

Sixth BRICS Summit Fortaleza, Brazil

The 6th BRICS summit is the sixth annual diplomatic meeting of the BRICS, a grouping of major emerging economies that includes Brazil, Russia, India, China and South Africa. It is hosted by Brazil, as the first host country of the current five-year summit cycle; the host city is Fortaleza, the summit was held between July 14-16, 2014.

BRICS summit emphasized social inclusion and sustainable development. The debate surrounded by the theme "Inclusive growth: sustainable solutions". The Summit inaugurated the second cycle of BRICS. Each member country has hosted one meeting of Leaders.

Background and Members

The grouping was originally known as "BRIC" before the inclusion of South Africa in 2010. The BRICS members are all developing or newly industrialised countries, but they are distinguished by their large, fast-growing economies and significant influence on regional and global affairs; all five are G-20 members.

Indonesia and Turkey have been mentioned as candidates for full membership of the BRICS, while Argentina, Egypt, Iran, Nigeria and Syria have expressed interest in joining BRICS. As of 2013, the five BRICS countries represent almost 40 percent of world's population with a combined nominal GDP of US\$16.039 trillion. As of 2014, the BRICS nations represented 18 percent of the world economy.

The term, "BRICS", was coined in 2001 by economist Jim O'Neill in his publication, *Building Better Global Economic BRICS*.

New Development Bank and Contingent Reserve Arrangement (CRA)

Leaders of the BRICS launched a \$100 billion development bank and a currency reserve pool. The bank is aimed at funding infrastructure projects in developing nations will be based in Shanghai, and India will preside over its operations for the first five years, followed by Brazil and then Russia, leaders of the five-country group announced at a summit.

On the occasion of the signature of the Agreement on the New Development Bank, Ministers from the BRICS countries met and decided the following in relation to the future functioning of the Bank:

- a) The order of rotation of Presidents of the Bank will be India/Brazil/Russia/South Africa/China.
- b) The establishment of the first regional office in Johannesburg will be launched concurrently with the headquarters.
- c) The subsequent regional offices will be established, as needed, in Brazil, Russia and India. The second regional office will be established in Brazil.
- d) A Special Fund will be created within the Bank at the earliest, with the participation of all founding members, for the purpose of helping project preparation and implementation. China will be the largest contributor.
- e) Appointments for the staff of the Bank will be made on the principle of merit according to requirements established by the Board of Directors.

They also set up a \$100 billion currency reserves pool to help countries forestall short-term liquidity pressures.

The contingency currency pool will be held in the reserves of each BRICS country and can be shifted to another member to cushion balance-of-payments difficulties.

China, holder of the world's largest foreign exchange reserves, will contribute the bulk of the contingency currency pool, or \$41 billion. Brazil, India and Russia will chip in \$18 billion each and South

Africa \$5 billion. If a need arises, China will be eligible to ask for half of its contribution, South Africa for double and the remaining countries for the amount they put in.

Fortaleza Action Plan

In the summit the member countries formulated an action plan for the future action, the important sections as follows:-

1. Meeting of BRICS Ministers of Foreign Affairs / International Relations on the margins of UN General Assembly National Security Advisors, BRICS Sherpas and Sous-Sherpas, BRICS Finance Ministers and Central Bank Governors on the margins of G20 meetings, WB/IMF meetings, as well as stand-alone meetings, as required.
2. Meetings of BRICS Trade Ministers on the margin of multilateral events, or stand-alone meetings, meeting of BRICS Ministers of Agriculture and Agrarian Development, preceded by the Meeting of BRICS Agricultural Cooperation Working Group, meeting of BRICS Health Ministers, meeting of BRICS Ministers of Science, Technology and Innovation, meeting of BRICS Ministers of Education.
3. Consultations amongst BRICS Permanent Missions and/or Embassies, as appropriate, in New York, Vienna, Rome, Paris, Washington, Nairobi and Geneva, where appropriate.
4. Consultative meeting of BRICS Senior Officials on the margins of relevant sustainable development, environment and climate related international fora, where appropriate.
5. Sports and Mega Sporting Events.

New areas of cooperation to be explored

There is also a mention of new avenues for cooperation in the meeting:

- Mutual recognition of Higher Education Degrees and Diplomas;
- Labor and Employment, Social Security, Social Inclusion Public Policies;
- Foreign Policy Planning Dialogue;
- Insurance and reinsurance;
- Seminar of Experts on E-commerce;

On 15 July, the group signed a document to create the US\$100 billion BRICS Development Bank and a Contingent Reserve Arrangement (CRA) .CRA is a reserve currency pool of worth US\$100 billion as a defense available to the BRICS countries in scenarios of Balance of Payments' difficulties. Documents on cooperation between BRICS export credit agencies and an agreement of cooperation on innovation were also signed.

The Ministers responsible for trade of Brazil, Russia, India, China and South Africa met in Fortaleza, Brazil, on 14 July 2014, on the eve of the Sixth BRICS Summit.

Global economic developments and their impact on trade and investment

1. The BRICS Trade Ministers reviewed the global economic situation and expressed concern at the slow pace of recovery, which continues to hinder trade and investment flows. They noted that the uncertainty regarding economic growth and policy responses in developed countries could lead to increased volatility in financial markets and further affect the international economy. They emphasized that updating international governance structures remains a necessity for better policy coordination and for the promotion of global economic prosperity.

2. The Ministers expressed their confidence that, in spite of the challenging economic environment, the BRICS countries will continue to contribute to the global economic recovery. They welcomed the expansion of trade and investment among the BRICS countries and vowed to continue to work to further strengthen their economic relations. In this context, they reaffirmed their commitment to refrain from trade protectionist measures that are incompatible with WTO obligations, while respecting the special and differential treatment for developing countries.

Current state of play in the WTO and the way forward

3. The BRICS Trade Ministers noted the successful outcome of the WTO Ministerial Conference held in Bali in December 2013. They undertook to pursue vigorously the achievement of the objectives and timelines set out in the Bali Ministerial decisions. They reaffirmed the importance of an open and rules-based multilateral trading system and underlined the central role of the WTO in setting rules for global trade.

4. The Ministers emphasized that the conclusion of the Doha Round on the basis of its development mandate remains central to the objective of promoting the full integration of developing countries into the global trading system.

5. The Ministers affirmed their commitment to coordinate efforts with a view to ensuring that the efforts to establish a work programme in the WTO will lead to a balanced, transparent, inclusive and development-oriented outcome in all pillars. The Ministers also reaffirmed that the work programme should reflect the centrality of agriculture and of the development dimension and the commitment to prioritise the issues where legally-binding outcomes could not be achieved at the Bali Ministerial Conference. The Ministers also noted the importance of NAMA and services and the need to work on the existing Doha texts.

BRICS cooperation on trade and investment matters

6. The Ministers noted that trade and investment make a vital contribution to the creation of jobs and to the promotion of strong, sustainable and balanced growth and development.

7. The Ministers welcomed the Joint Trade Study prepared by the Contact Group for Economic and Trade Issues (CGETI). The Study makes important recommendations for promoting value-added exports among our countries and ensuring that intra-BRICS trade is more sustainable. They have noted the Report and instructed the CGETI to continue working on its recommendations.

8. The Ministers took note of the discussions in the CGETI on a range of actions to foster economic cooperation and to promote trade and investment between the BRICS.

9. The Ministers endorsed the BRICS Trade and Investment Facilitation Action Plan developed by the CGETI. They noted that it built upon the BRICS Trade and Investment Cooperation Framework and encouraged BRICS members to implement it on a voluntary basis.

10. The Ministers reaffirmed the importance of a continued dialogue on international investment agreements. They noted the principles outlined in the document “A BRICS Perspective on International Investment Agreements” as a voluntary reference for countries to advance a more balanced approach to investment treaties.

11. The Ministers emphasized the importance of strengthening intra-BRICS cooperation in e-commerce, with a view to extending the opportunities for intra-BRICS trade and enhancing closer economic cooperation. They welcomed the proposal to establish a BRICS Expert Dialogue on Electronic Commerce. They instructed the CGETI to elaborate terms of reference for the Expert Dialogue.

12. The Ministers acknowledged the documents “BRICS Economic Cooperation Strategy” and “Framework of BRICS Closer Economic Partnership” and welcomed the efforts to establish guidelines for a coordinated approach to economic cooperation among the BRICS, especially on trade and investment.

13. The Ministers highlighted the potential for forging closer links between the Micro, Small and Medium Enterprises (MSME) of the BRICS. They instructed their officials to explore ways to promote cooperation in this field, such as sharing information on the MSME regulatory framework, promoting business to business contacts and identifying the appropriate institutional framework for MSME cooperation.

Main areas and topics of dialogue between the BRICS

Beyond the Summits and meetings of Foreign Ministers, dialogue within BRICS encompasses several instances, including Ministers and senior government officials, businessmen and academics.

Finance and Central Banks

The BRICS Finance Ministers met for the first time in November 2008 in São Paulo, in response to the global economic and financial crisis, following a recommendation made by Brazil at the Yekaterinburg meeting of Foreign Ministers.

A month before the meeting of São Paulo, the collapse of Lehman Brothers had triggered the crisis, which led to the convening of the first of a series of meetings of the G-20 Heads of State and Government. In that context, the BRICS countries would deepen their cooperation on the international economic agenda.

Since then, the Finance Ministers of BRICS meet regularly at the margins of the G- 20 meetings and of the biannual IMF and World Bank meetings, as well as at the margins of BRICS Summits, together with the Governors of Central Banks.

Trade

The Trade Ministers of the BRICS traditionally meet on the eve of the Summits. They also meet at the margins of WTO Ministerial meetings.

The Contact Group for Economic and Trade Issues (CGETI), which reports to the Ministers of Trade, is responsible for proposing institutional framework and concrete measures to expand cooperation on economic and trade issues amongst the BRICS.

Business Forum and Council

Since 2010, on Brazil's initiative, the BRICS Business Forum meets on the eve of the Summits, aiming at expanding and diversifying trade and mutual investments, including through the identification of new business opportunities. It is the Brazilian intention to include in the Forum the areas of small and medium enterprises and tourism.

In 2013, the BRICS Business Council was established, with a view to making recommendations on issues of trade and investment, among others related to the business environment. The Council consists of five CEOs of companies of each country. The Brazilian representatives are Vale, Weg, Gerdau, Banco do Brasil and Marcopolo (head of the Brazilian chapter). Members of the Council shall submit their recommendations to the leaders at the BRICS Summit.

Financial Forum

Cooperation between BRICS National Development Banks began in 2010, during the Second Summit (Brasilia, 2010). Since then, the Presidents of the National Bank for Economic and Social Development (BNDES), the Vnesheconombank, the Export-Import Bank of India, the China Development Bank Corporation and the Development Bank of Southern Africa have met in parallel with the BRICS Summits. Such meetings are called the BRICS Financial Forum. So far, the BRICS Development Banks have signed eight agreements on financial cooperation.

Academic Forum and Think Tanks Council

Since 2010, the Academic Forum of the BRICS meets annually, prior to the Summits, with the participation of a large number of distinguished professors from the five countries. It constitutes an important instance of civil society participation in the BRICS process. The meetings have provided original brainstorming from the member countries on the challenges and opportunities that they face.

The BRICS Think Tanks Council, established in 2013, consists of the following institutions: Institute of Applied Economic Research (Brazil); National Committee for BRICS Research (Russia); Observer Research Foundation (India) ; China Center for Contemporary World Studies (China) ; and Human Sciences Research Council (South Africa) . The Council is responsible for sharing and disseminating information; research, policy analysis and prospective studies; and capacity-building. Recommendations of both the Forum and the Council shall be addressed to the leaders. Both the Academic Forum and the Think Tanks Council met in Rio de Janeiro in March 2014.

Health

The BRICS Health Ministers meet regularly since 2011, including at the margins of meetings of the World Health Organization (WHO). Besides coordination on issues on the WHO agenda, the group is considering the possibility of establishing a Technological Cooperation Network. One of the goals of this initiative would be to promote the transfer of, and access to, technologies that would allow increased availability and lower prices of medicines in developing countries. Three ministerial communiqués (Beijing, New Delhi and Cape Town) mention the intention to establish the network. The BRICS Framework for the Collaboration in Strategic Health Projects was adopted in 2013.

Science and Technology

After several annual meetings of senior officials held since 2011, the BRICS Ministers of Science and Technology met for the first time in February 2014, in Kleinmond. In the next ministerial meeting, during the Brazilian pro tempore Chairmanship, a memorandum of understanding in the area is expected to be signed, aiming to establish a strategic framework for cooperation on science and technology. The memorandum will foster the promotion of partnerships with other stakeholders in the developing world, based on the experiences and complementarities of the BRICS. The areas of oceanographic and polar research, including the Antarctic continent, are particularly promising.

Security

The BRICS High Representatives Responsible for Security have been meeting since 2009. The latest meeting (Cape Town, December 2013) allowed the exchange of views on cyber security, counterterrorism, transportation security, and regional crises. A Working Group on Cyber security was established; among other objectives, it will assess developments in the field of cyber security in international fora and coordinate a BRICS approach in those instances.

Agriculture

The BRICS Ministers of Agriculture and Agrarian Development met for the first time in 2010, in Moscow. The following year, in Chengdu, the Action Plan 2012-2016 was approved, providing guidance to the cooperation among the five countries in the agricultural field. A Working Group of Agricultural Experts was also established, tasked with preparatory meetings prior to the Ministerial gatherings.

Statistics

Since 2010, the BRICS Joint Statistical Publication is launched annually, on the occasion of the BRICS Summit. Experts from the member countries meet regularly with a view to preparing this document.

The latest publication was presented at the Durban Summit. The 2014 edition of the Joint Statistical Publication will be prepared by the Brazilian Institute of Geography and Statistics (IBGE) and will be launched during the VI Summit.

(Source: VI BRICS Summit
<http://www.brics6.itamaraty.gov.br/>)