Africa, using registered companies, philanthropic formations, mosques and madrassas, are central in manoeuvring this entire machinery. Most disturbing is that these non-state actors utilize their extensive patronage to access bureaucracies and other customs officials in undertaking human trafficking.

In the Great Lakes and Central African regions, security threats are posed by four interlinked factors:

- Sub-regional economic networks that directly and indirectly fuel insecurity through the exploitation and sale of natural resources (diamonds, timber, cocoa, cotton and coffee) and by the transportation and sale of these commodities, facilitated by inadequate state regulatory frameworks;
- Regional military networks that supply weapons to combatants and the provision of training facilities to those intent on destabilising the regions;
- Regional political and economic networks that provide support mechanisms and facilitate economic predation; and
- Networks comprising illicit smuggling activities.

Worrying trends in the Sahel and the Horn of Africa are the intra-state conflicts that generate regional instabilities and weak states incapable of maintaining normal socio-economic state functions. In parts of West Africa (e.g. Guinea-Bissau), narco-trafficking thrives mainly as a result of weakened states surviving under strains of decades-long state-military tensions.

These are the security challenges facing Africa, as South Africa enters BRICS. The formation of BRICS comes at an opportune time when this interconnectedness displays its maturity and inevitability. South Africa and Africa, through the AU, have generated the African Peace Security Architecture (APSA). The combination of the use of the African Standby Force, the Early Warning Mechanism, the Panel of the Wise, the AU Peace and Security Council that constitute the APSA has started to effectively respond to these peace and security challenges in a systematic and consistent manner. Furthermore, the participation of various other non-African institutional stakeholders – the European Union (UN), the EU Development Fund and the UN ensure that BRICS will work with South Africa and Africa from an established system of policies.

## CONCLUSION

BRICS, at this stage, is not a formation that can be wished away, or whose longevity and sustainability can be estimated. Its momentum, the sheer organization of the willpower of its member-states, the enormity of the economic power of its member-states, and the current economic vulnerability of the global North only point to the beginning of the growth of its stature in years to come.

The challenges of unanimity among BRICS countries are going to remain, without though overshadowing its resolve to reform the traditional institutions of international relations that have always favoured the global North. BRICS will thrive within a system of the multiplicity of regional economic bodies in both the global South and North that seek complementarity and cross-sectional linkages. Furthermore, the UN continues to invite non-state actors (international NGOs) to take over some of its traditional roles in combating peace and security challenges internationally (e.g. narco and human trafficking), as it recognises its institutional limitations in doing so. South Africa's entry into BRICS and the carrying of its mandate in addressing peace and security challenges will be eased by the presence of these multiple actors, acting in a coordinated manner.



**BIBLIOGRAPHY**

Amin, S (2006) *Beyond US Hegemony: Assessing the Prospects for a Multipolar World*, (World Book Publishing, Beirut; SIRD, Kuala Lumpur & UKZN Press, Pietermaritzburg).

Anning, K. (2007) *Africa: Confronting Complex Threats*, (Coping with Crisis: Working Paper Series), (International Peace Academy, New York).

*Building a Better World: The Diplomacy of Ubuntu*, (South Africa's White Paper on Foreign Policy, (May 2011, Final Draft).

Butler, R. (2012) *Reform of the United Nations Security Council*, (Vol. 1, Issue 1), (Penn. State Journal of Law and International Affairs).

Chairperson's Statement on the BRICS Foreign Ministers Meeting held on 24 March 2014 in The Hague, Netherlands.

Duffield, M. (2005) *Global Governance and the New Wars: The Merging of Development and Security*, (Zed Books Ltd., London & New York).

Laidi, Z. (2011) *The BRICS Against the West*, (CERI Strategic Paper, No. 11).

Marshall, M.G. (2005) *Conflict Trends in Africa, 1964 – 2004: A Macro-Comparative Perspective*, (Report prepared for Africa Conflict Prevention Pool, ACCP).

Ping, J. (2013) *BRICS' Path Explorations in International Peace and Security Dilemmas*, (China Peace and Development Foundation, Research Department).

Sanya Declaration of the BRICS Leaders Meeting (<http://english.people.com.cn/90001/90776/90883/7351063.html>) The People's Daily, PRC. 15ril 2011).

Tavares, R. (2007) *How do Peace and Security Cluster Regionally?*, (GARNET Working Paper, no. 13 / 07, UNU-CRIS / Gothenburg University).

Wess, T.G. (2003) *The Illusion of UN Security Council Reform*, (The Washington Quarterly, Autumn).

**NOTES**

<sup>i</sup>Ping, J. (2013) **BRICS' Path Explorations in International Peace and Security Dilemmas**, (China Peace and Development Foundation, Research Department).

<sup>ii</sup>See, Chairperson's Statement on the BRICS Foreign Ministers Meeting, held on 24 March 2014, in The Hague, Netherlands; Issued by the RSA Department of International Relations and Cooperation).

<sup>iii</sup>Laidi, Z. (2011) **The BRICS Against the West**, (CERI Strategic Paper, No. 11), (p. 1).

<sup>iv</sup>Chairperson's Statement.

<sup>v</sup>Duffield, M. (2005) **Global Governance and the New Wars: The Merging of Development and Security**, (Zed Books Ltd., London & New York), (pp. 22 – 44).

<sup>vi</sup>Tavares, R. (2007) **How do Peace and Security Cluster Regionally?** (GARNET Working Paper No. 13 / 07, UNU-CRIS / Gothenburg University).

<sup>vii</sup>Amin, S. (2006) **Beyond US Hegemony: Assessing the Prospects for a Multipolar World**, (World Book Publishing, Beirut; SIRD, Kuala Lumpur & UKZN Press, Pietermaritzburg), (p. 1).

<sup>viii</sup>**Building a Better World: The Diplomacy of Ubuntu**, (White Paper on South Africa's Foreign Policy, Final Draft, 13 May 2011), (<http://www.info.gov.za/DownloadFileAction?id+=149749>).

<sup>ix</sup>Ibid, (p. 4).

<sup>x</sup>Ibid, (pp. 10 – 11).

<sup>xi</sup>Butler, R. (2012) **Reform of the United Nations Security Council**, (Vol. 1, Issue 1), (Penn. State Journal of Law and International Affairs), (p. 28).

<sup>xii</sup>Ibid, (p. 29).

<sup>xiii</sup>Weiss, T.G. (2003) **The Illusions of UN Security Council Reform**, (The Washington Quarterly, Autumn).

<sup>xiv</sup>Anning, K. (2007) **Africa: Confronting Complex Threats**, (Coping with Crisis: Working Paper Series), (International Peace Academy, New York).





## BRICS MILITARY MODERNIZATION IN A CONTEXT OF TRANSITION IN THE PATTERNS OF GLOBAL MILITARY EXPENDITURES

*Rodrigo Fracalossi de Moraes is a Research and Planning Expert at the Department of International Studies, Institute for Applied Economic Research (IPEA). He holds a BA in Economics from the São Paulo State University and an MA in International Relations from the Federal University of Rio Grande do Sul. His research areas include the international arms trade, peacekeeping operations, public opinion and defense policy, and the defense industry.*

*Edison Benedito da Silva Filho is a Research and Planning Expert in the Department of International Studies, Institute for Applied Economic Research (IPEA). He holds a Masters in Economics from the Federal University of Rio Grande do Sul and a Ph.D in Economics from the State University of Campinas. His research areas include international finance, foreign investment, national defense and international security.*

### INTRODUCTION

AS A CONSEQUENCE OF THE 2008 GLOBAL FINANCIAL CRISIS, **major North Atlantic Treaty Organization (NATO) countries began to implement cuts in their military expenditures. As part of “packages” of public spending reductions, such cuts have put an end to a period of military strengthening in major NATO countries, which began in the aftermath of the September 11th attacks. Besides the perception that the current economic crisis will pose a considerable restriction on their fiscal capacity over the next years, these cuts are also based in the expectation of a decreasing intensity of the armed conflicts in which they are currently engaged.**

On the contrary, emerging countries (especially the BRICS) have been put forward ambitious plans to modernize their armed forces, through a consistent expansion of their military expenditures. Such scenarios may provide a window of opportunity for them to: i) reduce the military power gap in comparison to members of the transatlantic alliance (or to enhance it, in the case they have already surpassed them); and/or ii) deepen military modernization programs, saving resources and having more access to sensitive technologies. Furthermore, such trend allows the BRICS to be perceived in a more consistent manner as possible “providers” of international security, capable of acting as stabilizing forces not only in their own regions, but also in other ones.

The purpose of this article is to: i) identify the probable trajectories of the military expenditures of major NATO countries and the BRICS; and ii) indicate some of their implications, especially the opportunities in terms of military equipment procurement, access to sensitive technologies, and a stronger perception from the international community on their responsibilities concerning peace and security issues.



The article is divided into three sections, in addition to this introduction. In the second section we present data regarding the military expenditures of the fifteen countries with the largest spending during the 2006-2012 period, evidencing the international crisis' effects over their capacity to invest in defense. The third section analyzes the estimates for these expenditures until 2018, focusing on the spending aimed at military equipment procurement. Finally, after pointing out the obstacles to major military projects in NATO countries over the next years, we identify new opportunities and challenges for the BRICS in the field of defense.

### MILITARY EXPENDITURES AND OTHER ECONOMIC INDICATORS (2006-2012): THE IMPACT OF THE ECONOMIC CRISIS ON DEFENSE

During the 2006-2012 period, the annual global military expenditure was, on average, US\$1.64 trillion. It was concentrated in a small number of countries, especially the major developed nations and the BRIC (Brazil, Russia, India and China). For comparative purposes, table 1 lists the 15 countries with the biggest expenditures during the 2006-2012 period.

**TABLE 1**  
**THE FIFTEEN COUNTRIES WITH THE LARGEST MILITARY EXPENDITURES: 2006-2012**  
**(IN US\$ BILLION, AT CONSTANT 2010 PRICES)**

Country		Military Expenditures						% of global expenditure: average 2006 – 2012
		2006 – 2007 (average)	2008	2009	2010	2011	2012	
1	United States	596,6	649,0	701,0	720,3	711,3	671,1	40,4%
2	China	90,4	106,6	128,7	136,2	147,3	159,6	7,5%
3	France	65,6	65,0	69,4	66,3	64,6	63,7	4,0%
4	Russia	53,7	61,5	64,5	65,8	70,2	81,0	3,9%
5	United Kingdom	59,5	63,1	64,3	62,9	60,3	57,7	3,7%
6	Japan*	60,7	59,1	59,7	59,0	60,5	59,6	3,6%
7	Germany	45,9	47,3	49,0	49,6	48,2	49,3	2,9%
8	Saudi Arabia**	42,6	44,8	46,0	47,9	48,5	54,9	2,8%
9	India***	36,4	41,6	49,0	49,2	49,6	49,5	2,7%
10	Italy****	40,4	41,2	40,0	38,9	38,1	35,4	2,4%
11	Brazil	28,5	31,5	34,3	38,1	36,9	37,7	2,0%
12	South Korea*****	26,2	28,5	30,1	29,9	30,9	31,5	1,8%
13	Australia	23,3	24,8	26,7	27,0	26,6	25,6	1,5%
14	Canada	19,5	21,9	22,9	20,7	20,5	20,3	1,3%
15	Turkey	16,2	16,1	17,3	17,0	17,2	17,8	1,0%
-	South Africa	4,5	4,4	4,6	4,4	4,6	4,8	0,3%
-	Total – 15 countries	1.205,4	1.302,0	1.403,1	1.428,7	1.430,8	1.414,6	81,7%
-	Rest of the world (including South Africa)	286,4	296,1	302,0	303,1	308,5	321,7	18,3%
-	Total	1.491,8	1.598,1	1.705,1	1.731,8	1.739,3	1.736,3	-

SOURCE: SIPRI (2013). AUTHORS' ELABORATION.



Notes to Table 1 above:

\* Expenses on military pensions are not included. Moreover, it refers to the amount established in the budget, not necessarily reflecting the actual outlays.

\*\* It refers to the amount established in the budget, not necessarily reflecting the actual outlays. Moreover, it includes expenses with public order and security.

\*\*\* It does not include expenses with nuclear military activities. Moreover, it includes spending with the BSF, CRPF, Assam Rifles, ITBP and SSB.

\*\*\*\* It includes expenses with civil defense (about 4.5% of the total).

\*\*\*\*\* It does not include expenses with three special funds, aimed at: reallocation of military installations; reallocation of American bases; and Welfare for Troops.

- The following data are estimates: China and Russia for the whole period; and Italy for 2007-2009.

- The data refer to the fiscal year for each country.

We point out the elevated amount of the United States' expenditures, far higher than that of any other country. Between 2006 and 2012, it corresponded to 40.4% of the world total, a percentage that, since 1990, has been sustained above 36%. Among the fifteen listed countries, nine are developed (including South Korea), and the sum of their expenses corresponded to 61.7% of the world total in the period. Moreover, the five largest budgets coincided with the five permanent members of the United Nations Security Council (UNSC): the sum of their expenditures corresponded to 59.5% of the world total in the period.

The BRICS' expenditures represented 16.4% of the world total. Internally in this group, however, the distribution was unequal: the military expenditures of China represented 45% of the BRICS total, against 24% from Russia, 17% from India, 12% from Brazil and 2% from South Africa.

Among the 15 largest military budgets between 2006 and 2012, only Saudi Arabia and Turkey were neither developed countries nor members of the BRIC. Turkey, in particular, surpassed important European countries in terms of military expenditures, such as Spain and the Netherlands, an indirect reflex of the effects of the economic crisis on European Union (EU) countries' defense budgets.

Major NATO countries' governments consider unfeasible to maintain their military expenditures at the current levels in a context of economic crisis. In fact, three of the EU countries listed (France, United Kingdom and Italy) reduced their expenditures between 2008 and 2012. Although, in the case of the United States, one observes a delay between the beginning of the economic crisis and the implementation of budget cuts, there is a clear trend towards diminishing or stabilizing its expenditures on defense, a trend that will probably last until the end of this decade (as analyzed in the section 3).



Table 2 presents an economic and fiscal overview of the five NATO countries with the largest defense budgets and the BRICS, starting in 2008 and ending in 2018 (based on official estimates from 2013 onwards).

**TABLE 2**  
**VARIATION OF THE GDP, AVERAGE ANNUAL FISCAL DEFICIT AND EVOLUTION OF GROSS PUBLIC DEBT IN THE 2008-2018 PERIOD – LARGEST ECONOMIES OF NATO AND THE BRICS**

		Evolution of GDP (2018/2008) (%)	Average annual fiscal deficit (2008 – 2018) (% GDP)	Estimated gross public debt in 2018 (% GDP)
<b>NATO countries</b>	United States	20,1%	8,3%	105,8%
	United Kingdom	12,7%	5,6%	88,0%
	France	9,4%	3,9%	90,8%
	Germany	11,0%	0,7%	61,2%
	Italy	-3,5%	2,5%	124,7%
<b>BRICS</b>	Brazil	31,8%	2,7%	65,2%
	Russia	17,5%	0,8%	13,5%
	India	90,5%	7,7%	60,9%
	China <sup>1</sup>	113,0%	1,5%	15,4%
	South Africa	26,2%	4,1%	58,6%

**SOURCE:** IMF (2014A; 2014B). **AUTHORS' ELABORATION.**

Note: the data regarding GDP growth, fiscal performance and public indebtedness are estimates for the period 2013-2018.

<sup>1</sup> Data from China refers only to central government reports. According to IMF (2014a), by 2012 China's gross public debt could reach more than 46% of GDP if it was to include local government financing vehicles and other off-budget liabilities.

According to the official estimates presented in the table 2, members of NATO will probably face a period of low economic growth rates, which will probably pose several constraints to their military expenditures. In addition, it is relevant to consider not only the economic performance, but also the perspectives for fiscal indicators and public indebtedness for the near future. Since for most of the developed economies a substantial reduction in fiscal deficits in the short term is unlikely, the expected evolution of gross public debt is one of acceleration in the coming years, hindering the expansion of government spending. We add to this scenario the fact that the economic crisis has given rise to other public expenditure priorities, particularly in the social area, which poses growing dilemmas concerning the allocation of resources to defense.

In contrast, the more expressive economic growth expected for the BRICS during the same period, in a context of stabilized or negligible public indebtedness, allows these countries to engage in a swift expansion of their military power over the next years. Certainly, these countries face greater dilemmas regarding social demands than developed countries. However, regarding macroeconomic conditions, they seem to be more capable of dealing with these demands without compromising the ongoing plans of improving their defense capabilities.



In the next section we analyze more closely the perspectives for the defense in major NATO powers (United States, United Kingdom, France, Germany and Italy) and the BRICS, highlighting how the evolution of western powers' military expenditures over this decade can bring about opportunities and challenges to the BRICS, given their objectives of strengthening their militaries and increasing their regional and global power.

### MILITARY EXPENDITURES REDUCTION IN NATO COUNTRIES AND EXPANSION IN THE BRICS

As mentioned in the previous section, due to the economic crisis initiated in 2008, several developed countries have been reducing their military expenses, while major emerging countries intend to maintain an ascending trajectory. In the table 3, there are projections of military expenditures for the NATO members with the five largest defense budgets and for the BRICS.

**TABLE 3**  
**ESTIMATES OF MILITARY EXPENDITURES: 2013-2018**  
**(IN US\$ BILLION, AT CONSTANT 2013PRICES)**

		2013	2014	2015	2016	2017	2018	2018/ 2013
<b>NATO</b> <b>Countries</b>	United States	582,4	574,9	535,4	569,3	568,3	567,1	-2,6%
	United Kingdom	58,9	56,7	54,8	54,4	54,8	56,0	-4,8%
	France	53,1	52,6	52,0	52,3	53,4	54,2	+2,1%
	Germany	44,7	43,7	42,3	41,5	41,5	41,0	-8,3%
	Italy	27,8	26,9	26,8	26,9	27,5	28,1	+1,2%
	TOTAL	766,9	754,8	711,3	744,4	745,5	746,4	-2,7%
<b>BRICS</b>	Brazil	29,5	29,7	29,7	30,8	32,3	34,0	+15,2%
	Russia	68,9	78,2	91,4	98,4	101,3	103,2	+48,9%
	India	46,2	44,9	45,5	47,8	50,4	53,4	+15,6%
	China	139,2	148,0	159,4	170,3	179,9	189,2	+35,9%
	South Africa	4,4	4,4	4,4	4,5	4,6	4,7	+6,9%
	TOTAL	288,2	305,2	330,4	351,8	368,5	384,5	33,4%

SOURCE: JANE'S (2014). AUTHORS' ELABORATION.

Note: the figures are not directly comparable to those in the tables 1 and 2, due to methodological differences in calculation and to the fact that the figures in this table are in 2013US dollars.

As demonstrated in this table, the selected NATO countries are expected to reduce their expenditures or maintain them relatively stable, while BRICS are all expected to increase them. In 2013, the summed expenses of the BRICS were equivalent to 37.6% of these five NATO countries, a percentage expected to increase to 51.5% in 2018.

Moreover, one can analyze estimates regarding the expenses related to military equipment procurement in these same countries. In so doing, it is possible to identify in a more precise manner the segments where the cuts will be more pronounced. Table 4 shows these data for the same countries listed in the table 3.



**TABLE 4**  
**MILITARY EXPENSES FOR EQUIPMENT PROCUREMENT: 2013-2018**  
**(IN US\$ BILLION, AT CONSTANT 2013PRICES)**

			2013	2014	2015	2016	2017	2018	2018/ 2013
NATO Countries	United States	Army	21,32	17,40	18,40	20,07	19,55	20,36	-4,5%
		Navy	42,31	41,33	43,45	44,03	46,98	47,79	+13,0%
		Air Force	37,11	34,17	35,10	41,37	40,78	42,54	+14,6%
		Defense-Wide	4,93	4,49	2,19	3,29	4,75	4,85	-1,7%
		<b>TOTAL</b>	<b>105,67</b>	<b>97,39</b>	<b>99,14</b>	<b>108,75</b>	<b>112,07</b>	<b>115,54</b>	<b>+9,3%</b>
	United Kingdom	Army	2,45	2,41	2,28	2,22	2,22	2,26	-7,6%
		Navy	3,74	3,57	3,49	3,79	3,85	3,95	+5,6%
		Air Force	4,37	4,14	4,08	4,23	4,28	4,39	+0,5%
		Defense-Wide	0,38	0,37	0,35	0,35	0,36	0,36	-5,7%
		<b>TOTAL</b>	<b>10,94</b>	<b>10,48</b>	<b>10,20</b>	<b>10,59</b>	<b>10,70</b>	<b>10,96</b>	<b>+0,2%</b>
	France	Army	2,50	2,54	2,51	2,33	2,38	2,42	-3,3%
		Navy	2,45	2,43	2,46	2,58	2,64	2,68	+9,3%
		Air Force	2,97	2,94	2,91	3,53	3,61	3,66	+23,4%
		Defense-Wide	1,95	1,94	1,91	1,80	1,84	1,87	-4,3%
		<b>TOTAL</b>	<b>9,88</b>	<b>9,85</b>	<b>9,78</b>	<b>10,25</b>	<b>10,47</b>	<b>10,63</b>	<b>+7,7%</b>
	Germany	Army	1,45	1,42	1,37	1,35	1,35	1,33	-8,3%
		Navy	2,29	2,24	2,17	2,13	2,13	2,10	-8,3%
		Air Force	3,83	3,75	3,63	3,56	3,56	3,52	-8,2%
		Defense-Wide	0,38	0,37	0,36	0,35	0,35	0,34	-8,3%
		<b>TOTAL</b>	<b>7,95</b>	<b>7,78</b>	<b>7,53</b>	<b>7,39</b>	<b>7,39</b>	<b>7,29</b>	<b>-8,3%</b>
Italy	Army	0,99	1,03	1,23	1,36	1,48	1,57	+58,8%	
	Navy	0,85	0,89	0,93	0,98	1,08	1,12	+31,3%	
	Air Force	0,64	0,62	0,64	0,64	0,70	0,76	+18,5%	
	Defense-Wide	0,27	0,26	0,26	0,26	0,26	0,27	+0,8%	
	<b>TOTAL</b>	<b>2,75</b>	<b>2,80</b>	<b>3,06</b>	<b>3,24</b>	<b>3,52</b>	<b>3,72</b>	<b>+35,3%</b>	
BRICS	Brazil	Army	0,69	0,69	0,68	0,70	0,71	0,73	+5,3%
		Navy	0,99	1,01	1,03	1,09	1,16	1,24	+26,1%
		Air Force	0,49	0,50	0,49	0,51	0,55	0,59	+19,8%
		Defense-Wide	1,25	1,26	1,26	1,31	1,37	1,44	+15,3%
		<b>TOTAL</b>	<b>3,42</b>	<b>3,46</b>	<b>3,46</b>	<b>3,61</b>	<b>3,79</b>	<b>4,00</b>	<b>+17,0%</b>
	Russia	Army	3,29	4,60	5,74	6,70	6,82	6,86	+108,9%
		Navy	3,54	4,67	5,90	6,47	6,69	6,84	+93,4%
		Air Force	3,35	3,96	5,52	6,22	6,44	6,51	+94,4%
		Defense-Wide	0,30	0,58	0,67	1,08	1,10	1,10	+267,2%
		<b>TOTAL</b>	<b>10,47</b>	<b>13,80</b>	<b>17,83</b>	<b>20,47</b>	<b>21,04</b>	<b>21,31</b>	<b>+103,5%</b>
	India	Army	2,46	1,75	1,89	2,57	2,50	2,57	+4,3%
		Navy	3,92	3,78	3,97	4,20	4,72	5,04	+28,5%
		Air Force	6,78	5,99	5,93	6,09	6,17	6,48	-4,5%
		Defense-Wide	0,21	0,14	0,14	0,16	0,16	0,17	-15,9%
		<b>TOTAL</b>	<b>13,37</b>	<b>11,65</b>	<b>11,92</b>	<b>13,02</b>	<b>13,55</b>	<b>14,26</b>	<b>+6,6%</b>
	China	Army	8,98	9,15	9,55	9,99	10,32	10,61	+18,2%
		Navy	7,67	7,99	8,84	9,44	9,65	10,12	+32,0%
		Air Force	8,79	9,10	9,84	10,19	10,88	11,37	+29,4%
		Defense-Wide	0,71	0,69	0,72	0,78	0,83	0,78	+9,2%
		<b>TOTAL</b>	<b>26,15</b>	<b>26,92</b>	<b>28,94</b>	<b>30,39</b>	<b>31,68</b>	<b>32,89</b>	<b>+25,8%</b>
South Africa	Army	0,36	0,29	0,35	0,34	0,35	0,36	-0,8%	
	Navy	0,02	0,07	0,06	0,06	0,06	0,07	+225,0%	
	Air Force	0,19	0,30	0,29	0,27	0,28	0,29	+50,8%	
	Defense-Wide	0,08	0,10	0,10	0,10	0,10	0,10	+22,9%	
	<b>TOTAL</b>	<b>0,65</b>	<b>0,75</b>	<b>0,80</b>	<b>0,77</b>	<b>0,79</b>	<b>0,81</b>	<b>+24,2%</b>	

SOURCE: JANE'S (2014). AUTHORS' ELABORATION.



Analyzing the total expenses on equipment procurement we observe that, among NATO countries, the reduction is inferior to the one observed for the total military expenditures. However, when compared to the BRICS' expenses, trends are clearly distinct. Whereas the BRICS' expenses corresponded in 2013 to 39% of the summed expenses of the five NATO countries, this figure could rise to 50% in 2018. Additionally, the BRICS' expenditures in 2013 were 72% superior to the sum of France, the United Kingdom, Germany, and Italy expenses, a percentage that could reach 125% in 2018.

This scenario brings two possibilities to the BRICS regarding their military capacities. The first one is a direct consequence: through a superior volume of equipment procurement, some of the BRICS could reduce the gap separating their material military capacities in comparison to some NATO countries. Even if the gap will keep expanding in some cases (comparing Brazil and the United States, for instance), it would be possible, at the very least, to diminish the velocity of such expansion. The second one is an indirect consequence: the reductions in equipment procurement in these countries enhances the relative weight of the foreign market, contributing to a bigger bargaining power of purchasers, making possible the achievement of more beneficial agreements on trade and/or transfer of technology.

Far from being a proposal of confrontational stances toward NATO countries, these remarks simply indicate some opportunities for the BRICS to implement military projects in a more effective and efficient manner. And rather than "profiteering" from NATO countries, one should stress possible ways to strengthen the cooperation between some of the BRICS and NATO members. In addition to that, one should consider that contemporary defense markets are quite globalized, making more feasible cooperation activities with different partners, even in the field of defense.

With the objective of detailing the procurement profiles of the countries analyzed, table 4 also shows disaggregated data by acquiring branch (Army, Navy and Air Force) in the major NATO members and the BRICS. When analyzing the NATO countries, we observe the following trends: i) in the United States, the reduction would be more pronounced in the Army; ii) in the United Kingdom, there would be a bigger burden on the Army; iii) in France, there would be a reduction for the Army and a growth for the Navy and Air Force; iv) in Germany, there would be a reduction in all branches; and v) in Italy, a trend of growth in all the three branches. Among the BRICS, we highlight the following points: i) in Brazil, there would be a relative growth in all segments, particularly in the Navy, whose budget would be superior to the sum of the Army and Air Force procurements; ii) in Russia, a strong growth in all branches; iii) in India, there would be a greater priority for the Navy; iv) in China, a smaller priority for the Army; and v) in South Africa, a larger importance for the Navy and the Air Force (although from a very low starting point).

Based on these estimates, it is possible to infer that the projected reduction in procurement expenses in NATO countries would not occur uniformly within the military branches: in almost all these countries, the Army would undergo most of the cuts. These indicators suggest that, although there is a reduction trend in procurement expenses in Western powers, they seek to sacrifice to a lesser extent the more capital intensive branches (Navy and Air Force).



When negotiating purchases of equipment or technology with NATO countries, it is expected that the BRICS will find more advantageous deals in those countries in which the defense budget cuts will be more pronounced. In other words, the deeper the cuts the greater the bargaining power of the customers. In this context, data presented in this article might prove useful for identifying the most promising opportunities for foreign military procurement and partnerships.

Based on this information, one could also see opportunities for a broader and more effective agenda of cooperation among the BRICS in the field of defense. For example, Brazil, China and South Africa have indicated in their defense official documents a higher relative priority for the Navy in terms of military projects. Such common goal could enable cooperative activities among the three countries.

Finally, it is possible to make some inferences on the BRICS' participation in international peace and security issues. The reduction of military expenditures in NATO countries and its expansion in the BRICS could lead to pressures from the international community to enhance BRICS countries' contribution in matters of peace and security, either on a regional or a global basis. Far from being a burden, this could be an opportunity for the BRICS.

Brazil, for example, will probably be able to expand its military at a faster pace than its neighbors. In the South American context, marked by regional integration and a low degree of interstate threat perceptions, this could imply a more prominent role for Brazil in maintaining regional stability. Some military projects in Brazil demonstrate that such process could occur even in the short to medium-term. The Integrated System for Border Surveillance (Sisfron) is currently being implemented by the Brazilian Army, and it is expected to be fully operational in 2022, providing security not only to Brazil, but also to its neighbors. The Brazilian Navy is working on the Blue Amazon Management System (SisGAAz), aimed to monitor the Brazilian Jurisdictional Waters, providing security for a large part of the South Atlantic. Another form of Brazilian contribution could be an expanded role in peacekeeping operations, in which Brazil has had, historically, a discreet position (with the clear exception of its participation in the MINUSTAH). Another aspect has to do with the participation in multilateral security institutions. Among the BRICS countries that currently do not integrate the UNSC as permanent members (Brazil, India and South Africa), the expansion of contributions for peacekeeping operations could reinforce the legitimacy of their demands to become permanent members.

Nevertheless, all the BRICS have highly sovereignty-based foreign policy traditions, centered in the non-intervention principle. Accordingly, the responsibility to protect (R2P) principle finds strong resistance in these countries. Such fact reduces the possibility of BRICS contribution to "robust" peacekeeping and peace enforcement operations under the UN flag, reinforced by the permanent member status of Russia and China (both able to veto operations of this kind). In the face of such dilemma, cooperation on interventions could make progress on the basis of a contribution offered by the Brazilian government, through the concept of responsibility while protecting (RwP). If, on the one hand, the concept does not breach the sovereignist tradition, it implies, on the other hand, a larger degree of flexibility, especially when added to another concept, namely the non-indifference, a



partial counterpoint to the non-intervention principle. Debate on such concepts among the BRICS could contribute to refining international discussions over the future of international interventions, even if it is not fully adopted by the group.

### FINAL REMARKS

Based on a perspective of military expenditures reductions in several developed countries, a “window of opportunity” opens up for emerging countries to reduce gaps in terms of military power and technological capacity between them and major NATO powers. Hence, China and Russia could reduce the distance in their military capacities in relation to the United States; Brazil and India could strengthen themselves when compared to other powers such as France, the United Kingdom and Germany; and South Africa, in an inferior military power level, could improve its conditions compared to smaller NATO members, such as Portugal and Belgium.

In such an environment, BRICS’ governments and defense companies could pursue new business opportunities, especially in those countries that possess limited industrial capacities and technologies in this field, such as Brazil and South Africa. For that purpose, they could use both strategic partnerships and the State’s purchasing power. The advantages expected are not limited to price reductions, but involve bigger bargaining power in negotiations of offset agreements, benefiting the Armed Forces and national companies of the sector. As the technological catching up constitutes an essential element of these countries’ search for reduction of asymmetries in relation to the great powers, the decreasing of military expenditures in major NATO powers sets up a unique opportunity for a beneficial repositioning of emerging powers in the international scene.

Nevertheless, “great power brings great responsibility”. Therefore, this opportunity for BRICS to expand their role as providers of international security, both in a regional and a global extent, come along with the challenge of coping with a higher degree of cooperation and commitment with the international community demands.

### REFERENCES

IMF. “Fiscal Monitor, April 2014: Public Expenditure Reform - Making Difficult Choices”. World Economic and Financial Surveys, Washington D. C., 2014a. Available at: <<http://www.imf.org/external/pubs/ft/fm/2014/01/pdf/fm1401.pdf>>.

IMF. “World Economic Outlook, April 2014: Recovery Strengthens, Remains Uneven [Statistical Appendix]”. World Economic and Financial Surveys, Washington D. C., 2014b. Available at: <<http://www.imf.org/external/pubs/ft/weo/2014/01/pdf/statapp.pdf>>.

JANE’S. “Jane’s Defence Budgets (2011-2018)”. London, 2014.

SIPRI. “Military expenditure database”, 2013. Available at: <<http://milexdata.sipri.org/files/?file=SIPRI+milex+data+1988-2013.xls>>.

### NOTES

<sup>1</sup>This article was updated in early 2014.

<sup>ii</sup>In the case of Brazil, there is a limit in such gap reduction, represented by the impossibility of developing nuclear military capacities, as provided by the Brazilian Constitution and the international treaties signed and ratified by Brazil.







## THE BRICS: ANALYZING THE SECURITY DIMENSION

*Vyacheslav Nikonov is the Chairman of the State Duma Committee on Education and Chairman of the Management Board of the Russkiy Mir Foundation. He is active in many political and policy organizations, including Deputy Chairman of the Editorial Board for "Russia in Global Affairs", Member of the Board of the Council on Foreign and Defense Policy; Member of the Board of the Russian Public Policy Center; and a member of the Advisory Council to the Carnegie Endowment (Moscow Branch). He is also editor-in-chief of "Russia's Strategy."*

THE TERM BRIC FIRST APPEARED IN 2001 AS A VIRTUAL COUNTRY GROUPING, **essentially just a label for an investment banking product. Nonetheless, in 2009 the first BRIC summit was convened in Yekaterinburg and two year later the broader BRICS emerged at the summit in Sanya. How did a virtual association become a real alliance? Simply put, everything that has a name exists. In truth, however, there were more serious reasons for the formation of this new alliance, and many of them are related to the security dimension.**

With the end of the Cold War, it appeared that the prerequisites were in place for bona fide equality of states and their freedom to choose their own models of development and formats of engagement in international affairs. However, such a new world order did not in fact emerge. The task of building such an order was at some point replaced by an endeavor to propagate the system of Western institutions throughout the entire world. The bipolar system was replaced by aspirations for unipolar domination, which was largely perceived as counterproductive and unjust and was accompanied by an increase in confrontation and military interventions. Simultaneously, new countries emerged as leaders of economic growth, which the crisis of 2007-2009 highlighted. The limitations of the mechanisms created at Bretton Woods became apparent. The unipolar system proved temporal and unsustainable.

It became clear that no single state is capable of ensuring effective global governance. The global system is now settling into a more natural polycentric arrangement in which states are guided by national interests (untainted by ideology) and a common understanding of collective interests.

Multipolarity is not something that is automatically beneficial, as it entails a high degree of uncertainty and elevated risks. This in turn has amplified demand for multilateral, flexible network diplomacy, for collective leadership of the leading countries of the world. Here a substantial contribution to the resolution of these issues can be made by the new centers of growth and political influence. Among such centers are Brazil, Russia, India, China and South Africa, which have declared that previously existing international mechanisms do not correspond to the realities of the 21st century. The formation of the BRICS is an expression of the will of the five countries directed at changing the world, not to the detriment of anyone else but rather for the sake of a more equitable system of global governance.

In Brasília they declared their support “for a multipolar, equitable and democratic world order, based on international law, equality, mutual respect, cooperation, coordinated action and collective decision-making of all states.” The member-countries are confident that the international community should rely on political and diplomatic solutions rather than the use of military force. There are no trigger-happy states among the BRICS.

The BRICS’s agenda has evolved to include questions concerning strategic cooperation and dialogue in the realm of international security, and such questions are considered in close conjunction financial, technological, environmental and information security issues. All five countries are interested in maximally increasing the role of the United Nations, in improvement of its mechanisms and in multilateral diplomacy as a means for responding to global challenges and threats. In the documents coming out of BRICS summits we see a continued emphasis on the members’ readiness to consider comprehensive reform of the UN, including the Security Council. China and Russia support the aspiration of Brazil, India and South Africa to play a more significant role in the UN. These countries are considered potential permanent members of the Security Council in the case that it is expanded (which is not yet on the foreseeable horizon).

The simultaneous participation of all five BRICS countries in the Security Council in 2011 provided a valuable opportunity for joint efforts on issues of peace and security, reinforcing multilateral approaches and strengthening foreign policy coordination. All of the countries are concerned about the volatile situations seen in various regions of the world while also sharing common principles: the importance of avoiding use of force and respect for the independence, sovereignty, unity and territorial integrity of every state. On many issues – in particular those related to Libya, Côte d’Ivoire, Sudan and Somali – BRICS countries acted and are acting based on common or at least very similar positions.

When the Security Council took up the issue of Libya, the BRICS countries showed their support for the African Union High-Level Panel Initiative on Libya (at the Sanya summit) proposed by South Africa, but they did not veto the no-fly zone resolution. They later came to greatly regret this when the resolution was used as cover for a full-fledged foreign intervention, resulting in a large number of casualties and destabilization of the entire region of North Africa. The BRICS countries learned a lesson from the Libyan crisis: in order to avoid further abuse of UN Security Council resolutions, going forward full clarity is a prerequisite for all such issues like the nature of proposed sanctions, conditions for imposing them, sanction targets and the conditions for lifting sanctions.



This was one of the reasons why on October 4, 2011, the representatives of Russia and China both voted to veto the resolution on Syria while Brazil, India and South Africa abstained (together with Lebanon). They are not proponents of the Assad regime, but the alternative to this regime seems much worse. BRICS countries are calling on both sides to put an end to the violence and engage in dialogue. Moreover, the BRICS are against the use of the UN Security Council by Western countries to topple disagreeable regimes and the imposition of one-sided solutions to conflict situations.

The five countries do not believe that the Iranian crisis can be resolved with the use of force, the impact of which would be extremely difficult to anticipate. No one is interested in a nuclear-armed Iran. In recognizing Iran's right to the peaceful use of atomic energy in compliance with its international obligations, they are in favor of resolving the crisis through diplomatic means in following with UN Security Council resolutions. BRICS countries believe that Afghanistan needs time, development support and cooperation, preferential access to world markets, and foreign investment. They are prepared to fulfill their obligations accepted at the International Afghanistan Conference in Bonn in December 2011 and to support efforts under the Paris Pact aimed at fighting illegal Afghan opium trade.

BRICS countries have strongly condemned terrorism in all its forms and manifestations and at every summit have affirmed that acts of terrorism cannot be justified. They are in favor of the speedy completion of work on and the adoption of the Comprehensive Convention on International Terrorism by the United Nations. The prevention of acts of terrorism is just as important as the quashing of terrorism and its sources of financing. Practical cooperation in this area is already taking place, in the RIC (Russia-India-China) format and within the Shanghai Cooperation Organization.

At the Sanya summit there was discussion of the reinforcement of international information security with a particular focus on cybercrime. Increasing attention is being given to the development of a universal convention on cybercrime prevention under the auspices of the United Nations. BRICS countries have national space programs and progress is being made in space exploration cooperation as well as in the development of a common global navigation system. All member-states are against the militarization of outer space and they are co-authors of draft UN resolutions on Transparency and Confidence-Building Measures in Outer Space Activities.

Nuclear nonproliferation and peaceful use of atomic energy are becoming ever more important for the BRICS. All of the member-states possess uranium enrichment technologies. Russian and China are nuclear-weapon states under the Treaty on the Nonproliferation of Nuclear Weapons, India is a de facto nuclear power and Brazil has experience in the development of a military nuclear program and its subsequent dismantling. Thus there is a broad platform for dialogue among the BRICS on the nuclear issue. Firstly, this entails the development of atomic energy worldwide, including joint projects and technologies for enriching nuclear materials. Secondly, control over the export of sensitive technologies. Thirdly, the issue of preventing nuclear terrorism. This topic has largely been monopolized by the West, yet each of the BRICS countries is no less concerned about the threat of nuclear terrorism or nuclear anarchy. Each of the BRICS, albeit to different degrees, is



interested in having a constructive arms control agenda. For now only Russia is participating in agreements with the United States on the reduction of nuclear weapons. It is in the interest of international security for the Comprehensive Nuclear-Test-Ban Treaty (CTBT) to enter into force. Russia and Brazil have already ratified it, and China and India could also join.

The main challenge to economic security is the imperative to form new financial architecture, which seems highly unlikely without taking into consideration the opinions and without the resources of the five countries, which are putting forward a commonly agreed concept for reform of the world financial system. The BRICS support the central role of the G20 in global economic governance. In comparison with previous formats, the G20 is perceived as a broader, more representative and more effective forum. The BRICS would like to facilitate the strengthening of the G8 through the creation of the G8+ (meaning the addition of China, India, Brazil, Mexico and South America). Moreover, when participating in G8 summits, these countries are not inclined to put up with last-minute invitations to simply join for coffee.

The BRICS have achieved some success in advocating for reallocation of voting shares in the IMF and World Bank. "Control rights in the IMF should stay with the net creditors," notes Sergei Guriev, head of the New Economic School in Moscow. "The difference is that now the net creditors are largely emerging markets, in particular BRICS. Emerging markets should not just obtain votes proportional to their weight in the global economy; they should get even more votes, because if BRICS cannot control how their funds are spent, they may simply refuse to increase funding to the IMF in the future... In the worst case [scenario], they will not provide any funding at all."

*"Control rights in the IMF should stay with the net creditors," notes Sergei Guriev, head of the New Economic School in Moscow. "The difference is that now the net creditors are largely emerging markets, in particular BRICS. Emerging markets should not just obtain votes proportional to their weight in the global economy; they should get even more votes, because if BRICS cannot control how their funds are spent, they may simply refuse to increase funding to the IMF in the future... In the worst case [scenario], they will not provide any funding at all."*

In the context of ensuring global economic security, the BRICS are examining problems of promoting development. Growing inequality represents a great threat to sustainable and stable development worldwide, and addressing this inequality is a high priority issue for all responsible countries. The BRICS are paying significant attention to countries suffering from poverty and hunger as well as a lack of clean water and energy resources.



*“the revival of the G20 in late 2008 by President Bush was a major step in bringing the BRIC countries to the center of global policymaking... How the established powers choose to accommodate the BRICs into global policymaking will determine whether they win or lose from this irreversible change in the world order.”*

The future of international security to a large degree depends on relations between the BRICS and the West. In the capitals of the five countries there is a common understanding that in the near term Western countries will retain their economic, political and military superiority. Each of the five countries is to a large degree interconnected with the United States and European Union and is not interested in a further worsening of their economic problems. They are also not interested in confrontation with the United States and/or NATO. At the same time the BRICS will nudge their Western partners toward multilateral approaches, toward compliance with international law, toward recognition of the pluralism of development models.

In Western countries attitudes toward the BRICS are, to say the least, complicated. The term BRIC or BRICS is altogether absent in many books published in the West about the modern world. A blind eye is often turned toward things they find unpleasant or things the West is powerless to change. When these terms are mentioned, then they are largely framed in the following four contexts:

- The BRICS is a reactionary group;
- The BRICS is an unwelcome counterweight to the West;
- The BRICS is unworkable, as the countries are too different (hence the frequent attempts to emphasize rifts between them);
- The BRICS is made up of countries which are currently facing enormous problems.

In his book *No One's World*, Charles Kupchan notes that BRICS summits serve as “an alternative to institutions dominated by the West.” Western countries are making efforts to drive a wedge between BRICS countries, in part by labeling China and Russia as autocracies and threats to the “free world” while referring to India, Brazil and South America as major democracies and potential allies. Even without such external factors, there are in fact some contradictions between members, for example, China and India, and Russia goes to great lengths to facilitate their rapprochement.

At the same time, in the West there is an understanding of the need to engage the BRICS. Jim O'Neill suggests that “the revival of the G20 in late 2008 by President Bush was a major step in bringing the BRIC countries to the center of global policymaking ... How the established powers choose to accommodate the BRICs into global policymaking will determine whether they win or lose from this irreversible change in the world order.”

The BRICS share a concern about the position of the US and the West in general on a wide array of issues – the system of global governance, military interventions and specific crisis



situations. Following Afghanistan, Iraq, Libya and Syria the question arises – who is next? For China, the problem of Taiwan is a particularly sensitive one, for India there is Kashmir, and for Russia – the Caucasus. The main roadblock to resolving these problems, according to the thinking in Beijing, Delhi and Moscow, is American support for Taiwan, Pakistan and Georgia.

BRICS countries have an understanding that infringement of the security of one of the member-states could negatively affect the security of the others. Given such thinking, is it possible that the BRICS could become a security alliance? This seems very unlikely. BRICS countries are situated on different continents and their security threats often do not coincide. In contrast to NATO, the BRICS do not have a clear leading country, which could determine security policy and make decisions on military intervention. Each of the BRICS has an independent foreign policy and places primary importance on national sovereignty, which implies retaining a free hand in military and political matters. Nonetheless, it cannot be ruled out that a situation might arise in which the BRICS countries could jointly use their military forces to address a common threat or challenge, for example, in joint peacekeeping missions under the auspices of the United Nations or in creating their own peacekeeping forces.

The “gentle ascendancy” of the BRICS is not connected to violence, wars and hegemonic ambitions. Each of the five countries represents an entire civilization with its own unique cultural and political traditions as well as its own approaches to ensuring security. They see this diversity as an indisputable advantage. BRICS countries are not inclined to interfere in the internal affairs of each other or third countries; they accept their partners as they are today – states which have developed over the course of many centuries. The BRICS represent chance to become a new model of global interaction built outside the context of the old dividing lines of East and West, North and South; to participate in the creation of a multipolar and multicivilizational world which will be based on the force of law rather than the law of force.

## NOTES

<sup>1</sup>Sergei Guriev. BRICS Proposals for IMF Reforms are not Radical Enough // <http://www.eastaiaforum.org/2012/07/20/brics...>

<sup>2</sup>Charles Kupchan. No One's World. The West, the Rising Rest? And the Coming Global Turn. Oxford, 2012. P. 111.

<sup>3</sup>Jim O'Neill. The Growth Map. Economic Opportunity in the BRICs and Beyond. N.Y., 2011. P. 144, 156.



## RECOMMENDATIONS OF THE FIFTH BRICS ACADEMIC FORUM

THE 5TH BRICS ACADEMIC FORUM, comprising experts and scholars from the research and academic institutions of Brazil, Russia, India, China and South Africa, met on 11 and 12 March 2013 in Durban. Given that the BRICS has covered significant ground since the inception of the partnership five years ago, the Forum believes that they must build upon the progress made in the first five-year cycle of BRICS by consolidating the agreements reached and the achievements registered and by making further concrete proposals for realising the unfolding objectives of the BRICS partnership.

The theme for this year's Forum, BRICS and Africa: Partnership for Development, Integration and Industrialisation, represents the common aspirations of BRICS countries for cementing partnerships with one another and with emerging markets and developing countries, including the African continent, in order to strengthen progressive development trajectories, promote integration and expedite industrialisation in developing countries.

A shared desire for peace, security, development, cooperation, respect for International Law and sovereignty continues to serve as the fundamental principles for BRICS members in pursuit of a more equitable and fair world. These principles hold particularly in dealings with African countries, the sovereignty of many of which has not been respected in the past, especially by colonial powers.

The Forum believes that BRICS must continue to create synergies for enhancing economic growth through greater engagement with one another as well as with the rest of the world, particularly the African continent.

The BRICS Think Tanks Workshop of 8 and 9 March 2013 saw the establishment of the BRICS Think Tanks Council (BTTC), which provides the platform for the exchange of ideas among researchers, academia and think-tanks as well as for the convening of the BRICS Academic Forum. The BTTC agreed on a process for finalising the joint long-term vision document for BRICS on the basis of the Indian draft, with inputs from other BRICS countries, in pursuance of paragraph 17 of the Delhi Declaration.

### THE FORUM DISCUSSED FIVE THEMES, WHICH GENERATED THE FOLLOWING RECOMMENDATIONS:

#### 1. BRICS AND THE GLOBAL ECONOMY

BRICS should facilitate greater cooperation in the area of trade, especially in goods and services, towards strengthening partnerships for development and industrialisation. They should engage in further discussions on the feasibility of implementing preferential





trade agreements among themselves. In addition, BRICS should strengthen financial and development cooperation through the establishment of a BRICS Development Bank, and create mechanisms to deal with volatility in global currency markets.

## **2. REFORM OF INSTITUTIONS OF GLOBAL GOVERNANCE**

Recognising the shared objective of progressive and democratic transformation of the institutions of global governance, BRICS should strive to enhance the voice and representation of emerging economies and developing countries in multilateral forums. BRICS should actively explore innovative and complementary partnerships for sustainable and equitable development. The delegations propose the creation of a BRICS parliamentary forum as a platform for intensifying political interaction. BRICS should continue to collaborate to identify and utilise strategic opportunities to advance its objectives of reform of global multilateral institutions in order to make them more democratic, representative and accountable.

## **3. COOPERATION ON AFRICA**

BRICS should recognise the diversity of values and experiences represented in the separate and intersecting histories of their own and African countries in the pursuit of mutually beneficial social and economic development on the African continent. This should include the pursuit of deeper cooperation with the African Union, taking into account Africa's priorities, especially integration.

## **4. EDUCATION, RESEARCH AND SKILLS DEVELOPMENT FOR BUILDING INDUSTRIALISING ECONOMIES**

BRICS should intensify its support for collaboration amongst academics and scholars through a variety of institutions, networks and programmes that advance education, research and skills development. This includes valuing local languages and cultural practices and establishing the required support mechanisms to make this possible. BRICS should consider the establishment of an independent BRICS rating agency for educational institutions, as well as a BRICS university. The Forum proposes the establishment of a data bank with primary data on the five countries, as well as a digital platform with detailed information on researchers and institutions dealing with BRICS issues. The delegations note Brazil's offer to host the digital platform and the data bank.

## **5. PEACE AND SECURITY**

BRICS should continue to promote the centrality of the United Nations (UN), based on the principles of equality, mutual trust and cooperation. It should be more active in the peaceful resolution of conflict, dealing with issues of international terrorism, non-proliferation of weapons of mass destruction, and drug- and human trafficking. Mutual security concerns, such as water, food, environment, health and disaster preparedness should continue to be a focus. BRICS should also promote the peaceful use of outer space. BRICS countries should utilise their relative strengths in post-conflict resolution and peacemaking, peace-building and peacekeeping under the auspices of the UN.

The Forum specially thanks the South African organisers for their excellent arrangements and generous hospitality.



## INTRODUCTION TO THE BRICS THINK TANKS COUNCIL

AT THE 2011 BRICS SUMMIT, held in Sanya, China, the BRICS Leaders agreed on the need to deepen cooperation among BRICS research institutions through regular think tanks meetings. The decision was endorsed by the New Delhi Summit in 2012 with a call for the establishment of a consortium or network of BRICS think tanks. This call was realised in March 2013 in eThekweni, South Africa, with the formal establishment of the BRICS Think Tanks Council. The Council serves as an advisory body to the BRICS leaders on BRICS and related international policy matters.

The BRICS Think Tanks Council was established by five officially appointed Think Tanks from the BRICS countries represented as follows: the Human Sciences Research Council (HSRC), South Africa; Institute for Applied Economic Research (IPEA), Brazil; the National Committee for BRICS Research (NRC/BRICS), Russia; the Observer Research Foundation (ORF), India; and the China Centre for Contemporary World Studies (CCCWS), China. The key mandate of these organisations individually, is to act as knowledge hubs and provide sound, evidence based policy advice to their respective governments on BRICS.

The founding declaration states that the main role of the BRICS Think Tanks Council is to mobilise, facilitate and stimulate research and exchange research-based analysis and recommendations on the formulation and reformulation of BRICS-related public policies and development programmes. The Council would also be responsible for the coordination and convening of the Academic Forum and ensure that the academic input and recommendations made at the Forum are presented to the BRICS leaders for consideration in policy and decision making processes.

After its formal establishment in eThekweni, the primary task of the Council was to finalise the BRICS long term vision and strategy framework, a document initiated by the Observer Research Foundation of India and handed over to South Africa's Human Sciences Research Council for further development and consolidation. Extensive consultations were initiated in order to refine the document and prepare it for submission to the BRICS Leaders at the 2014 BRICS Leaders Summit in Brazil.

Another important task for the BRICS Think Tanks Council was to develop its Terms of Reference and finalise the composition and key functions of the structure. The Terms of Reference were developed at the mid-term meeting of the Council hosted by South Africa in Cape Town in November 2013. At this meeting it was agreed that the Council's core functions will centre around three key pillars, namely, knowledge sharing and dissemination; research and policy analysis; and capacity building.

With respect to knowledge sharing, the BRICS Think Tanks Council will, amongst others, act as knowledge hub for developing and sharing research work, data and publications on BRICS. It will also act as a platform for the exchange of ideas among researchers,



academia and think tanks within individual BRICS countries. The research and policy analysis function will entail the conducting and exchanging of research based analyses and recommendations in the formulation of BRICS related public policies and development programmes. In order to ensure sustainable knowledge production within the BRICS countries, the Council will coordinate BRICS related scholarly and academic exchange, and promote capacity development programmes for policy makers and civil society members. The Council will also be responsible for convening the BRICS Academic Forum and ensure the publication of Academic Forum proceedings.

Moreover, the Terms of Reference states that the Council should explore relationships with other BRICS Track II structures within the concept of triple helix collaboration between government, academia and industry, especially the BRICS Business Council and BRICS Inter-Bank Cooperation Mechanism. The proposed initial engagement may include mutual attendance and participation in each other's annual meetings.

At the second BRICS Think Tanks Council meeting hosted by Brazil in March 2014 in Rio de Janeiro, the Council agreed on the further revision of draft vision document presented by South Africa. A revised title for the document namely, "Towards a Long Term Strategy for BRICS: Recommendation by the BTTC" was adopted. The document presents a broad trajectory for the attainment of policy objectives and goals that will address current global challenges facing BRICS member states and the world at large. It was agreed that document be divided into five broad themes or pillars and that five sub-groups be established to coordinate the work on these themes. The themes are as follows: Promoting cooperation for economic growth and development; Peace and Security; Social Justice, sustainable development, and quality of life; Political and economic governance; and Progress through knowledge and innovation sharing. Each Council member would lead a sub-group and develop a comprehensive strategic framework from the theme that has been allocated. Members agreed on the development of substantive analyses, strategic pathways and action plans on the five themes, towards the development and realisation of the long-term strategy for BRICS. The BRICS Think Tank Council members will mobilise other research institutions in their countries to support this endeavour





## DECLARATION ON THE ESTABLISHMENT OF THE BRICS THINK TANKS COUNCIL

**We, the BRICS Think Tanks Council (BTTC)**, wish to celebrate the bonds between BRICS countries by declaring our mutual intention to enhance cooperation in research, knowledge sharing, capacity building and policy advice;

**Recalling the 2011 Sanya Action Plan**, which called for the enhancement of existing cooperation programmes through the holding of BRICS Think Tank symposiums and the establishment of a council of research centres of all BRICS countries;

**Cognisant of the 2012 Delhi Action Plan**, which directed new areas for cooperation; Based on the Memorandum of Understanding for Enhancing Cooperation that BRICS Academic Institutions signed in New Delhi on 6 March 2012, which aims to strengthen cooperation between the BRICS academic institutions;

**Emphasising the need for further collaboration and cooperation** among BRICS Think Tanks Council (BTTC) members and other institutions.

**We hereby declare that:**

- 1 The BRICS Think Tanks Council (BTTC) is established, comprising the following institutions:
  - Institute for Applied Economic Research (IPEA), Brazil
  - National Committee for BRICS Research (NRC/ BRICS), Russia
  - Observer Research Foundation (ORF), India
  - China Centre for Contemporary World Studies (CCCWS), China
  - Human Sciences Research Council (HSRC), South Africa
- 2 This BRICS Think Tanks Council (BTTC) will form the platform for the exchange of ideas among researchers, academia and think tanks. The BRICS Think Tanks Council (BTTC) will be responsible for convening the BRICS Academic Forum.
- 3 The policy recommendation and guidance provided by the council will be presented to the BRICS leaders for consideration.
- 4 The functions and modalities of cooperation will be further elaborated on at the mid-term meeting in October 2013.





## PROLOGUE



BY AMBASSADOR JM MATJILA,  
Director-General Department of  
International Relations and  
Cooperation, South Africa  
BRICS SHERPA

**THE BRICS INTER-GOVERNMENTAL FORUM, consisting of Brazil, Russia, India, China and South Africa, aims to promote global peace, security, development and cooperation. BRICS countries seek to contribute significantly to the development of humanity and establish a more equitable and fair world.**

This formation has received overwhelming global attention since its inception in 2009 and has incrementally assumed a catalytic role in advocating for change in the global security and financial architectures of the post-Second World War era, which are at great variance with current global realities and in need of urgent reform to deal with the common challenges of humanity and, in particular, developing countries in their quest for prosperity.

It was indeed an historic occasion for South Africa to host the Fifth BRICS Summit with the theme: BRICS and Africa: Partnership for Development, Integration and Industrialisation, which also coincided with the 50th anniversary of the Organisation of African Unity/ African Union. South Africa was pleased that the Fifth BRICS Summit was preceded by successful meetings of the Fifth BRICS Academic Forum and the BRICS Think Tanks Workshop that led to the establishment of the BRICS Think Tanks Council.

Since the inception of BRICS, our leaders have recognised the need for leading research institutions and think tanks to lay the dynamic ground work for a BRICS public forum that would support dialogue and cooperation. Our leaders also called for a structure that could conduct joint research on identified topics at their request. The respective coordinating research institutions signed a Memorandum of Understanding on the occasion of the Fourth BRICS Summit held in India. A notable achievement of the Fifth BRICS Summit, which was convened by South Africa on 27 March 2013 in eThekweni, Durban, was the establishment of the BRICS Think Tank Council.



Considering the sectoral expansion of the BRICS work programme, in depth research and analysis is required from the participants at the annual Academic Forum meetings. The purpose of the annual Academic Forum meeting is further aimed at building a solid framework for cooperation among academic and research communities of the BRICS countries. The debates and discussions of the Academic Forum deliberately precede the Summits so that their recommendations can be presented to, and considered by, the BRICS leaders.

Academics are aware of the value of research, knowledge sharing, knowledge transfer, and capacity building to policy development. It is in the area of ideas where this Forum is critically placed to play an innovative and catalyst role in the BRICS architecture. Academics are the brain-trust that must analyse and enrich policy development within BRICS countries, as well as generate scientific knowledge to improve our understanding of the world. Cognisant that knowledge can be used to engender the hegemony of certain ideas, BRICS academics should act as vanguards of the shared BRICS vision of restructuring the global political, economic and financial architecture into one that is more equitable and balanced, and that rests on the important pillar of multilateralism, in the process raising public consciousness in their respective societies on critical global debates.

Our academics must ensure our critical distance in evaluating global best practices which are packaged as 'scientific' and 'objective' when in fact they are views of a particular interest group. In this sense, knowledge production is not a neutral exercise. It is highly contested and not immune from the political economy of power relations in society and the world.

The BRICS grouping of influential emerging countries is an amplified voice for emerging economies and developing countries globally and acts as a caucus on the margins of international fora as required. The contemporary literature on BRICS juxtaposes the perceived relative decline of the West's traditional political and economic power to that of the ascendancy of BRICS and other rising emerging countries' economic and political power, usually in terms of classical zero sum game theory. This is contrary to the narrative of BRICS governments that aim to seek global solutions to global challenges in a more equitable manner. In a short space of time, the agenda for cooperation and consultation between the BRICS member states has expanded to encompass issues ranging from diplomacy to finance, agriculture, health, science and technology, business links, developmental matters and, of course, academic exchanges.

It is evident that BRICS is already a global player. While the BRICS nations are occasionally competitors, they choose to emphasise their commonalities and synergies with a view to offer each other ever-expanding opportunities on their common path towards achieving development and prosperity for their people.

The summit theme of the Fifth BRICS Summit and Academic Forum was informed by the ever closer relationship between BRICS and Africa. BRICS countries have been instrumental in Africa's own repositioning on the global stage and have served as a buffer against the shocks of the global financial crisis. BRICS leaders have pledged cooperation to support Africa's development agenda, particularly by increasing financial aid to build infrastructure





and industrial capacity, and by increasing imports of value-added manufactured products from the continent.

From the perspective of South Africa, we view Africa as the new global growth centre, and BRICS countries are well positioned to become leading investors in and trade partners to the continent with strong exponential growth potential for the future. The Summit theme emphasised the African Union's own prioritisation of infrastructure development and industrialization and aimed to contribute to the sharing of related international and regional approaches and best practices between BRICS and Africa.

Finally, our cooperation in the BRICS context is grounded on our respective strong and cordial bilateral relationships, which provide the rationale for our shared vision and aspirations to achieve a more equitable global order and prosperity for our own as well as the global citizenry.

Within South Africa, our participation in all BRICS structures has been characterised by a spirit of cooperation and coordination in the best interests of our country. The successful hosting of the Fifth BRICS Academic Forum is due to the hard work and dedication of Higher Education South Africa through the Department of Higher Education and Training, in collaboration with our esteemed academic delegation led by Dr Zondi of the Institute for Global Dialogue. Dr Shisana, Chief Executive Officer of the Human Sciences Research Council (HSRC), has driven our participation in the BRICS Think Tanks Council and the HSRC currently serves as the incubator for the establishment of South Africa's own BRICS Think Tanks Council. I truly appreciate all our partners' efforts to strengthen the knowledge and research base for South Africa's participation in BRICS for the realisation of our domestic priorities.

This publication itself was made possible by the significant contributions delivered at the Fifth BRICS Academic Forum by BRICS academics. The quality and depth of research across our grouping, and the potential for deeper BRICS cooperation, is evidenced by the compilation of papers included here. I also welcome the dedication made by our Editorial Committee to the papers reviewed. I therefore recognise the invaluable contributions of participants in the Fifth BRICS Academic Forum and BRICS Think Tank Workshop to an ongoing and deepening academic reflection on the BRICS Grouping and the way forward in a complex and ever-changing world. I trust that these debates will deepen and broaden in future Academic Fora.





# DECLARATION OF THE FIFTH BRICS SUMMIT

Durban: 27 March 2013

BRICS and Africa: Partnership for Development, Integration and Industrialisation

## ETHEKWINI DECLARATION

- 1 We, the leaders of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa, met in Durban, South Africa, on 27 March 2013 at the Fifth BRICS Summit. Our discussions took place under the overarching theme, "BRICS and Africa: Partnership for Development, Integration and Industrialisation". The Fifth BRICS Summit concluded the first cycle of BRICS Summits and we reaffirmed our commitment to the promotion of international law, multilateralism and the central role of the United Nations (UN). Our discussions reflected our growing intra-BRICS solidarity as well as our shared goal to contribute positively to global peace, stability, development and cooperation. We also considered our role in the international system as based on an inclusive approach of shared solidarity and cooperation towards all nations and peoples.
- 2 We met at a time which requires that we consider issues of mutual interest and systemic importance in order to share concerns and to develop lasting solutions. 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 prevailing global governance architecture is regulated by institutions which were conceived in circumstances when the international landscape in all its aspects was characterised by very different challenges and opportunities. As the global economy is being reshaped, we are committed to exploring new models and approaches towards more equitable development and inclusive global growth by emphasising complementarities and building on our respective economic strengths.
- 3 We are open to increasing our engagement and cooperation with non-BRICS countries, in particular Emerging Market and Developing Countries (EMDCs), and relevant international and regional organisations, as envisioned in the Sanya Declaration. We will hold a Retreat together with African leaders after this Summit, under the theme, "Unlocking Africa's potential: BRICS and Africa Cooperation on Infrastructure". The Retreat is an opportunity for BRICS and African leaders to discuss how to strengthen cooperation between the BRICS countries and the African Continent.
- 4 Recognising the importance of regional integration for Africa's sustainable growth, development and poverty eradication, we reaffirm our support for the Continent's integration processes.
- 5 Within the framework of the New Partnership for Africa's Development (NEPAD), we support African countries in their industrialisation process through stimulating



foreign direct investment, knowledge exchange, capacity-building and diversification of imports from Africa. We acknowledge that infrastructure development in Africa is important and recognise the strides made by the African Union to identify and address the continent's infrastructure challenges through the development of the Programme for Infrastructure Development in Africa (PIDA), the AU NEPAD Africa Action Plan (2010-2015), the NEPAD Presidential Infrastructure Championing Initiative (PICI), as well as the Regional Infrastructure Development Master Plans that have identified priority infrastructure development projects that are critical to promoting regional integration and industrialisation. We will seek to stimulate infrastructure investment on the basis of mutual benefit to support industrial development, job-creation, skills development, food and nutrition security and poverty eradication and sustainable development in Africa. We therefore, reaffirm our support for sustainable infrastructure development in Africa.

- 6 We note policy actions in Europe, the US and Japan aimed at reducing tail-risks in the world economy. Some of these actions produce negative spillover effects on other economies of the world. Significant risks remain and the performance of the global economy still falls behind our expectations. As a result, uncertainty about strength and durability of the recovery and the direction of policy in some major economies remains high. In some key countries unemployment stays unusually elevated, while high levels of private and public indebtedness inhibit growth. In such circumstances, we reaffirm our strong commitment to support growth and foster financial stability. We also underscore the need for appropriate action to be taken by advanced economies in order to rebuild confidence, foster growth and secure a strong recovery.
- 7 Central Banks in advanced economies have responded with unconventional monetary policy actions which have increased global liquidity. 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.
- 8 We welcome the core objectives of the Russian Presidency in the G20 in 2013, in particular the efforts to increased financing for investment and ensure public debt sustainability aimed at ensuring strong, sustainable, inclusive and balanced growth and job creation around the world. We will also continue to prioritise the G20 development agenda as a vital element of global economic stability and long-term sustainable growth and job creation.
- 9 Developing countries face challenges of infrastructure development due to insufficient long-term financing and foreign direct investment, especially investment in capital stock. This constrains global aggregate demand. BRICS cooperation towards more productive use of global financial resources can make a positive contribution to addressing this problem. In March 2012 we directed our Finance Ministers to examine the feasibility and viability of setting up a New Development Bank for mobilising resources for infrastructure and sustainable development projects in BRICS and other



emerging economies and developing countries, to supplement the existing efforts of multilateral and regional financial institutions for global growth and development. Following the report from our Finance Ministers, we are satisfied that the establishment of a New Development Bank is feasible and viable. We have agreed to establish the New Development Bank. The initial contribution to the Bank should be substantial and sufficient for the Bank to be effective in financing infrastructure.

- 10 In June 2012, in our meeting in Los Cabos, we tasked our Finance Ministers and Central Bank Governors to explore the construction of a financial safety net through the creation of a Contingent Reserve Arrangement (CRA) amongst BRICS countries. They have concluded that the establishment of a self-managed contingent reserve arrangement would have a positive precautionary effect, help BRICS countries forestall short-term liquidity pressures, provide mutual support and further strengthen financial stability. It would also contribute to strengthening the global financial safety net and complement existing international arrangements as an additional line of defence. We are of the view that the establishment of the CRA with an initial size of US\$ 100 billion is feasible and desirable subject to internal legal frameworks and appropriate safeguards. We direct our Finance Ministers and Central Bank Governors to continue working towards its establishment.
- 11 We are grateful to our Finance Ministers and Central Bank Governors for the work undertaken on the New Development Bank and the Contingent Reserve Arrangement and direct them to negotiate and conclude the agreements which will establish them. We will review progress made in these two initiatives at our next meeting in September 2013.
- 12 We welcome the conclusion between our Export-Import Banks (EXIM) and Development Banks, of both the "Multilateral Agreement on Cooperation and Co-financing for Sustainable Development" and, given the steep growth trajectory of the African continent and the significant infrastructure funding requirements directly emanating from this growth path, the "Multilateral Agreement on Infrastructure Co-Financing for Africa".
- 13 We call for the reform of International Financial Institutions to make them more representative and to reflect the growing weight of BRICS and other developing countries. We remain concerned with the slow pace of the reform of the IMF. We see an urgent need to implement, as agreed, the 2010 International Monetary Fund (IMF) Governance and Quota Reform. We urge all members to take all necessary steps to achieve an agreement on the quota formula and complete the next general quota review by January 2014. The reform of the IMF should strengthen the voice and representation of the poorest members of the IMF, including Sub-Saharan Africa. All options should be explored, with an open mind, to achieve this. We support the reform and improvement of the international monetary system, with a broad-based international reserve currency system providing stability and certainty. We welcome the discussion about the role of the SDR in the existing international monetary system including the composition of SDR's basket of currencies. We support the IMF to



make its surveillance framework more integrated and even-handed. The leadership selection of IFIs should be through an open, transparent and merit-based process and truly open to candidates from the emerging market economies and developing countries.

- 14 We emphasise the importance of ensuring steady, adequate and predictable access to long term finance for developing countries from a variety of sources. We would like to see concerted global effort towards infrastructure financing and investment through the instrumentality of adequately resourced Multilateral Development Banks (MDBs) and Regional Development Banks (RDBs). We urge all parties to work towards an ambitious International Development Association (IDA)17 replenishment.
- 15 We reaffirm our support for an open, transparent and rules-based multilateral trading system. We will continue in our efforts for the successful conclusion of the Doha Round, based on the progress made and in keeping with its mandate, while upholding the principles of transparency, inclusiveness and multilateralism. We are committed to ensure that new proposals and approaches to the Doha Round negotiations will reinforce the core principles and the developmental mandate of the Doha Round. We look forward to significant and meaningful deliverables that are balanced and address key development concerns of the poorest and most vulnerable WTO members, at the ninth Ministerial Conference of the WTO in Bali.
- 16 We note that the process is underway for the selection of a new WTO Director-General in 2013. We concur that the WTO requires a new leader who demonstrates 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 DDA. We consider that the next Director-General of the WTO should be a representative of a developing country.
- 17 We reaffirm the United Nations Conference on Trade and Development's (UNCTAD) mandate as the focal point in the UN system dedicated to consider the interrelated issues of trade, investment, finance and technology from a development perspective. UNCTAD's mandate and work are unique and necessary to deal with the challenges of development and growth in the increasingly interdependent global economy. We also reaffirm the importance of strengthening UNCTAD's capacity to deliver on its programmes of consensus building, policy dialogue, research, technical cooperation and capacity building, so that it is better equipped to deliver on its development mandate.
- 18 We acknowledge the important role that State Owned Companies (SOCs) play in the economy and encourage our SOCs to explore ways of cooperation, exchange of information and best practices.
- 19 We recognise the fundamental role played by Small and Medium-Sized Enterprises (SMEs) in the economies of our countries. SMEs are major creators of jobs and wealth. In this regard, we will explore opportunities for cooperating in the field of



SMEs and recognise the need for promoting dialogue among the respective Ministries and Agencies in charge of the theme, particularly with a view to promoting their international exchange and cooperation and fostering innovation, research and development.

- 20 We reiterate our strong commitment to the United Nations (UN) as the foremost multilateral forum entrusted with bringing about hope, peace, order and sustainable development to the world. The UN enjoys universal membership and is at the centre of global governance and multilateralism. In this regard, we reaffirm the need for a comprehensive reform of the UN, including its Security Council, with a view to making it more representative, effective and efficient, so that it can be more responsive to global challenges. In this regard, China and Russia reiterate the importance they attach to the status of Brazil, India and South Africa in international affairs and support their aspiration to play a greater role in the UN.
- 21 We underscore our commitment to work together in the UN to continue our cooperation and strengthen multilateral approaches in international relations based on the rule of law and anchored in the Charter of the United Nations.
- 22 We are committed to building a harmonious world of lasting peace and common prosperity and reaffirm that the 21st century should be marked by peace, security, development, and cooperation. It is the overarching objective and strong shared desire for peace, security, development and cooperation that brought together BRICS countries.
- 23 We welcome the twentieth Anniversary of the World Conference on Human Rights and of the Vienna Declaration and Programme of Action and agree to explore cooperation in the field of human rights.
- 24 We commend the efforts of the international community and acknowledge the central role of the African Union (AU) and its Peace and Security Council in conflict resolution in Africa. We call upon the UNSC to enhance cooperation with the African Union, and its Peace and Security Council, pursuant to UNSC resolutions in this regard. We express our deep concern with instability stretching from North Africa, in particular the Sahel, and the Gulf of Guinea. We also remain concerned about reports of deterioration in humanitarian conditions in some countries.
- 25 We welcome the appointment of the new Chairperson of the AU Commission as an affirmation of the leadership of women.
- 26 We express our deep concern with the deterioration of the security and humanitarian situation in Syria and condemn the increasing violations of human rights and of international humanitarian law as a result of continued violence. We believe that the Joint Communiqué of the Geneva Action Group provides a basis for resolution of the Syrian crisis and reaffirm our opposition to any further militarization of the conflict. A Syrian-led political process leading to a transition can be achieved only through



broad national dialogue that meets the legitimate aspirations of all sections of Syrian society and respect for Syrian independence, territorial integrity and sovereignty as expressed by the Geneva Joint Communiqué and appropriate UNSC resolutions. We support the efforts of the UN-League of Arab States Joint Special Representative. In view of the deterioration of the humanitarian situation in Syria, we call upon all parties to allow and facilitate immediate, safe, full and unimpeded access to humanitarian organisations to all in need of assistance. We urge all parties to ensure the safety of humanitarian workers.

- 27 We welcome the admission of Palestine as an Observer State to the United Nations. We are concerned at the lack of progress in the Middle East Peace Process and call on the international community to assist both Israel and Palestine to work towards a two-state solution with a contiguous and economically viable Palestinian state, existing side by side in peace with Israel, within internationally recognized borders, based on those existing on 4 June 1967, with East Jerusalem as its capital. We are deeply concerned about the construction of Israeli settlements in the Occupied Palestinian Territories, which is a violation of international law and harmful to the peace process. In recalling the primary responsibility of the UNSC in maintaining international peace and security, we note the importance that the Quartet reports regularly to the Council about its efforts, which should contribute to concrete progress.
- 28 We believe there is no alternative to a negotiated solution to the Iranian nuclear issue. We recognise Iran's right to peaceful uses of nuclear energy consistent with its international obligations, and support resolution of the issues involved through political and diplomatic means and dialogue, including between the International Atomic Energy Agency (IAEA) and Iran and in accordance with the provisions of the relevant UN Security Council Resolutions and consistent with Iran's obligations under the Treaty on the Non-Proliferation of Nuclear Weapons (NPT). We are concerned about threats of military action as well as unilateral sanctions. We note the recent talks held in Almaty and hope that all outstanding issues relating to Iran's nuclear programme will be resolved through discussions and diplomatic means.
- 29 Afghanistan needs time, development assistance and cooperation, preferential access to world markets, foreign investment and a clear end-state strategy to attain lasting peace and stability. We support the global community's commitment to Afghanistan, enunciated at the Bonn International Conference in December 2011, to remain engaged over the transformation decade from 2015-2024. We affirm our commitment to support Afghanistan's emergence as a peaceful, stable and democratic state, free of terrorism and extremism, and underscore the need for more effective regional and international cooperation for the stabilisation of Afghanistan, including by combating terrorism. We extend support to the efforts aimed at combating illicit traffic in opiates originating in Afghanistan within the framework of the Paris Pact.
- 30 We commend the efforts of the AU, the Economic Community of West African States (ECOWAS) and Mali aimed at restoring sovereignty and territorial integrity of Mali. We





support the civilian efforts of the Malian Government and its international community partners in realising the transitional programme leading up to the presidential and legislative elections. We emphasise the importance of political inclusiveness and economic and social development in order for Mali to achieve sustainable peace and stability. We express concern about the reports of the deterioration in humanitarian conditions in Mali and call upon the international community to continue to cooperate with Mali and its neighbouring countries in order to ensure humanitarian assistance to civilian population affected by the armed conflict.

- 31 We are gravely concerned with the deterioration in the current situation in the Central African Republic (CAR) and deplore the loss of life. We strongly condemn the abuses and acts of violence against the civilian population and urge all parties to the conflict to immediately cease hostilities and return to negotiations. We call upon all parties to allow safe and unhindered humanitarian access. We are ready to work with the international community to assist in this endeavour and facilitate progress to a peaceful resolution of the conflict. Brazil, Russia and China express their sympathy to the South African and Indian governments for the casualties that their citizens suffered in the CAR.
- 32 We are gravely concerned by the ongoing instability in the Democratic Republic of the Congo (DRC). We welcome the signing in Addis Ababa on 24 February 2013 of the Peace, Security and Cooperation Framework for the Democratic Republic of the Congo and the Region. We support its independence, territorial integrity and sovereignty. We support the efforts of the UN, AU and sub-regional organisations to bring about peace, security and stability in the country.
- 33 We reiterate our strong condemnation of terrorism in all its forms and manifestations and stress that there can be no justification, whatsoever, for any acts of terrorism. We believe that the UN has a central role in coordinating international action against terrorism within the framework of the UN Charter and in accordance with principles and norms of international law. In this context, we support the implementation of the UN General Assembly Global Counter-Terrorism Strategy and are determined to strengthen cooperation in countering this global threat. We also reiterate our call for concluding negotiations as soon as possible in the UN General Assembly on the Comprehensive Convention on International Terrorism and its adoption by all Member States and agreed to work together towards this objective.
- 34 We recognize the critical positive role the Internet plays globally in promoting economic, social and cultural development. We believe it's important to contribute to and participate in a peaceful, secure, and open cyberspace and we emphasise that security in the use of Information and Communication Technologies (ICTs) through universally accepted norms, standards and practices is of paramount importance.
- 35 We congratulate Brazil on hosting the UN Conference on Sustainable Development (Rio+20) in June 2012 and welcome the outcome as reflected in "The Future we Want", in particular, the reaffirmation of the Rio Principles and political commitment



made towards sustainable development and poverty eradication while creating opportunities for BRICS partners to engage and cooperate in the development of the future Sustainable Development Goals.

- 36 We congratulate India on the outcome of the 11th Conference of the Parties to the United Nations Conference on Biological Diversity (CBD COP11) and the sixth meeting of the Conference of the Parties serving as the Meeting of the Parties to the Cartagena Protocol on Biosafety.
- 37 While acknowledging that climate change is one of the greatest challenges and threats towards achieving sustainable development, we call on all parties to build on the decisions adopted in COP18/CMP8 in Doha, with a view to reaching a successful conclusion by 2015, of negotiations on the development of a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all Parties, guided by its principles and provisions.
- 38 We believe that the internationally agreed development goals including the Millennium Development Goals (MDGs) address the needs of developing countries, many of which continue to face developmental challenges, including widespread poverty and inequality. Low Income Countries (LICs) continue to face challenges that threaten the impressive growth performance of recent years. Volatility in food and other commodity prices have made food security an issue as well as constraining their sources of revenue. Progress in rebuilding macro-economic buffers has been relatively slow, partly due to measures adopted to mitigate the social impact of exogenous shocks. Many LICs are currently in a weaker position to deal with exogenous shocks given the more limited fiscal buffers and the constrained aid envelopes, which will affect their ability to sustain progress towards achieving the MDGs. We reiterate that individual countries, especially in Africa and other developing countries of the South, cannot achieve the MDGs on their own and therefore the centrality of Goal 8 on Global Partnerships for Development to achieve the MDGs should remain at the core of the global development discourse for the UN System. Furthermore, this requires the honouring of all commitments made in the outcome documents of previous major international conferences.
- 39 We reiterate our commitment to work together for accelerated progress in attaining the Millennium Development Goals (MDGs) by the target date of 2015, and we call upon other members of the international community to work towards the same objective. In this regard, we stress that the development agenda beyond 2015 should build on the MDG framework, keeping the focus on poverty eradication and human development, while addressing emerging challenges of development taking into consideration individual national circumstances of developing countries. In this regard the critical issue of the mobilization of means of implementation in assisting developing countries needs to be an overarching goal. It is important to ensure that any discussion on the UN development agenda, including the “Post 2015 Development Agenda” is an inclusive and transparent inter-Governmental process under a UN-wide process which is universal and broad based.



- 40 We welcome the establishment of the Open Working Group on the Sustainable Development Goals (SDGs), in line with the Rio+20 Outcome Document which reaffirmed the Rio Principles of Sustainable Development as the basis for addressing new and emerging challenges. We are fully committed to a coordinated inter-governmental process for the elaboration of the UN development agenda.
- 41 We note the following meetings held in the implementation of the Delhi Action Plan:
- Meeting of Ministers of Foreign Affairs on the margins of UNGA.
  - Meeting of National Security Advisors in New Delhi.
  - Meetings of Finance Ministers, and Central Bank Governors in Washington DC and Tokyo.
  - Meeting of Trade Ministers in Puerto Vallarta.
  - Meetings of Health Ministers in New Delhi and Geneva.
- 42 We welcome the establishment of the BRICS Think Tanks Council and the BRICS Business Council and take note of the following meetings which were held in preparation for this Summit:
- Fifth Academic Forum
  - Fourth Business Forum
  - Third Financial Forum
- 43 We welcome the outcomes of the meeting of the BRICS Finance Ministers and Central Bank Governors and endorse the Joint Communiqué of the Third Meeting of the BRICS Trade Ministers held in preparation for the Summit.
- 44 We are committed to forging a stronger partnership for common development. To this end, we adopt the eThekweni Action Plan.
- 45 We agree that the next summit cycles will, in principle, follow the sequence of Brazil, Russia, India, China and South Africa.
- 46 Brazil, Russia, India and China extend their warm appreciation to the Government and people of South Africa for hosting the Fifth BRICS Summit in Durban.
- 47 Russia, India, China and South Africa convey their appreciation to Brazil for its offer to host the first Summit of the second cycle of BRICS Summits, i.e. the Sixth BRICS Summit in 2014 and convey their full support thereto.

**eTHEKWINI ACTION PLAN:**

- 1 Meeting of BRICS Ministers of Foreign Affairs on the margins of UNGA.
- 2 Meeting of BRICS National Security Advisors.
- 3 Mid-term meeting of Sherpas and Sous-Sherpas.
- 4 Meetings of Finance Ministers and Central Bank Governors in the margins of G20 meetings, WB/IMF meetings, as well as stand-alone meetings, as required.
- 5 Meetings of BRICS Trade Ministers on the margins of multilateral events, or stand-alone meetings, as required.



- 6 Meeting of BRICS Ministers of Agriculture and Agrarian Development, preceded by a preparatory meeting of experts on agro-products and food security issues and the Meeting of Agriculture Expert Working Group.
- 7 Meeting of BRICS Health Ministers and preparatory meetings.
- 8 Meeting of BRICS Officials responsible for population on the margins of relevant multilateral events.
- 9 Meeting of BRICS Ministers of Science and Technology and meeting of BRICS Senior Officials on Science and Technology.
- 10 Meeting of BRICS Cooperatives.
- 11 Meetings of financial and fiscal authorities in the margins of WB/IMF meetings as well as stand-alone meetings, as required.
- 12 Meetings of the BRICS Contact Group on Economic and Trade Issues (CGETI).
- 13 Meeting of the BRICS Friendship Cities and Local Governments Cooperation Forum.
- 14 Meeting of the BRICS Urbanisation Forum.
- 15 Meeting of BRICS Competition Authorities in 2013 in New Delhi.
- 16 5th Meeting of BRICS Heads of National Statistical Institutions.
- 17 Consultations amongst BRICS Permanent Missions and/or Embassies, as appropriate, in New York, Vienna, Rome, Paris, Washington, Nairobi and Geneva, where appropriate.
- 18 Consultative meeting of BRICS Senior Officials in the margins of relevant sustainable development, environment and climate related international fora, where appropriate.

#### **NEW AREAS OF COOPERATION TO BE EXPLORED**

- BRICS Public Diplomacy Forum.
- BRICS Anti-Corruption Cooperation.
- BRICS State Owned Companies / State Owned Enterprises.
- National Agencies Responsible for Drug Control.
- BRICS virtual secretariat.
- BRICS Youth Policy Dialogue.
- Tourism.
- Energy.
- Sports and Mega Sporting Events.

