



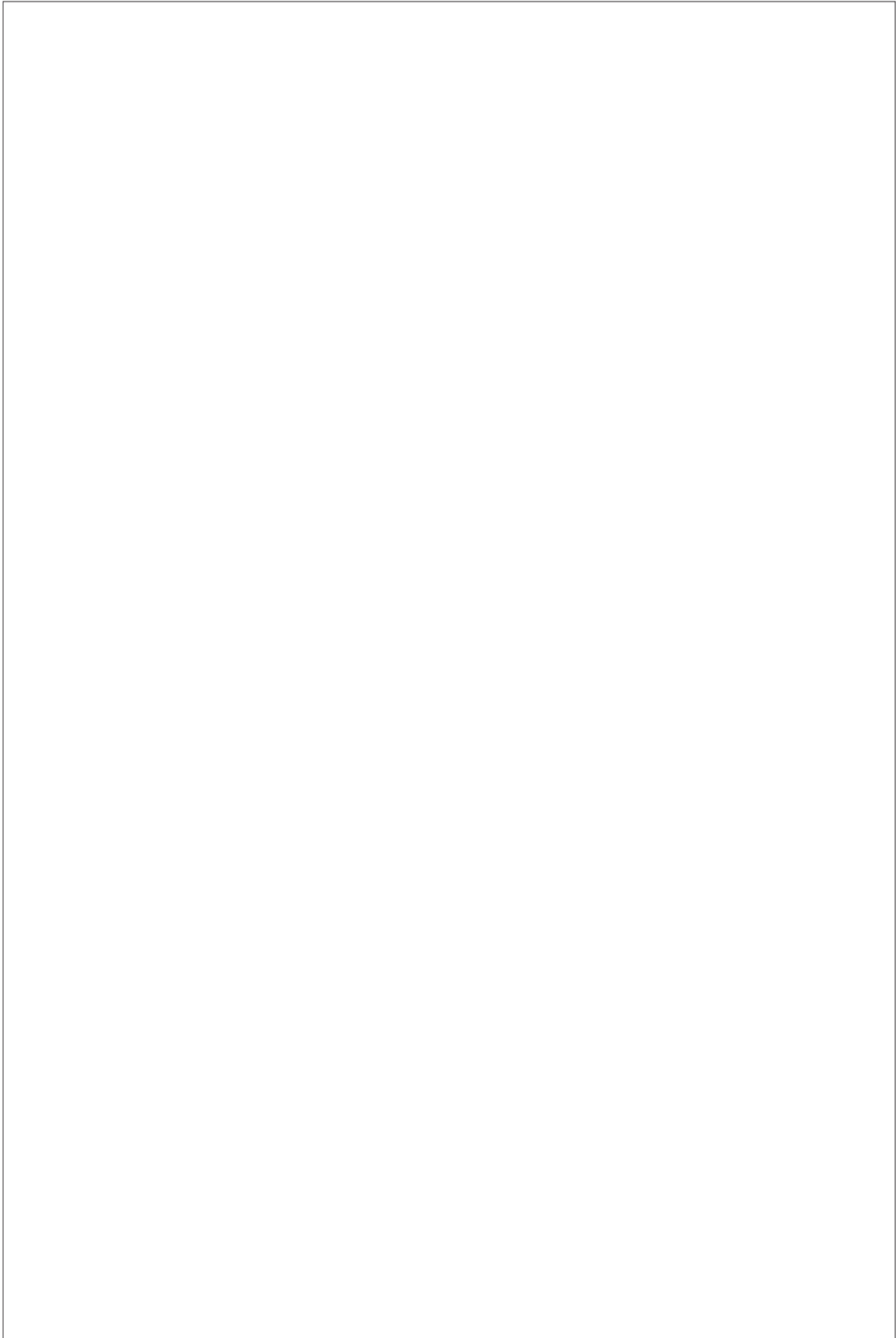
Observer Research Foundation



## **A LONG-TERM VISION FOR BRICS**

**SUBMISSION TO THE  
BRICS ACADEMIC FORUM, 2013**

Samir Saran | Ashok Kumar Singh | Vivan Sharan



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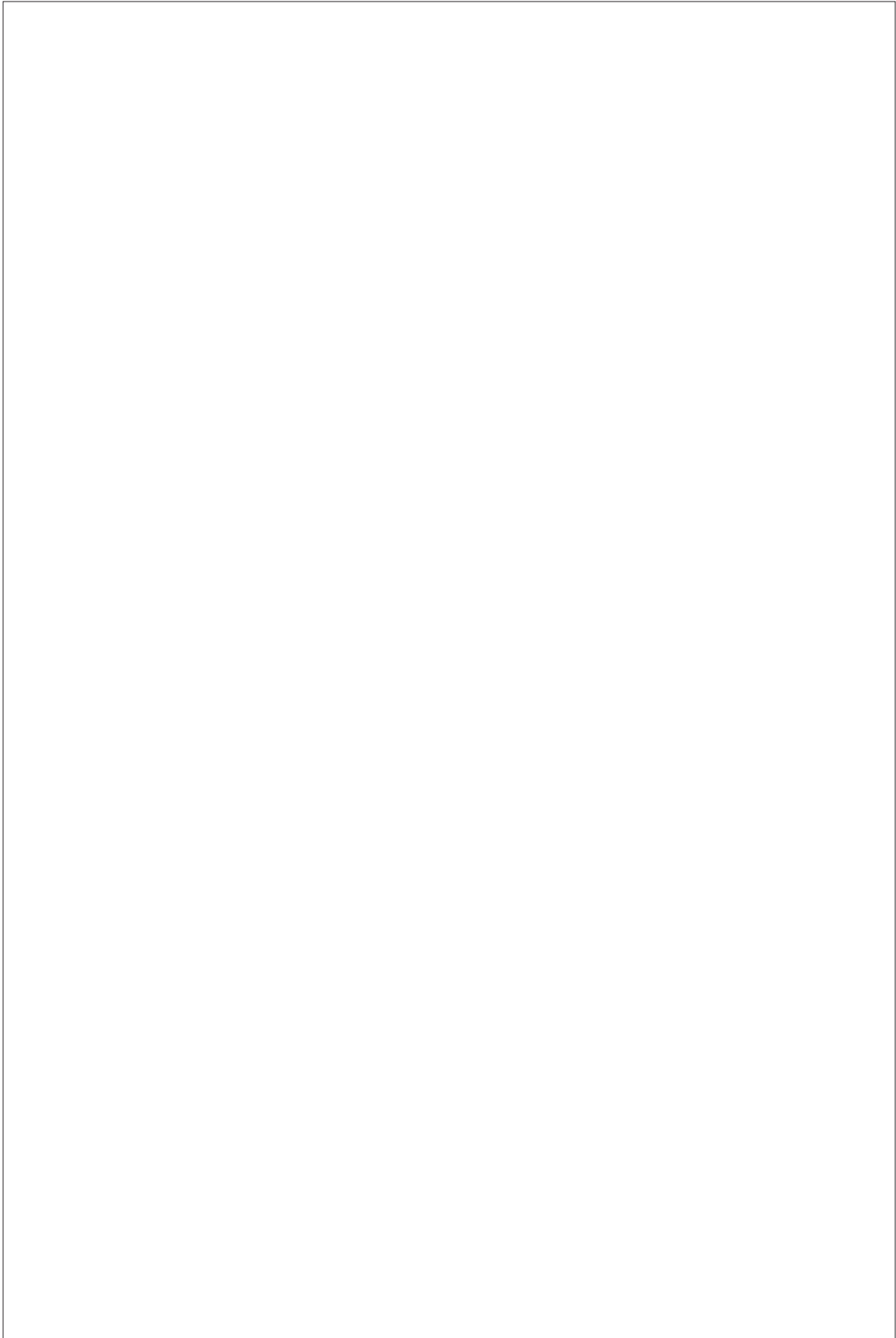
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The Observer Research Foundation—the official Indian Track II coordinator at the BRICS Academics and Experts Grouping from the five BRICS nations (Brazil, Russia, India, China and South Africa)—hosted the 4th BRICS Academic Forum in New Delhi between March 4-6, 2012. Delegates at the forum presented papers, debated and discussed key areas of cooperation and coordination among the BRICS countries. The recommendations that emerged from the deliberations were submitted to the Heads of States of BRICS nations who met later that month in New Delhi.

Following up from the Delhi Declaration and the Delhi Action Plan articulated by the Heads of States at the March 2012 summit, this document aims to formulate a long-term vision for BRICS. It was submitted to the BRICS Think Tanks Council in March 2013 in Durban for consideration of other BRICS academic and research institutions in the respective countries. A “Long Term Vision for BRICS” is currently being finalised by the concerned South African institutions, based on the initial submissions of this document.





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## EXECUTIVE SUMMARY

The objective of this document is to formulate a long-term vision for BRICS. This in turn flows from substantive questions such as what BRICS will look like in a decade and what the key priorities and achievements will be. It is true that BRICS is a nascent, informal grouping and its agenda is evolving and flexible. Therein lays the uniqueness of BRICS. The BRICS leaders have reiterated that BRICS will work in a gradual, practical and incremental manner. Nonetheless, the grouping needs a long-term vision to achieve its true potential for two reasons: (1) to dove-tail the tactical and individual activities into a larger framework and direction; and (2) to help in monitoring the progress of the various sectoral initiatives in a quantifiable manner.

The Track II BRICS dialogue, under the chairmanship of India in 2012, has been robust. On March 4th – 6th, 2012, academics and experts from the five BRICS nations—Brazil, Russia, India, China and South Africa— assembled in New Delhi for the 4th BRICS Academic Forum. The overarching theme was “Stability, Security and Growth.” This theme is useful for understanding the motivation and ethos of BRICS as a platform for dialogue and cooperation on issues of collective interest.

The dialogue led to the drafting of a comprehensive set of recommendations for BRICS leaders (Annexure 1). The 17 paragraphs that capture the recommendations to the BRICS leaders were reached through a consensual process between 60 academics and experts from the five countries. Forum delegates contributed a number of research and policy papers that formed the basis for the enriching discussions. Each of these papers highlighted key areas for cooperation, within the overall construct of the BRICS agenda. This research led to a significant build-up of knowledge on BRICS. This long-term vision document is an attempt to

aggregate the dialogue and research that has fed the Track II process so far and to build upon it.

Broadly speaking, the document is divided into four sections. The first, on 'Common Domestic Challenges', aims to pinpoint multiple areas in which sharing experiences and best practices within the BRICS Forum will help to respond to common problems. For example, BRICS nations have vastly differing levels of educational attainment and healthcare policies. As large developing countries with significant governance challenges, but also 'demographic dividends' and other drivers of growth to reap, BRICS can greatly benefit from innovative ideas emanating from similarly positioned nations.

The second the matic section focuses on 'Growing Economies, Sharing Prosperity'. Given the huge distance that the BRICS nations have yet to cover in tackling poverty and providing livelihoods to their rising populations, there is no option other than maintaining and accelerating economic growth. This section outlines the necessity of deepening intra-BRICS and worldwide trade and economic synergies. Additionally, it documents growing energy needs and discusses how the economic growth imperative affects the BRICS discourse on climate change.

The third section, titled 'Geopolitics, Security and Reform of International Institutions', outlines an enhanced role for BRICS within an increasingly polycentric world order. Within the United Nations (particularly the Security Council), enhanced BRICS representation can institutionalise a greater respect for state sovereignty and non-intervention. In Bretton Woods Institutions, like the IMF and World Bank, BRICS seeks to reform voting shares to reflect the evolved global system, different from that forged in the immediate aftermath of World War II. Finally, as leaders in the developing world, BRICS nations seek to create a development discourse that better represent their aspirations.

The fourth thematic section, on the 'Other Possible Options for Cooperation', outlines possible developments to further collective engagement once the necessary prerequisites are achieved. At the present juncture, it may be too early to think of BRICS becoming a formal, institutionalised alliance. However, it is important for the grouping to envision a commonality of purpose, continuity of operation and dialogue beyond annual summit meetings.

There are five prominent agendas of cooperation and collaboration that emerge from this vision document. These themes are integral to the very idea of long-term engagement between the BRICS nations and provide a framework for accelerating momentum and increasing significance over the long term:

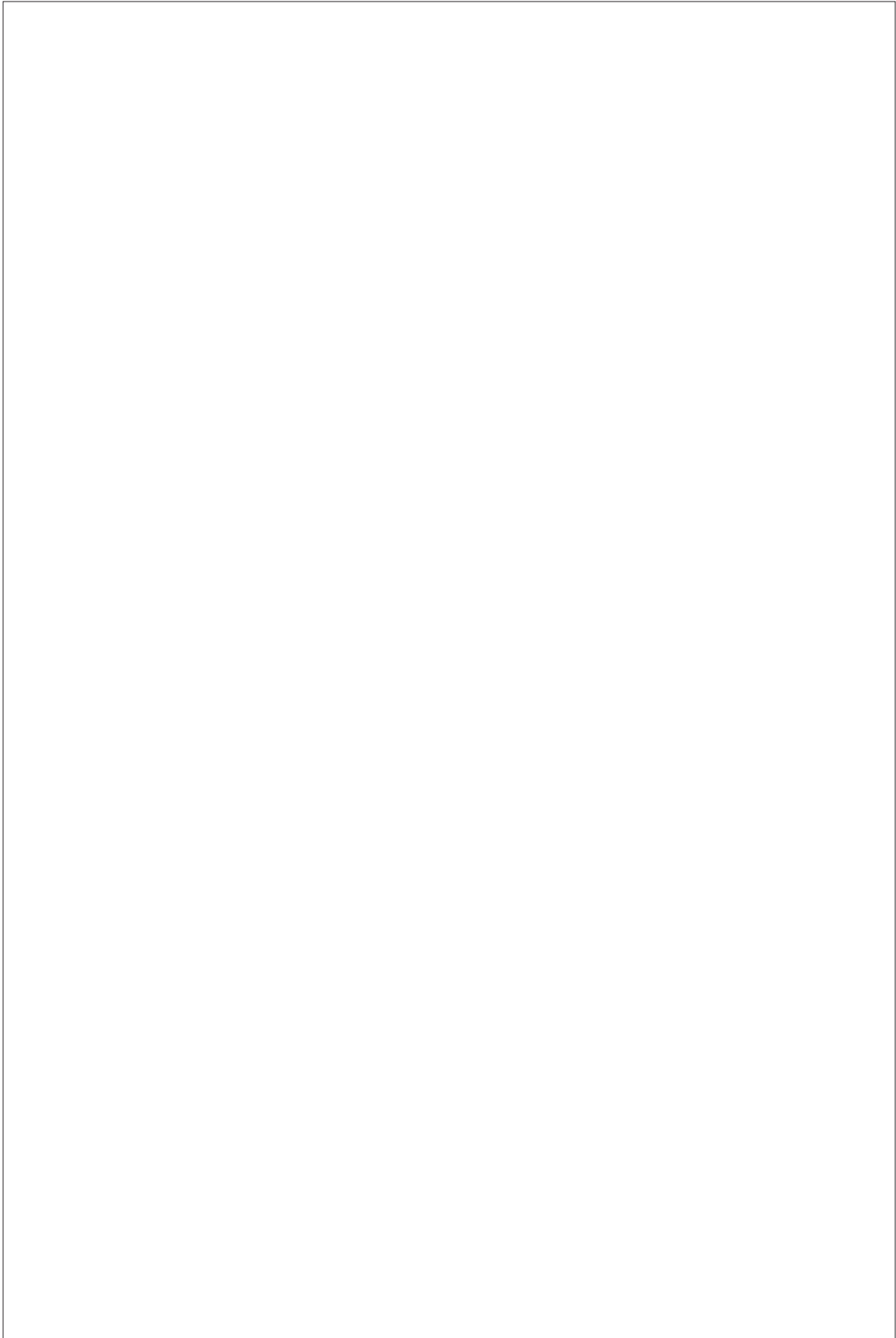
1. **Reform of Global Political and Economic Governance Institutions:** This is the centrepiece of the BRICS agenda, which in many ways resulted in the genesis of the grouping. With the move towards a polycentric world order, BRICS nations must assume a leadership role in the global political and economic governance paradigm and seek greater equity for the developing world. Over the coming years, they must continue to exert pressure for instituting significant reforms within institutions—such as the United Nations Security Council (UNSC), the World Bank, and the International Monetary Fund (IMF). Various suggestions outlined in this report provide a constructive framework for enabling substantive reforms.
2. **Multilateral Leverage:** There are multiple formats for engagement and cooperation in order to leverage the BRICS identity at the global high table. The outcome of the BRICS officials meeting on the sidelines of the November 2012 G20 in Mexico, where it was decided to create and pool a currency reserve of up to USD 240 billion is one instance of enhanced intra-BRICS cooperation. Similarly, the Conference of Parties, the United Nations, and the World Trade Organisation are existing cooperative frameworks,

within which BRICS countries can collectively position themselves by fostering intra-BRICS consensus on issues of significance. The United Nations is central to a multilateral framework, and there is significant potential for BRICS to collaborate and assume a more prominent role in global political and economic governance, conflict resolution etc., through institutions such as the Security Council.

3. **Furthering Market Integration:** Global economic growth has been seriously compromised in the years following the Global Financial Crisis. Each percentage point reduction in global growth leads to a significant slowdown of economic development within BRICS which hinges upon a necessary component of economic growth. In this regard, market integration within BRICS, whether in the context of trade, foreign investments or capital markets, is a crucial step to ensure that the five countries become less dependent on cyclical trends in the global economy.
4. **Intra-BRICS Development Platform:** Each BRICS nation has followed a unique development trajectory. In the post-Washington Consensus era, developing economies within BRICS must set the new development agenda, which in turn must incorporate elements of inclusive growth, sustainable and equitable development, and perhaps most importantly, uplifting those at the bottom of the pyramid. The institution of BRICS-specific benchmarks and standards, as well as more calibrated collaboration on issues of common concern including the rapid pace of urbanisation and the healthcare needs of almost half the world's population represented by BRICS, must be prioritised.
5. **Sharing of Indigenous and Development Knowledge and Innovation Experiences across Key Sectors:** Along with the tremendous potential for resource and technology sharing and mutual research and development efforts, coordination across key sectors—such as

information technology, energy generation, and high-end manufacturing—would prove immensely beneficial for accelerating the BRICS development agenda. Moreover, the BRICS nations must share indigenous practices and experiences to learn and respond to the immense socio-economic challenges from within and outside. This vision document contains multiple suggestions for instituting such sharing mechanisms through various platforms and cooperation channels.

This document analyses the above themes in detail. Each section concludes with recommendations specific to the chapter's theme. The final section contains synthesised suggestions which serve as an outline/framework for enhancing intra-BRICS cooperation and collaboration. The official declarations/statements of BRICS leaders are available in Annexure (s) 2 to 5.

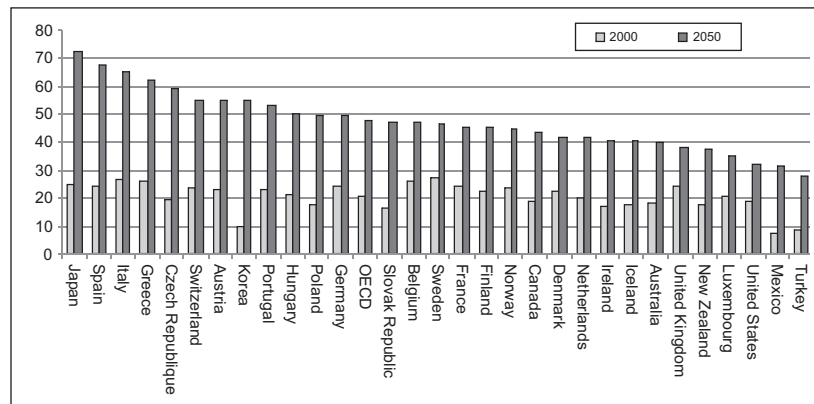




## INTRODUCTION: A LONG-TERM VISION FOR BRICS

The current world order is witnessing a profound shift. At the heart of this shift is a significant demographic transition—the 'West' is ageing, while many of the 'rest' are soon to benefit from their 'demographic dividends.' These population trends will necessarily demand an expansion of economic and political resources, given heightened demand for adequate social services and job opportunities.

Figure 1: Old Age Dependency Ratio for OECD Nations set to Double by 2050



Source: OECD, *Society at a Glance* (2006)

Accompanying this demographic change is an even greater shift in economic performance that has been gathering steam. The 'West' is experiencing a noticeable stagnation in economic performance, with the expected rate of growth across OECD countries projected at less than 2 per cent in 2013. In contrast, the economies of the hitherto 'developing' world have displayed several years of sustained growth and are expected to continue growing at an average of roughly 6 per cent year on year. This economic shift is happening in absolute as well as relative terms. Consequently, global economic and political power is becoming more

broadly distributed. The formerly dominant Western powers are steadily losing the ability and perhaps the will to play the hegemon's role, while the formerly marginalised 'third world' finds itself newly empowered.

Naturally, the latter group seeks to use its newfound economic growth to gain equitable representation. This trend is reflected in global developments towards the formation of a truly polycentric system, based on increasingly broad participation of states representing all major global economies. It is also reflected in the increased responsibility of emerging market economies and developing countries, growing global interdependence, and the new role of informal structures of global political and economic governance and diplomacy.

BRICS members build their global relations on the basis of the UN Charter, generally recognised principles and rules of international law, as well as the following common principles of the group:

- Mutual respect and non-interference in each other's internal affairs;
- Non-confrontation;
- Opposition to the use or threat of force in international relations;
- Centrality of multilateralism on global issues;
- Mutual respect for each other's choice of development path;
- Openness;
- Pragmatism;
- Solidarity;
- Non-bloc nature;
- Neutrality with regard to third parties

Given the diverse characteristics and histories of the BRICS nations, differing perspectives on a multiplicity of issues is justified. There are sufficient convergences in terms of shared predicaments, challenges, and

objectives. BRICS is also an inherently diverse grouping, which is reflective of the flexibility and adaptability of its member states in forging a collective, progressive trajectory in this new world.

### **BRICS - A Diverse Grouping**

As a multilateral grouping, the five BRICS nations seem, on the surface, to have little in common. They are profoundly different, and these differences must be recognised before mounting an attempt to build upon the convergences.

The five countries represent widely differing political systems: China is a one-party state; Russia's government is highly centralised; Brazil, India, and South Africa are democracies with significant corruption and/or ethnic strife still to be dealt with.

They have also reached varying levels of economic development. China outpaces the group in economic size, growth and trade. Furthermore, the member states are differently situated in terms of resources, absolute consumption and energy intensity. They have differing demographic trends. Brazil has a predominantly urban population, while India is still largely rural. Russia has an ageing population, while India is relatively young. On the whole, however, the five nations will contribute greatly to the world's growing middle class.

Looking outward, BRICS nations have widely differing statures within the current global order. Russia and China are established global powers with permanent seats on the UNSC. India, Brazil and South Africa aspire to global influence but are currently relegated to the position of regional powerhouses.

Given their differing levels of power and conceptions of individual interest, some level of geopolitical divergence on a range of issues is not surprising. Thus, the broadly shared subscription of all the BRICS nations to the

principle of non-interference has not translated into a uniform position on many international issues. For example, Russia and China oppose external intervention in Syria. On the other hand, Brazil and India have taken more nuanced positions, including voting to condemn the Syrian government's violent crackdowns on protesters.

## COMMON DOMESTIC CHALLENGES

The BRICS nations are experiencing profound internal change. Together, they represent some of the fastest growing economic regions in the world. China is already the world's second largest economy. The BRICS nations are also expected to become some of the world's largest energy consumers in the coming years. This explosion of production and consumption accounts for a significant increase in their global influence. Table 1 illustrates the sustained growth in BRICS countries over the past two decades (barring a temporary decline in Brazilian, Russian and South African growth in the immediate aftermath of the global economic crisis). Sometimes exacerbated by world events beyond their control (e.g. the US mortgage and European Union debt crises), the BRICS nations often find themselves facing systemic global challenges.

**Table 1: Growth Rate of Gross Domestic Product (per cent)**

	2005	2006	2007	2008	2009	2010	2011	2012*	2013*
Brazil	3.2	4.0	6.1	5.2	-0.6	7.5	2.7	3.0	4.1
Russia	6.4	8.2	8.5	5.2	-7.8	4.3	4.3	4.0	3.9
India	9.2	9.8	9.4	7.3	5.7	10.6	7.2	6.9	7.3
China	10.4	11.6	13.0	9.6	8.7	10.4	9.2	8.2	8.8
South Africa	5.3	5.6	5.8	3.7	-1.7	2.9	3.1	2.7	3.4
OECD	2.7	3.0	2.8	0.5	-3.2	3.2	1.6	1.4	2.0
Europe	1.7	3.0	2.8	0.6	-4.1	1.9	1.4	-0.3	0.9
USA	3.1	2.7	2.1	0.4	-2.4	3.0	1.7	2.1	2.4
World	4.5	5.1	5.2	3.0	0.6	4.2	2.8	2.7	3.3

*Source: World Economic Outlook, IMF (2012)*

Together, these economic and demographic trends are creating profound social and political transformations within the BRICS nations. They already account for well over 40 per cent of the global population. Table 2 shows continuing projected population growth for BRICS.

**Table 2: Population Estimates of BRICS Countries**

Countries	2012 Population (millions)	2050 Population Estimate (millions)	Natural Rate Increase (per cent)
Brazil	194.3	213.4	1
Russia	143.2	127.8	0.1
India	1259.7	1691.1	1.5
China	1350.4	1310.7	0.5
South Africa	51.1	57.2	0.9

Source: Population Reference Bureau, [http://www.prb.org/Publications/Datasheets/2012/world-population-data-sheet/world-map.aspx#map/population/southern\\_africa](http://www.prb.org/Publications/Datasheets/2012/world-population-data-sheet/world-map.aspx#map/population/southern_africa)

Internally, BRICS nations must deal with large, diverse populations, wealth inequality, widespread poverty, potential pandemics, economic inefficiency, widespread service delivery issues (e.g. in health, education and livelihoods), and particularly severe challenges in the securing rights (property, individual and human).

**Table 3: Social Sectoral Indicators, 2007**

	Brazil	Russia	India	China	South Africa
<b>Human Development Index (2007)</b>					
HDI Rank	75	71	134	92	129
Adult Literacy (per cent 15 years and above during 1999-2007)					
Male	89.8	99.7	76.9	96.5	88.9
Female	90.2	99.4	54.5	90	87.2
<b>Child Related Indicators</b>					
Gross Enrolment Ratio (2007)	87.2	81.9	68.7	61.0	76.8
Children Aged 0-5 (2000-2006)	6	3	46	7	12
<b>Population Below Income</b>					
National Poverty Line	21.5	19.6	28.6	2.8	Not Available
Population not using Improved Water Supply (2006)	9	3	11	12	7
<b>Life Expectancy</b>					
Male	68.6	59.9	62	71.3	53.2
Female	75.9	72.9	64.9	74.7	49.8

Source: Human Development Report (2010), UNDP

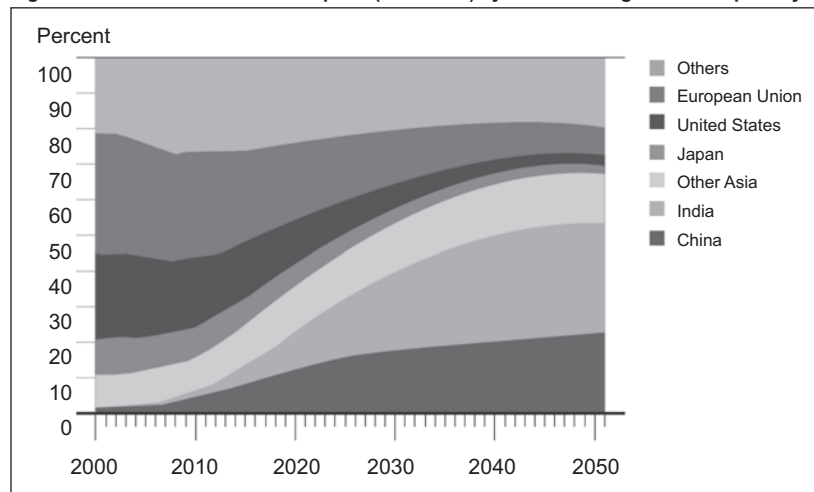
## Social and Economic Transformations: Poverty and Middle Class Growth

The emergence of BRICS onto the world stage has been predicated primarily upon economic performance. To maintain growth, populations of member countries must be steadily integrated into the economic

mainstream and enabled to contribute meaningfully to their societies. At the same time, these populations must have access to the benefits of national development. While BRICS will be challenged by large impoverished populations, it will also account for staggering middle-class growth, especially in China and India.

These populations will fuel consumption growth in markets at home and abroad. The steady growth of middle-class consumption within BRICS will certainly lead to less reliance on Western markets and external consumption demand. Moreover, following emphasis on domestic consumption, BRICS markets must develop and become increasingly competitive and transparent in order to service growing populations with ever increasing purchasing power, as projected in Figure 2.

**Figure 2: Shares of Global Consumption (2000-2050) by those Earning USD16–50 per Day**



Source: OECD Projections

## Inequity & Poverty

While BRICS nations represent a significant source of future middle-class growth, they continue to host large impoverished populations, as illustrated by Table 4. Large international groupings with diverse

stakeholders, such as the G77, sometimes have a difficult time generating consensus on poverty-related reforms that must be urgently addressed. BRICS, as a forum can serve as a more compact and cohesive platform for sharing ideas and implementing reforms meant to tackle the pervasive menace of poverty and inequity.

**Table 4: Poverty Headcount Ratio at National Poverty Line (per cent of Population)**

Countries	2004	2005	2006	2007	2008	2009	2010
Brazil	33.7	XX	26.8	24.2	22.6	21.4	XX
Russia	14.1	11.9	11.1	XX	XX	XX	XX
India	XX	37.2	XX	XX	XX	XX	29.8
China	2.8	XX	XX	XX	XX	XX	XX
South Africa	XX	XX	23	XX	XX	XX	XX

Source: World Bank <http://data.worldbank.org/indicator/SI.POV.NAHC/countries?page=1>

The relatively high levels of inequity (Table 5 outlines GINI Coefficients—an indicator of income inequality—in the BRICS countries) that characterise many BRICS nations are fundamentally inefficient for economic growth and often lead to visible social tensions. In Russia and China, the privatisation of formally state-owned industries has created a class of extremely wealthy oligarchs, and the trickle-down economic benefits have been muted. According to the World Bank, roughly 30 per cent of India's population falls below the national poverty line, while many more exist below the conservative USD 2 a day purchasing power parity level. South Africa, still recovering from decades of colonial rule, has some of the highest levels of wealth inequality in the world.

**Table 5: GINI Coefficient and Range between the Rich and Poor**

	Brazil	Russia	India	China	South Africa
GINI Index	55	37.5	36.8	41.5	57.8
Richest 10 per cent to Poorest 10 per cent	40.6	11	8.6	13.2	35.1

Source: Human Development Report (2010), UNDP

### Education and skill development

In education, the BRICS nations have varying performances and public funding levels and mechanisms (see Table 6). Brazil, India and South Africa remain hosts to marginalised populations, lacking equal education



opportunities and access. Russia's inherited Soviet-style education system has produced 100 per cent literacy but has gradually weakening educational institutions. On the other hand, China has much educational knowledge to share, given its robust systems and 100 per cent literacy.

**Table 6: Share of Public Expenditure on Education (per cent of GDP)**

Countries	2000	2003	2006	2009	2011
Brazil	4	3.9	3.8	XX	XX
Russia	2.9	3.6	3.8	4.6	4.1
India	4.3	3.5	3.5	3.9	XX
China	2.9	3.3	3	3.6	XX
South Africa	4.5	5.8	6.4	9.3	XX

Source: BRICS Joint Statistical Publication 2012

### Universal Access to Healthcare

The BRICS nations constitute a major portion of the world's most vulnerable populations. Not surprisingly, the BRICS nations differ tremendously in resources devoted to healthcare (Table 7). Brazil and Russia, for example, spend roughly between 5 and 9 per cent of their GDP on health care, contributing to some improvement in the well-being of their populations. BRICS health spending and doctor availability, as detailed below, constitute an important global health indicator.

**Table 7: Health Expenditure per Capita (USD) and as per cent of Total GDP**

Countries	2000		2010	
	Per Capita in USD	per cent of GDP	Per Capita in USD	per cent of GDP
Brazil	265.2	7.2	990.4	9.0
Russia	96.0	5.4	525.3	5.1
India	20.7	4.6	54.3	4.1
China	43.7	4.6	220.9	5.1
South Africa	250.7	8.5	648.7	8.9

Source: World Bank Indicators

Large, vulnerable populations are subject to both communicable and non-communicable diseases. BRICS nations, like other developing countries, have large populations affected by tuberculosis and HIV/AIDS. Their populations are also particularly subject to the ravages of new pandemic diseases. There is much room for health provision improvement within

BRICS (Table 8). The root-level shared challenge is that of delivering basic minimum levels of healthcare across a broad spectrum of their populations. In order to facilitate future growth and well-being, it is critical that the five nations put in place mechanisms to provide universal healthcare.

**Table 8: Availability of Doctors**

Location	Doctors, per 10,000 population
Brazil	17.64
China	14.15
India	6.49
Russia	43.089
South Africa	7.7

Source: World Health Organisation data compiled by The Guardian, <http://www.guardian.co.uk/news/datablog/2012/jun/30/healthcare-spending-world-country>

Attitudes towards healthcare provision need to be broadened beyond Western systems, technologies, and modes of thought. BRICS must leverage the solutions offered by developing nations and alternative medical systems and practices. Once a greater degree of synergy develops between international bodies and the BRICS nations, it will become easier to address the challenges of pandemics and devastating diseases disproportionately hurting emerging nations. As growing and powerful representatives of this group, BRICS will play an important role.

### Urbanisation

One consequence of rapid economic transformation has been accelerated urbanisation. The BRICS nations have experienced this phenomenon at varying levels. Thus, Brazil and Russia are well ahead in terms of urbanisation levels; while China, India and South Africa still have some way to go before claiming to be largely urban (Table 9).

**Table 9: Individual Nation Urbanisation**

Countries	Urban Population (per cent)	Urbanisation Growth Rate (per cent)
Brazil	84.6	1.8
Russia	73.8	0.2
India	31.3	2.4
China	50.6	2.7
South Africa	62.0	1.4

Source: World Urbanisation Prospects, the 2011 Revision

Since urbanisation has been occurring in a relatively compressed timeframe, inadequate urban service and infrastructure provision are common ailments. The BRICS nations must recognise that urban growth is a consequence of the search for improved work opportunities and livelihoods. They will need to focus energies on extracting measurable benefits from the urbanisation process. Urbanisation can often form an important part of overall national development strategy and impart benefits, particularly in expediting industrialisation and increasing productivity and competitiveness. In order for these benefits to accrue, effective urban planning and municipal governance are essential. Failure to implement such practices can lead to a dissipation of effort and the emergence of marginalised slum populations. This may exaggerate social and political tensions.

### **Governance Challenges and Regional Equity**

Poor governance hinders any nation's ability to reach its full economic and social potential. Governance must be strong at each level, in order for countries within BRICS to maintain rates of growth and increase economic participation. Within BRICS, there is significant variation in terms of federal and state structures.

**Text Box 1: Number of States/Provinces within each of the BRICS**

<b>Brazil</b>	26 states; 1 federal district
<b>Russia</b>	83 federal subjects (grouped into 8 federal districts): Within the 83, there are 46 oblasts/provinces; 21 republics; 9 krajs/territories; 4 autonomous okrugs/districts; 1 autonomous oblast; 2 federal cities
<b>India</b>	28 states and 7 union territories
<b>China</b>	22 provinces; 5 autonomous regions; 4 direct-controlled municipalities; and 2 special administrative regions
<b>South Africa</b>	9 provinces

Given the vast geographical spreads and populations of the BRICS nations, distribution and devolution of power becomes a potent challenge. Regional discrepancies in economic development and political power have created stresses between central governments and their lower-level counterparts.

**Text Box 2: Intra-Nation Development Disparity:**

**Brazil:** Historically, Brazil's northeast has lagged behind other regions in development. While it remains the country's poorest region (28 per cent of the nation's people and 14 per cent of its GDP), the region has recently become a star economic performer. The region's illiteracy rate is double the national average and contains a disproportionate number of impoverished persons. However, the Northeast's GDP rose 4.2 per cent in the first decade of the 21st century, outpacing the 3.6 per cent of the country as a whole. Government antipoverty programs, increased minimum wages, and a successful micro-credit program have assisted this regional 'catching up.'

Source: <http://www.economist.com/node/18712379>

**Russia:** From 1999-2009, Russia's average per capita GDP grew by 1.83 times, while 'regional differentiation in GDP more than doubled.' Russia's top performing regions have per capita GDPs comparable to western European nations and the US. Among this group is Tyumen and the fast-gaining Sakhalin. A bit lower than this level, but still wealthy, are Moscow and Chukotka, which have per-capita levels comparable to Greece and Spain. On the opposite end of the spectrum, Ingushetia and Chechnya have per-capita levels on par with Ghana and Iraq, respectively. Many of the Caucasian states remain quite poor. "In order to become a leader in the 2000s a region had to have either oil, rents from real estate, or at worst, steel or aluminium plants."

Source: <http://www.forbes.com/sites/markadomanis/2012/01/11/russian-regional-economic-inequality-tyumen-is-like-the-united-states-stavropol-is-like-sri-lanka/>

**India:** The country has an 'alarming growth rate of regional differences' among states on a number of important development indicators, including income, socio-economic indicators, poverty, and available infrastructure. Forty to fifty percent of Bihar and Orissa live in poverty, while Delhi and Punjab have extremely low poverty levels. This is merely one indicator of diverging development and economic outcomes afflicting India's states. Specifically, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan, and Uttar Pradesh are falling behind India's other states.

Source: <http://www.indiaonline.in/about/Profile/Economy/EconomicIssues/Economic-Disparities.aspx>

**China:** The country has seen, even among the BRICS, incredible growth in recent years. However, it would be misleading to speak of the country as a monolithic economic juggernaut. China's "regional economic disparities are the largest in the world." In 2009, Hong Kong's per-capita GDP was over 16 times that of Guizhou (USD42,748 vs. USD2,682 in PPP). Shanghai's per-capita GDP was over USD20,000. No large province or political division more than 100 miles from the country's eastern coast had a per-capita GDP over USD6000. There is a 'missing middle' of Chinese provinces, with some administrative divisions having much wealth and others very little but very few in the USD6000-USD9000 per-capita GDP range. Consequently, the 'coastal-interior' split divides the country into zones of relatively prosperous and relative poor areas.

Source: <http://geocurrents.info/economic-geography/mapping-regional-economic-disparities-in-china>

**South Africa:** While economic disparity in South Africa has primarily been linked to race, regional disparities do exist. There are splits among provinces and between more urban and rural areas. Poorer provinces tend to be on the southeast coast and in the north, whereas the regions of Johannesburg and Cape Town tend to have more wealth. The starkest difference is between the Western and Eastern Cape provinces. Their physical proximity has encouraged further divergence, as Eastern Cape residents migrate to the Western Cape to seek greater economic opportunities.

Source: <http://geocurrents.info/economic-geography/inequality-trends-in-south-africa#ixzz2Csldyx2E>

## Diversity

Empowerment must happen between social groups as well as between regions. Diversity has impacted the BRICS in different ways and posed challenges. These difficulties include the need for political parties, like in India, to cater to specific slivers of religious and ethnic identity, which sometimes hinders effective policymaking. Moreover, some of the BRICS nations are susceptible to domestic terrorism arising from ethnic and religious tensions and inequity. Sharing experiences and best practices can diffuse intra-BRICS knowledge on how to best integrate disparate and marginalised groups.

### Text Box 3: Religious Make-up

<b>Brazil</b>	Roman Catholic (nominal) 73.6 per cent, Protestant 15.4 per cent, Spiritualist 1.3 per cent, Bantu/voodoo 0.3 per cent, other 1.8 per cent, unspecified 0.2 per cent, none 7.4 per cent (2000 census)
<b>Russia</b>	Russian Orthodox 15-20 per cent, Muslim 10-15 per cent, other Christian 2 per cent (2006 est.). note: estimates are of practicing worshipers; Russia has large populations of non-practicing believers and non-believers, a legacy of over seven decades of Soviet rule
<b>India</b>	Hindu 80.5 per cent, Muslim 13.4 per cent, Christian 2.3 per cent, Sikh 1.9 per cent, other 1.8 per cent, unspecified 0.1 per cent (2001 Census)
<b>China</b>	Daoist (Taoist), Buddhist, Christian 3 per cent-4 per cent, Muslim 1 per cent-2 per cent (2002 estimates); note: officially atheist
<b>South Africa</b>	Protestant 36.6 per cent (Zionist Christian 11.1 per cent, Pentecostal/Charismatic 8.2 per cent, Methodist 6.8 per cent, Dutch Reformed 6.7 per cent, Anglican 3.8 per cent), Catholic 7.1 per cent, Muslim 1.5 per cent, other Christian 36 per cent, other 2.3 per cent, unspecified 1.4 per cent, none 15.1 per cent (2001 Census)

Source: <https://www.cia.gov/library/publications/the-world-factbook/fields/2122.html#in>

### Text Box 4: Ethnic Diversity

<b>Brazil</b>	White 53.7 per cent, mulatto (mixed white and black) 38.5 per cent, black 6.2 per cent, other (includes Japanese, Arab, Amerindian) 0.9 per cent, unspecified 0.7 per cent (2000 census)
<b>Russia</b>	Russian 79.8 per cent, Tatar 3.8 per cent, Ukrainian 2 per cent, Bashkir 1.2 per cent, Chuvash 1.1 per cent, other or unspecified 12.1 per cent (2002 census)
<b>India</b>	Indo-Aryan 72 per cent, Dravidian 25 per cent, Mongoloid and other 3 per cent (2000)
<b>China</b>	Han Chinese 91.5 per cent, Zhuang, Manchu, Hui, Miao, Uighur, Tujia, Yi, Mongol, Tibetan, Buyi, Dong, Yao, Korean, and other nationalities 8.5 per cent (2000 census)
<b>South Africa</b>	black African 79 per cent, white 9.6 per cent, coloured 8.9 per cent, Indian/Asian 2.5 per cent (2001 census)

Source: <https://www.cia.gov/library/publications/the-world-factbook/geos/ch.html>

## **Service Delivery**

Efficiency in service provision poses a pervasive challenge for BRICS countries. Service provision remains constrained by inefficiency, corruption and poor infrastructure. Consequently, a large portion of allocated resources do not reach their intended beneficiaries. This problem is manifested across BRICS: the form changes but the crux remains uniform. Rapid corrective action is necessary before any significant developmental interventions can be expected to show positive results.

### **Text Box 5: Media Covered Examples from India**

"A joint study by the Asian Development Bank and Indian Statistical Institute has shown that 10 per cent of public distribution benefits make it to the 'deserving poor'. Around 43 per cent is siphoned off illegally, 28 per cent goes towards administrative costs of the Food Corporation of India (FCI) and the balance 20 per cent is misappropriated by other vested interests."

Source:[http://articles.economictimes.indiatimes.com/2012-06-09/news/32140688\\_1\\_rae-bareli-sonia-gandhi-mnrega](http://articles.economictimes.indiatimes.com/2012-06-09/news/32140688_1_rae-bareli-sonia-gandhi-mnrega)

"A new World Bank report says aid programmes are beset by corruption, bad administration and under-payments. As an example, the report cites grain: only 40 per cent of grain handed out for the poor reaches its intended target."

Source:<http://www.bbc.co.uk/news/world-south-asia-13447867>

### **Suggestions for Addressing Common Domestic Challenges**

- Develop mechanisms to share information on poverty-alleviation schemes. Pooled knowledge and best practices should be diffused throughout these similarly dynamic nations.
- Create benchmarks for increased transparency and competitiveness to incentivise better performance of domestic markets that can in turn cater to burgeoning middle-class populations.
- Set agendas that prioritise common development, free from other constraints (more diverse stakeholders such as within the G77 grouping), therefore enabling swift and ambitious decisionmaking.
- Display global leadership on tackling issues around income and wealth inequality by instituting progressive learning-based dialogue between BRICS and similar economies.

- Collaborate on issues like education and skills training to develop competitive, productive and sustainable human capital.
- Enable greater FDI flows into the education and skilling sectors through mutual cooperation and collaboration; emphasise business-education partnerships.
- Provision of adequate and universal care for citizens should be collectively recognised and prioritised. These are areas where the BRICS nations can share ideas on tackling a monumental challenge. They need to focus on sharing technology, generic medicines, traditional medicines and medical health reforms. Effectively, they need to create a forum for cooperation and coordination amongst health experts.
- Attention should be paid to bringing about an attitudinal change in international groups, like the World Health Organisation (WHO). If a BRICS dialogue can lead to breakthroughs on health provision, these ideas must be taken into account within the health/aid communities.
- Strengthen intra-BRICS cooperation in the wider context of interaction within international organisations, including WHO, UNAIDS, the Global Fund to Fight AIDS, Tuberculosis and Malaria, and the Global Alliance for Vaccination and Immunisation.
- Use mutually beneficial cooperation for strengthening national healthcare systems and expanding access to effective, safe medications, vaccines, and other medical products.
- Create institutions that conduct research and suggest innovative universal healthcare solutions and practices, including low-cost medicines, equipment and methodologies. This manner of

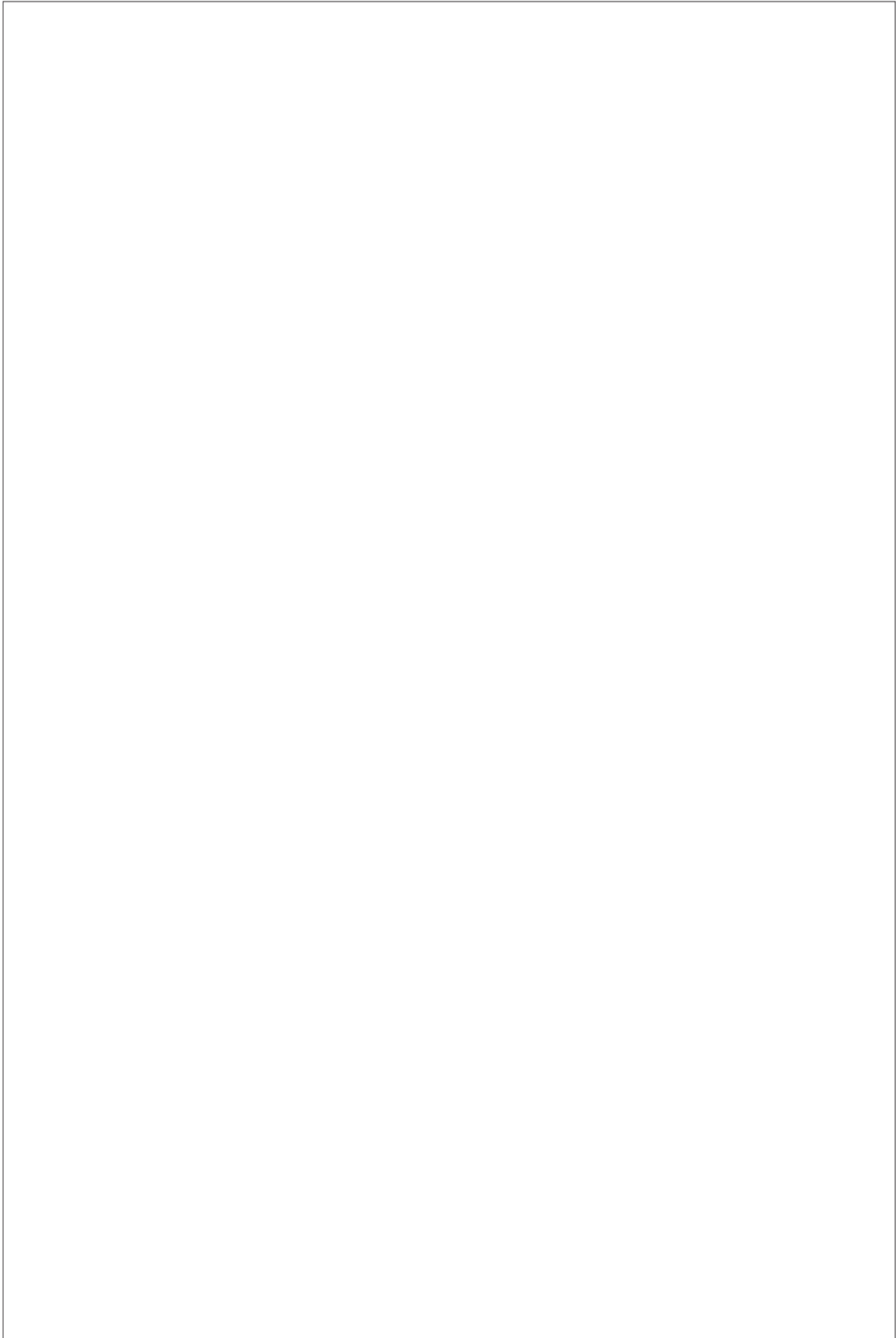
cooperative research and development can be initiated in priority areas—like AIDS, tuberculosis, malaria, polio and others.

- Develop cooperation on research and application of effective, innovative equipment and technologies in the medical realm. Moreover, indigenous medicines and healthcare practices must be shared within BRICS and promoted outside.
- Start establishing effective joint mechanisms for fighting infectious diseases and ensuring nutrition standards; exchange information on sanitary and epidemiological situations.
- Begin documenting national experiences and systematically creating healthcare models appropriate to their context; explore the possibility of joint research on common codes and standards for medicines and medical equipment.
- Sustaining economic growth will be paramount in catering to rapidly increasing, urbanised working populations. Key actionable areas should include infrastructure development, investments in mass transport, and programmes to enable social transformation. As in all other domains, BRICS nations could benefit from sharing their know-how and experiences in city management and urban development.
- Brazil ,in particular ,could provide examples of dealing with urban inequities; China could share experiences of scaling up infrastructure and basic service provision in urban agglomerations; India could share private sector experience on the growth of its pharmaceutical sector, and others.
- BRICS must share governance experiences and continuously strive to enable better, more efficient governance frameworks and create



inclusive, participative systems ,which are able to resolve regional political imbalances through greater representation .

- The member countries should investigate methods used to integrate minority ethnic and religious communities into national economic and political structures, without subsuming their unique heritage/roots. These communities must become assets, contributing to the overall development and growth paradigm within BRICS.
- The BRICS nations must ensure that service delivery methods and processes are regularly updated and streamlined. If done right, social welfare policy will not be spoiled by bureaucracy and implementation gaps.



## Growing Economies, Sharing Prosperity

### Trade & Investment

The BRICS economies have been increasing their economic weight over the past decade, consolidating external linkages and capitalising on their unique competitive positions in export-import markets. Intra-BRICS trade flow has increased exponentially from a total volume of USD 27 billion in 2000 to the current level of USD 212 billion. The countries have also committed to increasing their trade volume to USD 500 billion by 2015. The five economies attract 17.8 per cent of FDI and made up 15 per cent of global trade in 2010.

International reserve currencies play a crucial role in determining trade volumes. The domination of the dollar is evident among international currencies, and Table 10 illustrates this dominance in the IMF's portfolio. Meanwhile, the fluctuating value of the dollar during the global economic crisis revealed the scope and impact of currency volatility on trade in other currencies. Fluctuating exchange rates between domestic currencies and the dollar raises transaction costs and adversely impacts trade volumes.

**Table 10: Currency Composition of Official Foreign Exchange Reserves (USD Millions)**

World	II Quarter, 2012 (Preliminary)
Total Exchange Reserve Holdings	10,523,847
Allocated Reserves	5,845,258
US Dollar	3,619,481
Pound	2,23,398
Yen	2,20,158
Euro	1,465,581
Swiss Francs	6,529
Other Currencies	310,110
Unallocated Reserves	4,678,584

Source: IMF

Within the realm of economic growth, exports and imports constitute an increasing share of gross domestic product (GDP). Trade forms an important common factor for development cooperation between the BRICS countries (Table 11).

**Table 11: Trade (per cent of GDP)**

Countries	1970	1980	1990	2000	2010
Brazil	14.5	20.4	15.2	21.7	22.8
Russia	XX	XX	36.1	68.1	51.5
India	7.8	15.6	15.7	26.5	49.7
China	5.3	21.7	34.6	44.2	55.2
South Africa	47.1	62.7	43.0	52.8	54.9

Source: World Bank Data

Given the significant distance that the BRICS nations have to cover in order to enable inclusive growth and provide livelihoods to their growing populations, they have no option other than to maintain and accelerate economic growth, which underpins development. This includes deepening trade and economic synergies within BRICS and with the rest of the world (Table 12).

**Table 12: Export Linkages of BRICS (USD billions)**

Exports from Brazil	China	India	Russia	South Africa	Advanced Countries	Euro-Zone
1990	0.4	0.2	-	0.2	22.9	8.1
2000	1.1	0.38	0.4	0.3	34.6	13.0
2009	21.0	3.4	25	1.3	65.1	28.5
Exports from Russia	Brazil	China	India	South Africa	Advanced Countries	Euro
1990	-	-	-	-	-	-
2000	0.6	5.2	1.1	.03	60.6	34.4
2009	1.4	16.1	4.8	0.2	138.1	92.4
Exports from India	Brazil	China	Russia	South Africa	Advanced Countries	Euro
1990	0.0	0.0	-	0.0	11.1	3.0
2000	0.3	0.8	0.9	0.3	27.4	7.6
2009	2.2	10.2	0.9	1.9	79.0	26.3
Exports from China	Brazil	India	Russia	South Africa	Advanced Countries	Euro
1990	0.1	0.2	-	0.0	52.0	5.1
2000	1.2	1.6	2.2	1.0	208.3	30.6
2009	15.9	29.7	17.5	7.4	858.5	174.4
Exports from South Africa	China	India	Russia	Brazil	Advanced Economies	Euro
1990	-	-	-	-	-	-
2000	0.3	0.4	0.03	0.2	15.7	6.2
2009	5.6	2.0	0.2	0.4	30.9	10.7

Source: IMF, Dictionary of Trade Statistics

The individual composition of exports reflects the diverse resource endowments present within BRICS (Table 13). This presents a significant opportunity for leveraging existing trade ties and cooperation while serving the economic growth and development agenda, a necessary precursor to faster socio-economic convergence with advanced economies.

Trade in goods and services provide multiple sectoral opportunities for cooperation among the BRICS countries, which can be mutually beneficial (Table 15). Brazil is currently a major producer of bio-fuels and may eventually be a major energy provider to the Chinese and Indian economies, which have significant energy demands. Brazil also dominates the export of agrochemical products, which feature prominently in the import baskets of Russia, India and China. Russia's vast natural gas and oil reserves can help sustain the energy demands of the other BRICS economies. India's robust service sector growth gives it a competitive advantage. China's export of manufactured goods, machinery and textile products feeds the global consumer markets. South Africa holds vast mineral deposits essential for industrial development in other countries, and its growing service sector makes it an increasingly investment-friendly destination.

**Table 13: Trade Volume and Commodities**

	Trade Volume (million US USD)	Major Import Items	Major Export Items
<b>Brazil</b>	478277	Crude Oil; Petrochemical; technological parts; Natural Gas; Wheat (Rye)	Iron Ore; Crude Oil/ Agro Chemicals; Soya Beans; Raw Cane Sugar; Coffee
<b>Russia</b>	768609	Medicines; Computing Machines; Cars; Meat; Iron	Crude Oil; Petroleum Products; Natural Gas; Wheat; Coal
<b>India</b>	606977	Nuclear Reactor Boilers; Mineral Fuels; Organic Chemicals; Precious Stones; Plastic Articles	Apparel; Electrical Machinery; Ores; Plastic; Residue from Food Industry
<b>China</b>	3273179	Mechanical & Electrical Products; Soybean; Iron Ore; Crude Oil; Rolled Steel	Mechanical & Electrical Products; Ships; Furniture; Garments; Rolled Steel; Automatic Data Processing Machine.
<b>South Africa</b>	199614	Mineral Products; Vehicle Machinery; Textile; Plastic; Electronic Accessories	Precious Stones and Metals; Base Metal; Vegetable Products; Tobacco; Pulp of Wood and Paper

Source: Data collected under BRICS Joint Statistical Publication 2012

The BRICS nations have received large FDI inflows over the last decade (Table 14). A primary reason is the scope for utilising the cheap, large labour force present in these countries, particularly in China and India, which provided an incentive to multinational companies to relocate their manufacturing and service operations. However, the FDI received by each member country varies owing to systemic divergences. The impact is reflected in the investment and savings ratios of each country.

**Table 14: Share of Global FDI Inflows**

Countries	1990	1995	2000	2005	2008	2009	2010
	2.2	13.8	5.8	11.7	16.0	16.7	17.8
Brazil	0.5	1.3	2.3	1.5	2.6	2.2	3.9
Russia	N/A	0.6	0.2	1.3	4.3	3.1	3.3
India	0.1	0.6	0.3	0.8	2.4	3.0	2.0
China	1.7	11.0	2.9	7.4	6.2	8.0	8.5
South Africa	0.0	0.4	0.1	0.7	0.5	0.5	0.1

Source: UNCTAD

Overseas investment and large foreign exchange reserves hold much importance with respect to trade surplus and liquidity. There has been a steady rise in the foreign exchange reserve of the BRICS countries (Table 15). With the global financial crisis, a large pool of foreign exchange reserves becomes essential to protect the liquidity of domestic currencies, via Special Drawing Rights.

**Table 15: BRICS Foreign Exchange Reserves (USD billions)**

	1990	1995	2000	2005	2008	2009	2010
BRICS	41.2	162.5	271	1203.6	2834.7	3374.8	3914.6
Brazil	7.7	49.7	32.5	53.5	192.9	237.4	267.1
Russia	0.0	14.9	24.8	176.5	412.7	417.8	445.0
India	2.1	18.6	38.4	132.5	248	266.2	276.2
China	30.2	76.0	168.9	822.5	1950.3	2417.9	2867.9
South Africa	1.2	3.0	6.4	18.8	30.8	35.5	38.4

Source: UNCTAD

As a supplement to the development of intra-BRICS investment systems, attention needs to be paid to developing a range of partnerships—government to government as well as public-private—that can result in joint ventures. These comprise the easiest pathway to bringing technology, investment and opportunity together to help solve the grouping's

developmental challenges. Furthermore, these five countries remain particularly vulnerable to food and commodity price volatility and global economic downturns. The BRICS nations need to work collectively towards creating resilience to cyclical disruptions.

### **Sustainability: Energy, Climate Change, and Inclusive Growth**

BRICS is home to immense natural resources in certain areas, scarce resources in others, diverse ecological environments, a large and young population base and myriad socio-economic challenges. Taken together, these factors underscore the need for a sustainable and inclusive growth trajectory, which must be enabled through focussed efforts both on the domestic and the external fronts. In this context, two forces that are particularly relevant are globalisation and climate change. Indeed, effectively dealing with both trends within the broader context of development challenges will require suitable, sustainable responses.

The observable trends at the Conference of Parties Summits, hosted by the United Nations Framework Convention on Climate Change (UNFCCC), point toward the need to re-imagine multilateral frameworks for coordination and collaboration on climate change issues, sustainable development and inclusive growth. In essence, each of the BRICS nations must cooperate within the BRICS platform and outside in multilateral fora in order to better articulate fundamental present day requirements for enabling domestic socio-economic transformations. These steps will assist in effectively dealing with the critical interplay referred to above. In turn, equity must be central to the foundations of any new framework for change, rather than an afterthought.

While BRICS economies have been growing steadily, per capita energy consumption (Table 16) shows that Brazil, China and India figure well below the global average for total energy consumption per capita. These countries have to rapidly build modern energy infrastructure and ensure

provision, especially to those at the bottom rungs of the socio-economic ladder. The World Bank has estimated that a one per cent reduction in the rate of economic growth could leave behind 20 million people in poverty around the world. Given that BRICS nations are home to a majority of the world's poor, inclusive growth concerns must take the paradigm of better energy access into account.

**Table 16: Total Primary Energy Consumption per Capita (million Btu per person)**

	2005	2006	2007	2008	2009
<b>Brazil</b>	49,45673	50,58786	52,10723	52,52341	51,76622
<b>Russia</b>	193,84999	193,05006	201,0932	208,71551	191,4874
<b>India</b>	14,99818	15,94742	16,76634	17,52823	18,74733
<b>China</b>	52,58801	55,88756	58,97403	64,28904	68,19164
<b>South Africa</b>	107,87564	110,40663	114,16167	116,9884	111,48651
<b>World</b>	70,90127	71,53462	72,2311	73,24817	71,26377

*Source: International Energy Statistics, EIA*

The BRICS economic growth engine will continue to be fuelled by growing resource consumption in order to converge with levels of human development prevalent in the developed world. At the same time, it is already fairly evident that BRICS nations will face unprecedented resource pressures. Part of these will result from existing global volatility in production and prices of agricultural commodities, metals, and basic resources (such as oil, coal, etc.). Therefore, BRICS must work together to create an effective hedge against scenarios that may distract from the overarching priority of poverty alleviation through a veritable socio-economic transformation.

The BRICS position on climate change is likely to have a significant impact on domestic growth. It should be noted that despite an improvement of over 25 per cent in the energy intensity of GDP in both Europe and the United States over 1990-2004, total emissions only fell by 1.4 per cent in Europe and increased by 16.3 per cent in the United States. These numbers indicate the priority of domestic consumption, which is going to be pivotal for growth within BRICS over the next decades. The articulation of a global climate change responses must reflect the primary concerns of growing societies.



A key trend going forward will be the onset of major effects from climate change—including variability of rainfall patterns, disruption of hot and cold weather cycles, and others. The challenges presented by shifting climate patterns will disproportionately affect developing countries, which have comparably few resources to adequately address them. BRICS, especially a highly agriculture-oriented country like India, will not be immune to such changes (Table 17). In order to be prepared to respond to such immense sectoral challenges, BRICS must be able to provide a reasonable base of income growth and wealth distribution, food security, and employment.

**Table 17: Various Sectoral Contributions to GDP, 1990-2009**

Country	Sector	1990	1995	2000	2005	2008	2009
Brazil	Agriculture	10.1	5.8	5.6	5.7	5.9	6.1
	Industry	29.9	22.0	27.7	29.3	27.9	25.4
	Services	60.0	72.2	66.7	65.0	66.2	68.5
Russia	Agriculture	-	7.6	6.7	5.4	4.9	4.7
	Industry	-	27.9	31.4	32.9	29.7	32.9
	Services	-	64.6	62.0	61.6	65.6	62.4
India	Agriculture	30.0	26.8	23.2	18.9	19.0	17.1
	Industry	22.3	23.2	20.7	21.0	21.0	28.2
	Services	47.7	50.0	56.1	60.0	60.2	54.6
China	Agriculture	26.0	19.7	15.2	12.2	11.6	11.0
	Industry	35.5	40.6	40.7	42.2	42.8	48.0
	Services	38.5	39.7	44.1	45.6	45.7	41.1
South Africa	Agriculture	4.6	3.9	3.3	2.7	3.2	3.0
	Industry	40.1	34.8	31.2	31.2	32.5	31.1
	Services	55.3	61.3	64.9	66.2	64.2	65.8

Source: United Nations System of National Accounts

The discourse on climate emanating from BRICS centres on the principle of 'common, but differentiated responsibility.' While poor developing nations will bear the brunt of climate change, the BRICS nations are yet to reap the benefits of cheap energy that developed countries have benefitted from (Table 18). Consequently, BRICS are more focused on developing 'shared prosperity', entailing plentiful and inexpensive energy and continued high rates of economic growth. Moreover, the developed world, having greater means (wealth and resources) to respond to climate change, has a greater historical responsibility in shaping meaningful responses through domestic measures.

**Table 18: Total Energy Consumption and Growth Rate**

	1990	2000	2010	2010 Share in the world	Growth rate 1990-2010
Brazil	123.8	185.2	253.9	2.1 per cent	3.7 per cent
Russian Federation	861.7	620.4	690.9	5.8 per cent	-1.1 per cent
South Africa	85.4	101.2	120.9	1.0 per cent	1.8 per cent
China	680.6	1038.2	2432.2	20.3 per cent	6.6 per cent
India	180.7	295.8	524.2	4.4 per cent	5.5 per cent
Total World	8108.7	9382.4	12002.4	100.0 per cent	2.0 per cent

Source: BP Statistical Review of World Energy June 2011

The BRICS nations are home to some of the world's most valuable regions of bio-diversity (Table 19). They must recognise and proactively work to protect and preserve these areas. They must begin integrating natural assets into sustainability policies and share policy successes and failures. Moreover, regions like South Asia pose some of the most intractable problems surrounding water resources and conflicts. With rapid changes to the ecological base within each of the BRICS, more cooperation and experience-sharing on preserving ecosystems and preventing climate-linked conflicts (including those arising out of changes in the migration patterns of those living on coastal or flood-prone areas) are imperative.

**Table 19: per cent of Land Covered by Forests, 2005**

Country	per cent of Land
Brazil	62.7 per cent
Russia	49.4 per cent
India	22.8 per cent
China	20.7 per cent
South Africa	5.2 per cent

Source: World Bank Data

The world must also move towards devising strategies for 'shared prosperity' based on the joint development and distribution of a range of technologies. In this context, China's experience with both renewable energy and energy efficiency might provide a valuable learning opportunity. Additionally, Brazil already gets much of its energy from sugar-based ethanol, specifically in its transportation sector. India has a comprehensive policy framework in place for enabling greater investments and focus on the renewable and energy efficiency sectors; simultaneous to progressive market-based initiatives. These include separate benchmark indices of efficient companies on stock exchanges. South Africa has also

put in place various corporate governance and sustainability norms to govern large corporate entities and enable a sustainable growth trajectory. These are positive examples. Energy conservation through green buildings is also an additional area on which BRICS can focus.

**Text Box 6: China's Current Five-Year Plan**

Significant emphasis on protecting the environment (reducing pollution, increasing energy efficiency and ensuring a stable, reliable and clean energy supply):

- Energy conservation: developing energy-efficiency technology
- Environmental quality: green indicators such as water consumption per unit GDP, and proportion of GDP that is invested in environmental protection. The aim is to reduce 40-45 per cent of carbon per unit of GDP by 2020
- New Energy: in 2020, 15 per cent of the energy must come from non-fossil energy

***Suggestions – Growing Economies and Sharing Prosperity***

- Continue to diversify currency reserves to discuss the role of Special Drawing Rights of the IMF within the context of in-house accounting units and reserve assets.
- Seek to create more favourable conditions for the development of mutual trade and investment cooperation, including on a multilateral basis, in order to modernise and diversify export trade flows with a view to increasing the percentage of high value-added export goods. Seek to cooperate in the BRICS framework to counter protectionism.
- Develop cooperation within international organisations in order to collectively promote mutual interests in the sphere of international trade and encourage the establishment and support the activities of BRICS national business councils; promote the creation of a BRICS Business Council.
- Facilitate commodity trade between net commodity exporting and importing countries, while simultaneously tapping into inherent competitive advantage and diversifying global import risks,

especially in the realm of basic resources—such as oil, gas, coal, food and metals.

- Promote expanding production of and mutual trade in aviation industry, power engineering, metallurgy, machine-tool construction, computer hardware, and systems and transport engineering products.
- Develop cooperation in the investment sphere. Intra-BRICS investment should be increased and streamlined. This can be done by co-ordinating investment procedures and frameworks, establishing BRICS agreements on investments (which could replicate cooperative mechanisms signed just before the Delhi Summit, including the Master Agreement on Extending Credit Facility in Local Currency and the BRICS Multilateral Letter of Credit Confirmation Facility Agreement) and strengthening cooperation and joint working opportunities between established exchanges and in multilateral forums.
- Facilitate the development of insurance cooperation and channel savings towards capital investments, particularly in the infrastructure sector.
- The currency volatility of the International Reserve Currencies demands that member countries maintain their reserve pools to hedge against fluctuations. The outcome of the BRICS officials meeting on the sidelines of G20 in November 2012, creating a pool of reserve currency amongst BRICS countries of up to USD 240 billion, represents a way forward in protecting markets against liquidity pressures.
- The BRICS must document and build awareness of each other's economic potential, business environments and legal frameworks. A new database could lead to the facilitation of mutual trade and better sectoral integration within the BRICS.

- BRICS governments do not have adequate revenue to carry out needed social relief and infrastructure schemes. Consequently, the BRICS members should explore public-private partnerships in order to finance new projects and programmes, especially in the micro, small and medium enterprises sector.
- Coordinate on the sidelines of major international sustainable development and climate change fora in order to strengthen bargaining positions and leverage collective influence. The positions developed must reflect the inherent requirements for economic growth, inclusion and sustainability.
- Interact on issues of climate change and green growth to facilitate a more robust understanding of underlying issues.
- Focus on agricultural adaptation and indigenous solutions across vulnerable sectors.
- Develop cooperation in the area of production and use of mineral resources; invest in modernisation and development of the mining and power generation sectors.
- Analyse the opportunities for jointly developing nuclear energy and ensuring nuclear safety, including small-and medium-sized power generation systems.
- Exchange experiences, research and technologies in the sphere of energy efficiency, green buildings and overall energy conservation. Joint research could be directed towards documenting and developing alternative energy and efficiency technologies.
- Document traditional knowledge and practices to help in staving off climate-induced disasters and adapting adequate mitigation and adaptation strategies.

- Build upon mutual learning by developing sustainable agro-industries which allow scientific practices to be implemented while also providing large-scale rural employment generation.

## **Global Political and Economic Governance and Market-Led Growth**

### **Carving out a Political Leadership Role**

**T**he existence of vast, difficult internal and development challenges should not constrain the BRICS growth on the world stage. As mentioned in this report, BRICS are aware of, and seek to influence a changing world balance of power. Several fundamental changes and trends are greatly shifting the international environment in which the newly emboldened BRICS will operate.

In an increasingly globalised world, it is difficult for any nation to remain isolated. Developments in one country have cross-border ripple effects, as recently seen in both Libya and Syria. The BRICS members tend to share a suspicion of interventionist or hegemonic tendencies. Political complexity is aggravated by the emergence of important non-state actors, some threatening international security. A range of organisations, groups and even individuals are beginning to significantly impact the world, and BRICS must position themselves as anchors of political conversations at the global high table.

The political significance of BRICS is reinforced by the active participation of its five members in both international organisations—such as the UN, WTO, IMF and the World Bank—informal associations—including the Non-Aligned Movement, Group of 77, G20 and APEC—and in regional organisations in Europe, Asia, Africa and Latin America. Thus, there are objective opportunities for 'co-participation' with other countries in building a fair world order and exerting a systemic influence for setting the

agenda on a wide range of issues—from global to regional, from the well-established to the relatively new.

### **United Nations Security Council Reforms**

The BRICS nations should provide a viable leadership alternative for developing nations. In order to move towards developing a meaningful role in world affairs and a more proactive role in conflict resolution, BRICS need to create a platform for appropriate policies and response mechanisms to address local, regional and international political and social turbulence, as recently seen with the so called 'Arab Spring'.

While the emerging multi-polar world may appear to situate developing and 'Western' nations against each other, BRICS members do not intend to ascend to leadership of an oppositional bloc. BRICS is representative of a collective aspiration to influence and manage institutions of global political and economic governance, so that they reflect demographic and economic realities, not merely post-World War II agreements.

In the sphere of international relations, this preference translates into a fundamentally different way of operating. The Western construct of 'universal responsibility' is sometimes interpreted very differently in non-Western parts of the world. The BRICS nations can use their collective voice to help preserve a respect for international sovereignty in international affairs. The desire of the developed world to intervene in the domestic domain of other nations can be checked by the creation and fostering of regional cooperative networks, which may reduce conflict and quell crises. Urgent UNSC reforms must be prioritised on the BRICS agenda.

### **Reform of Financial Institutions and Market-Led Growth**

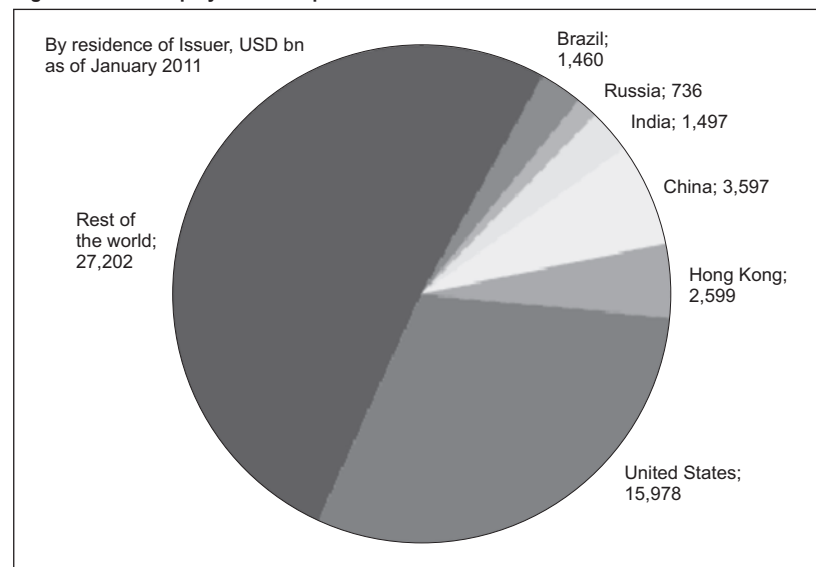
The success of the 1944 Bretton Woods conference is largely attributable to the extraordinary circumstances in which it was held. Currently, there is a



roughly 60/40 per cent split in the IMF shares held by advanced versus developing countries. Within the context of the prevailing global economic circumstances (such as the palpable shift/realignment of economic weight), another historical opportunity has arrived, one that would see a reform of IMF voting shares and the Executive Board.

In 2011, listed companies in BRICS countries accounted for around 13 per cent of global market capitalisation and 21 per cent of newly issued capital (Figure 3). Growth in Chinese and Indian markets, in particular, has been significant. All trends point towards a greater responsibility and voice in matters relating to global capital markets, including the regulatory/supervisory sphere.

**Figure 3: Global Equity Market Cap**

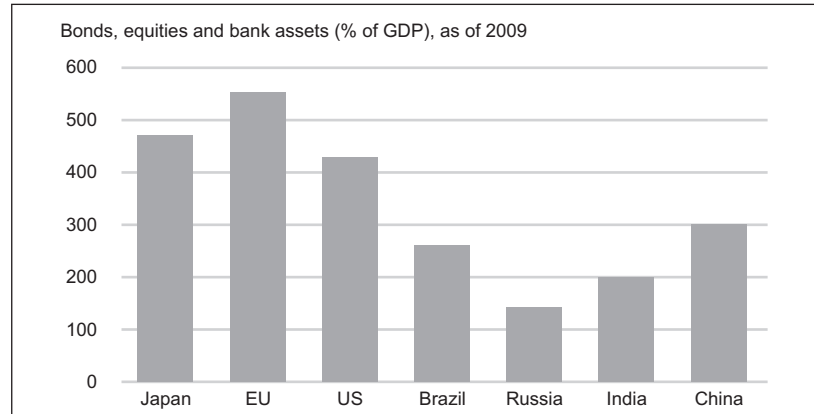


Source: Bloomberg

The BRICS leaders announced the formation of a BRICS Exchange Alliance in March 2012, which entails cross-listing of benchmark equity index derivatives on each other's platforms. Futures indices—like Brazil's IBOVESPA, Russia's MICEX Index, India's BSE Sensex, Hong Kong's Hang

Seng and Hang Seng China Enterprises Index, and South Africa's FTSE/JSE Top40—are cross listed and available for trade in the five countries. However, their financial markets are relatively underdeveloped compared to Western markets (Figure 4). The BRICS Exchange Alliance will allow investors within BRICS to invest in each other's progress; expand the offerings of individual exchanges; facilitate greater liquidity; and simultaneously strengthen efforts to deepen financial integration through market-determined mechanisms.

**Figure 4: Financial Assets—Relative Development of Financial Markets**



Source: IMF, World Bank, Bank for International Settlements, Deutsche Bank Research

Net private capital flows to emerging market economies remain volatile (USD 405 billion in 2010 from just USD 302 billion in 2009), and this trend is exacerbated by the on-going Euro Zone crisis. At the same time, the need for financing prevailing infrastructure deficits in emerging market economies remains strong. It is estimated that the infrastructure financing gap between investments in the Asia-Pacific region (around USD 48 billion) and what is deemed necessary (USD 228 billion) stands at roughly USD 180 billion every year.

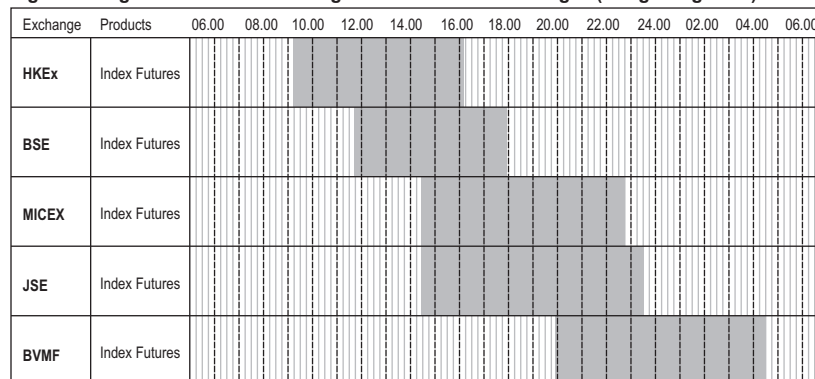
### **Developing Capital Markets**

Apart from cross-listing of benchmark equity index derivatives, the member exchanges plan to work together to develop new equity index-

related products, which represent the BRICS economies for cross-listing of derivatives and cash market product offerings in the second phase of the alliance. The third phase may include product development and cooperation in additional asset classes and services.

This new market opportunity has a two-fold advantage for international investors: first, they now have a one-stop platform to trade in the Asia Pacific time zone (Figure 5); second, there is now an opportunity to directly invest in large developing economies through the exchange, rather than market intermediaries. This will reduce transaction costs significantly.

**Figure 5: Regular Derivatives Trading Hours of BRICS Exchanges (Hong Kong Time)**



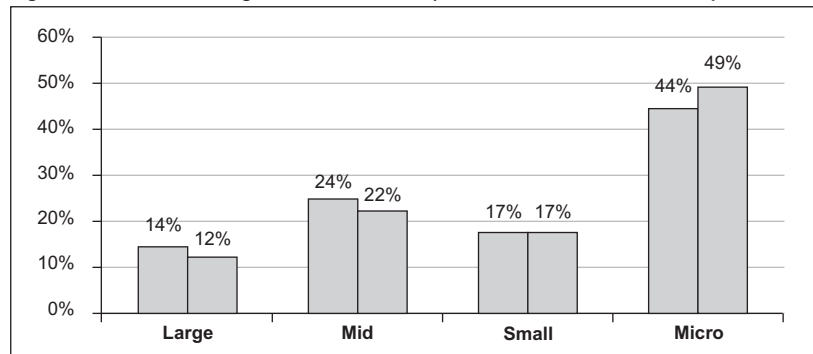
Source: Hong Kong Exchange

According to McKinsey, Brazil, Russia, India, China and South Africa have an average of 16 per cent of their assets in equities, compared with 42 per cent in the US and 29 per cent in Western Europe. Simultaneously, according to the World Exchange Federation, the size of global markets (the global market capitalisation) increased by 5.3 per cent in the first half of 2012.

It is instructive to note that in terms of market segmentation, there has been a decline in the total number of listed large cap companies globally, defined as companies with market capitalisation greater than USD 1.3 billion. There has also been a stabilisation in the number of small cap

companies with a market capitalisation between USD 65 million and USD 200 million and an increase in the number of micro-market cap companies with a capitalisation less than USD 65 million (Figure 6). In the context of emerging market economies represented by the BRICS grouping, small- and micro-market cap companies form the largest chunk of listed companies, as per the aforementioned market capitalisation benchmarks. This has a direct implication on the sort of companies that require greater capital infusion for a sectoral and systemic scale up of business initiatives.

**Figure 6: Global Market Segmentation Statistics (in terms of total number of companies listed)**



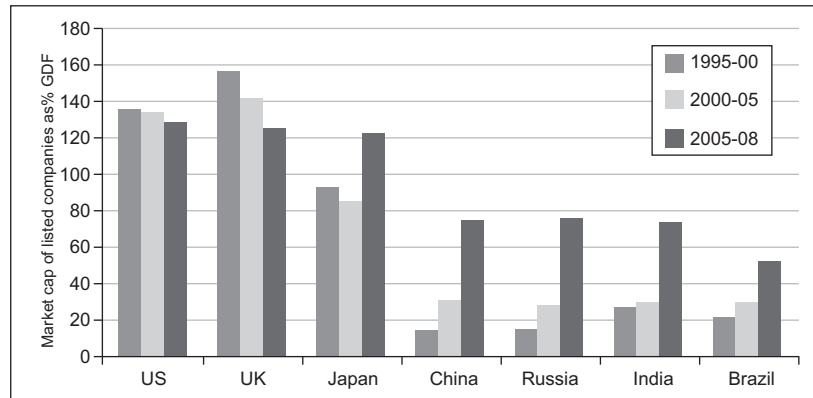
Source: World Exchange Federation

Capital markets across BRICS nations have expanded considerably over the past two decades. However, market development is nascent relative to the size of BRICS economies (Figure 7). Drivers, including domestic demand, are increasing needs for financing through capital markets (particularly in key sectors such as infrastructure, manufacturing, etc.), which will require further market depth. Indeed, BRICS equities are under represented in global equity markets, and measures such as the BRICS Exchange Alliance are veritable first steps towards strengthening and deepening capital markets, particularly nascent segments like debt markets.

The primary role of a banking system should be to create and maintain the liquidity needed to finance production within a short-term time horizon. The Asian Financial Crisis showed that banking systems cannot be the

sole source of long-term investment capital without making an economy vulnerable to exogenous shocks. The development of corporate debt markets supplements long-term financing needs of the corporate sector and facilitates asset creation. Moreover, debt financing is a stable and crucial source of finance in the context of the marginal role played by existing development financial institutions relative to the total needs of the BRICS markets.

**Figure 7: Market Depth (Total Capitalisation of listed companies as proportion of GDP) Statistics**



Source: Goldman Sachs Research

### ***Suggestions for Global Political and Economic Governance and Market-led Growth***

- Promote dialogue and, where possible, harmonise the positions on the issues of strategic stability, international and regional security, non-proliferation of weapons of mass destruction, resolution of regional conflicts, and maintenance of regional stability.
- Cooperate to strengthen the central coordinating role of the United Nations in the field of combating international terrorism.
- Strengthen cooperation in the BRICS format to assume a prominent role in conflict resolution, with specific focus on the operating principles outlined in earlier sections of this document.

- Develop an active interaction within the United Nations and its specialised agencies; strengthen the central role of the UN in ensuring global stability. A special emphasis should be placed on preventing the UNSC from being used to justify a policy of displacement of unwanted regimes and imposition of unilateral solutions to conflict situations, including those based on the use of force.
- Intensify cooperation aimed at adapting the UN to current international realities. The BRICS member countries support reforming the UNSC with a view to making it more representative without sacrificing its efficiency and effectiveness.
- Ensure the effective enforcement of IMF reforms first suggested at the G20 meetings in Seoul, 2010. While the quota increases under the 14th General Review of Quotas will become effective as of December 2013, 77.07 per cent of total quota holders had consented; only 129 members, having 70.21 per cent of total voting power, had accepted the amendment on reforms to the Executive Board. Efforts to ensure a progressive direction on both sets of proposed amendments to the Articles of Agreement must be renewed.
- Work together to ensure that the current quota formula of the IMF voting rights is reviewed to reflect a more equitable distribution commensurate with newly leveraged financial resources to stem the euro crisis.
- Global regulations on banking, risk management, capital standards, and others, etc. have a palpable impact on capital markets within the BRICS economies. It is therefore important that regulatory and supervisory authorities of capital markets form across BRICS countries, exchange ideas, and collectively map policy successes and failures.

- Agree upon the second and third stage of the BRICS Exchange Alliance and seek endorsement by the BRICS leaders in order to deepen capital markets and financial integration.
- Facilitate long-term capital flows is a collective imperative for BRICS economies. Discussions among the Finance Ministers must focus on this issue in order to build a long-term sustainable economic trajectory, especially within the context of capital formation for development needs and deficits.
- Fast track development of the second stage of evolution of the BRICS Exchange Alliance and cooperation on development of sustainable asset classes.
- Joint research and dissemination by BRICS countries on key market trends in BRICS markets in order to facilitate a better understanding of the opportunities and challenges therein.
- Setting up of a Financial Markets Board, a formal supervisory mechanism to oversee market related developments (including ensuring the effectiveness and outreach of new jointly developed market instruments) across BRICS. The nodal regulatory bodies across BRICS should be represented through such a mechanism.
- Special emphasis on financing mechanisms by leveraging capital market frameworks, products and institutions for developing capacities and scaling up micro-cap institutions as defined here. This is particularly relevant for the manufacturing sector, where initial capital requirements are a challenge for smaller companies.
- Joint development of hedging instruments focussed at both systemic and sector-specific risks within BRICS economies. According to the International Swaps and Derivatives Association, more than 90 per cent of the global 500 corporations use derivatives for hedging risks in interest rates, foreign exchange, and equities.

Developing BRICS cross-currency swap markets could also serve to benefit hedging activities.

- Joint emphasis on strengthening corporate debt markets, in order to leverage existing savings and add much needed depth to capital markets. Pension funds are the principal investors in corporate bonds and an experience sharing dialogue could be instituted for the entities across the BRICS member countries to learn from each other's successes and failures.
- A particular focus should be placed on initiatives around financial inclusion and literacy in certain markets, such as in China and India. Focus should be placed on markets where majority of the population is not involved in the capital markets and there is scope for deepening markets through inclusion. This would provide the additional benefit of creating sustainable economic development trajectories.



## **BRICS Development Bank**

While the World Bank makes optimistic conclusions about poverty eradication, based on estimates that the total number of 'absolute poor' was reduced from 1.8 billion in 1990 to 1.4 billion in 2005, over 627 million of these people were from China alone. On the other hand, the number of poor in the developing world, excluding East Asia, increased by 246 million. Historical trends unambiguously illustrate that economic growth is not always pro-poor. Representing 43 per cent of the global population, BRICS nations must shoulder the dual responsibility of ensuring the inclusiveness of economic policies and financing development internationally.

Over the next ten years, Africa's total infrastructure investment needs are estimated at over USD 250 billion. Furthermore, if Africa is to reach MDGs by 2015, it needs to achieve an average annual growth rate of over 7 per cent, which corresponds to annual estimated new infrastructure and maintenance requirements of about 9 per cent of GDP, or USD 40 billion between 2005 and 2015.

To illustrate a regional perspective, annual spending of 3 per cent of Latin America's GDP, around USD 71 billion, is needed for new infrastructure investment and maintenance. This is compared with actual infrastructure spending of 2 per cent of GDP, around USD 47 billion, in 2005. This leaves the Latin American region with an infrastructure financing gap of approximately USD 24 billion.

It is instructive to note that with Africa, Foster and Briceno-Garmendia (2010) find that ODA, private participation and non-OECD financiers together exceed public finance provided domestically for infrastructure. To

illustrate the gaps in development spending, it can be noted that on average, the World Bank lends about USD 25 billion a year across sectors to developing countries (Table 20). This is a small sum relative to enormous gaps in infrastructure funding that exist across various regions. There is an urgent need to supplement such efforts.

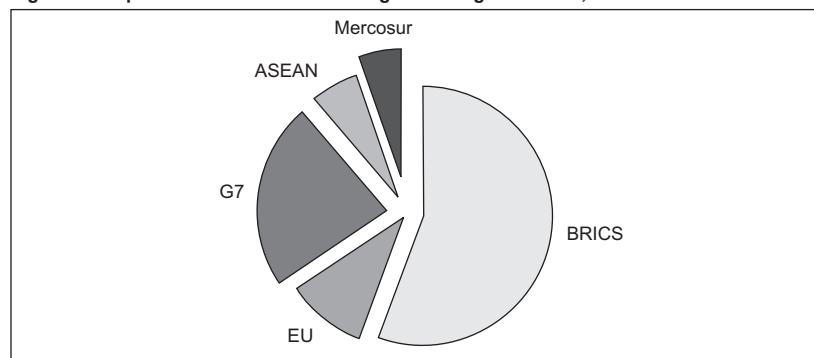
**Table 20: Total Financing Estimates of Key Multilateral Development Banks:**

MDB	Arm	Type of Financing	Commitments in 2010 or FY 2011 (Billion USD)
World Bank	IBRD	Non-concessional loans and loan guarantees	26.7
	IDA	Concessional loans and grants	16.3
	IFC	Non-concessional loans, equity investments and loan guarantees	12.2
African Development Bank	AfDB	Non-concessional loans, equity investments and loan guarantees	4.0
	AfDF	Concessional loans and grants	2.3
Asian Development Bank	AsDB	Non-concessional loans, equity investments and loan guarantees	9.3
	AsDF	Concessional loans and grants	3.2
European Bank for Reconstruction and Development	EBRD	Non-concessional loans, equity investments and loan guarantees	11.8
Inter-American Development	IDB	Non-concessional loans and loan guarantees	12.1
	FSO	Concessional loans	0.3
Total			98.2

Source: Congressional Research Service, United States Government

Ironically, simultaneous to urgent poverty alleviation and infrastructure provision challenges, the world also faces a savings glut. This is the result of a number of phenomena perhaps unique to contemporary times. These include uncertainty-driven precautionary savings by households and nations. Aggregate uncertainty has led to high reserve accumulation, even with BRICS countries (Figure 8). Additionally, savings from oil revenues has also contributed. In 2010, BRICS collectively accounted for over USD 4500 billion of reserves, compared with around USD 1900 billion in the G7 countries and just over USD 800 billion in the European Union.

**Figure 8: Proportionate Reserves of Foreign Exchange and Gold, 2010**



Source: Aggregated from IMF Data

BRICS nations are responsible for about half of global growth. In light of their increased economic weight, the voting power of developing and transition countries (DTC) in IBRD was increased by 3.13 per cent, bringing it to 47.19 per cent in 2010 (Table 21). This represents a total shift of 4.59 per cent to DTCs since 2008. The 2010 realignment includes a selective capital increase of USD 27.8 billion with paid-in capital of USD 1.6 billion. As a first step in IFC reform, there has been an increase in basic votes representing a total shift of 6.07 per cent, to bring DTC voting power to 39.48 per cent. No further reform is on the table for the next five years, so voting shares will stagnate at these inequitable levels until at least 2015.

**Table 21: BRICS Seek Equity in Multilateral Development Banks and Financing Institutions**

MDB	BRICS		OECD	
	per cent of total subscriptions	per cent of total voting power	per cent of total subscriptions	per cent of total voting power
IBRD	11.81	11.31	65.06	62.41
IFC	10.22	9.82	71.82	65.64
IDA	-	7.19	-	57.78
MIGA	11.68	10	61.74	53.47

Source: Aggregated Data from Primary Sources

There exists a good case for a BRICS-led development bank meant to supplement development financing and concessional lending towards key structures where there are funding gaps. Based on the Brazilian Ministry of Finance's 'Economic Outlook', data released by the Russian Federation,

India's 12th Five-Year Plan, KPMG's analysis of China's 12th Five-Year Plan and figures from South Africa's National Planning Commission, the following priority sectors can be identified at the outset (Table 22). Moreover, such funding must be extended to least developed economies in order to rebalance the global economy and simultaneously enable a broad based socio-economic transformation in the global South.

**Table 22: Key Sectors where Additional Development Funds are Required**

Brazil	Russia	India	China	South Africa
<ul style="list-style-type: none"> <li>• Infrastructure: Ports, Airports, High Speed Rail</li> <li>• Oil and Gas</li> <li>• Electricity</li> </ul>	<ul style="list-style-type: none"> <li>• Transport</li> <li>• Manufacturing</li> <li>• Mining</li> <li>• Electricity</li> <li>• Gas</li> <li>• Water Supply</li> </ul>	<ul style="list-style-type: none"> <li>• MSMEs</li> <li>• Infrastructure: Roads, Bridges, Railways, Ports, Airports</li> <li>• Electricity</li> <li>• Telecom</li> </ul>	<ul style="list-style-type: none"> <li>• Healthcare</li> <li>• Biotech</li> <li>• Pharmaceuticals</li> <li>• Renewable Energy</li> <li>• High End Equipment Manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>• Infrastructure</li> <li>• Mining</li> <li>• Clean tech</li> <li>• Manufacturing</li> <li>• Tourism</li> </ul>

***Suggestions for BRICS Development Bank***

- BRICS members must share equitable voting rights, and the voting framework should follow 'one country one vote' structure for the members, with consensus-based decisionmaking.
- Contribution with a cap as a percentage of total contributions—i.e. Articles of Association can mandate that none of the majority stakeholders (BRICS) can contribute more than proportionate ratio of the capital contributed by BRICS members as a whole.
- Minority equity holdings can be extended to all developing countries able to demonstrate the ability to raise capital (based on sequestering foreign reserves etc.).
- Funding: both financing and lending activities must extend to least developed economies in order to leverage the role of the bank as well as ensure equitable distribution of savings and investments globally.

- Convertible assets, such as gold and silver, can be used to provide guarantees for paid in capital in the case of countries that are not able to commit monetary assets due to currency appreciation.
- Debt issuance for sustainable infrastructure projects can be the modality for raising monies for such projects. For instance, the World Bank's Green Bonds help to earmark capital raised in the markets for climate change adaptation/mitigation.
- Additional donor funds (trust funds) for concessional lending to low income countries can be mobilised.
- Multiplier effect for non-concessional finance can be leveraged. For instance, 1:5 is a conservative leverage. Therefore approximately USD 9 billion disbursed every year based on World Bank model of paid in and callable capital ratios can finance up to USD 45 billion in projects.
- Establishment of the bank should be within the territory of a BRICS member country.
- Catalysing private capital in projects through risk mitigation guarantees and partnerships can incentivise other lenders to invest, especially in the context of small and medium enterprise loans.
- Financing concessional lending window on IDA lines/equity investment on the lines of the IFC model can be followed.
- Reserves/donations from member countries can facilitate rapid scale up of project disbursements and overall capacity to channel savings into development.
- Preferred Creditor status and cover for credit risk (sovereign lending) and political risk (private lending) can also provide incentives for growth.

- Pilot projects in key pre-identified sectors such as energy, higher education, space technology, and others, etc. could be carried out in advance of institutionalisation of such a bank, which would involve all five countries and serve as an opportunity for cooperative learning and knowledge build up on issues around investment processes and project execution.

## **Other Possible Options for Cooperation**

**T**he areas highlighted throughout this document are addressed by various stakeholders within and outside BRICS, meaning substantial interest and momentum will be generated by the grouping. This, in turn, will feed the overarching aim of creating a stable operating framework for BRICS over the coming decades. It will simultaneously lead to expectations of cooperation and collaboration in other areas of interest, which can be developed within the framework of intra-BRICS cooperation. While these areas must not dilute the primary BRICS agenda, there must be an organically created momentum once the five focus areas as highlighted in the executive summary are addressed. Some of these areas for cooperation are listed below.

### **Institutional Flexibility**

While the various BRICS nations may have differing visions of the group's role and what it may mean to each of them, it stands to reason that whatever agenda they agree upon can best be realised if BRICS has a coherent and sustained framework for continuous engagement. At the same time, policy formulation mechanisms need to be dynamic and inclusive. It is crucial that flexibility be maintained and kept central to the very idea of BRICS. The role of nodal research organisations and think tanks is crucial in this regard.

### **Reviving Traditional Knowledge Systems and Practices**

All too often, the terms 'developed' and 'underdeveloped' are torn out of their strictly economic context and given an unjustifiably broad connotation. This bias is symptomatic of a larger gap between Western

knowledge and cognitive systems and the complex realities of the developing world. It is critical for BRICS to focus on reviving indigenous knowledge and practises in a range of domains—such as traditional medicines, healthcare, agriculture and water management, and design and construction practises.

### **Sharing Developmental Knowledge and Experience**

The knowledge and experience that BRICS accumulates in individual development journeys can be consolidated and better leveraged if actively shared and adapted across the entire grouping. Formal knowledge sharing institutions could be put in place. This could occur through structured knowledge banks or mutual scholarships and training programmes. More thorough channels of communication at all levels should be opened up.

### **Technology Sharing and Innovation**

BRICS should be more proactive in bolstering research, innovation-and technology funding. Exchanging information on scientific and technological policies and programmes, and formulating joint long-term problem oriented cooperation projects could be useful first steps. Joint research in priority fields present substantial opportunities—such as aeronautics and outer space research, high-speed vehicles, microelectronics and information technology, nanotechnologies, food security and sustainable agriculture, biotechnologies, medicine, finance and insurance for hedging risks, exploration of mineral resources, remote sensing, climate change, water resources and water purification technologies.

BRICS must collectively foster better organisational, legal, financial, and personnel support for scientific, technical, and innovation cooperation. Starting with establishing high-tech areas/science parks and incubators, creating common technological platforms, stimulating joint investments in the development of high technologies, research and innovation centres,



BRICS can create conditions to more seamlessly transfer technologies for production of advanced industrial goods. At a minimum, the BRICS members can mutually benefit from documenting, standardising, and sharing information regarding innovative practices. Similarly, members can benefit from learning the efficacy of varying financial and non-financial policy instruments now used to incentivise innovation activity. At the same time, there are already significant inward flows of technology and expertise occurring via the activities of multinational firms. The BRICS nations must collaborate in order to accelerate cross-border technology sharing and transfer.

In addition to private R&D and innovation, BRICS nations can also share experiences regarding linkages built between industry and universities. They should exchange information regarding intellectual property laws, which protect IP while still incentivising the adoption and diffusion of new technologies. Apart from the economic benefits of such action, BRICS can also leverage collaborative understanding and strength for shaping the TRIPS regime under the auspices of the WTO.

### **Relevant and Bias-Free Benchmarks**

The BRICS nations need to contextualise the dominant benchmarking and ratings systems/agencies, which are Western in origin. These systems are geared towards products and services emanating from a particular context. The grouping needs to develop and popularise BRICS rating systems and benchmarks ranging from corporate governance performance assessments to capital market standards. Such benchmarks and normative guidelines could also cater to areas—such as agricultural production, pharmaceuticals and corporate governance—in the context of developing economies.

### **Regional Frameworks**

The BRICS nations are leaders within their own regions and surrounded by a cluster of smaller neighbours. At the geopolitical level, this

discrepancy can sometimes lead to regional tensions. However, this also presents significant opportunities for the smaller neighbours to benefit from external growth and development. Synergistic regional economic and developmental frameworks should be developed, which still accommodate sovereignty within a broader growth paradigm.

### **Cultural Exchange**

It is now widely accepted that BRICS needs to move beyond an annual leaders meeting. This can be achieved by instituting a variety of events and people-to-people exchanges. These can be in the sphere of cultural exchanges and conducted either at the BRICS platform or on larger international platforms, like UNESCO.

In the slightly longer term, the BRICS nations need to collectively work towards a degree of standardisation in educational programmes and, if possible, to explore issues surrounding mutual recognition of each other's accreditation. Enhanced cooperation in sports could also provide avenues for improving cultural understanding.

Formal engagement should be instituted with already existing leadership programmes and bodies, like youth leadership programmes and parliamentary teams. BRICS must support multilateral projects of member states' youth organisations and attempt to establish a Young Leaders Forum with regular exchanges between parliamentarians. A similar forum for media professionals and journalists could also be envisaged.

Attention should be paid to travel and tourism between the member countries. Visa and travel processes could be made easier and quicker. Over time, such actions could build 'soft' links between the BRICS nations that will help bolster cooperation and collective attainment of the long-term vision.

## The Way Forward

The BRICS member states aim at the group's gradual transformation from a dialogue forum focusing on a limited number of issues into a full-scale mechanism for strategic interaction on key issues of politics and economics. At the same time, it is undesirable to artificially spur the expansion and institutionalisation processes. Priority should be given to providing a solid operational foundation to the association.

A synthesis of the main implementable suggestions outlined throughout this document and the core thematic areas of interest highlighted in the executive summary are provided below:

Outcome	Viable Mechanisms/Frameworks
Reform of Global Political and Economic Governance Institutions	<ul style="list-style-type: none"><li>• Active interaction within UN and its specialised agencies</li><li>• Pursuing a collective position on UNSC governance reforms</li><li>• Ensuring equitable enforcement of 2010 IMF reforms and pushing for more equitable distribution of voting rights and representative governance structure (Executive Board)</li><li>• Active collaboration and oversight on global capital markets regulations and reform</li></ul>
Multilateral Leverage	<ul style="list-style-type: none"><li>• Swift and ambitious collective decisionmaking at multilateral fora</li><li>• Concerted efforts to bring an attitudinal change in international organisations</li><li>• Coordination on positions at multilateral negotiations</li><li>• Meeting on the sidelines of G20, Conference of Parties, WTO negotiations and other similar multilateral fora</li><li>• A more proactive role in conflict management through institutionalised coordination and collaboration based on common principles</li></ul>

A LONG-TERM VISION FOR BRICS: SUBMISSION TO THE BRICS ACADEMIC FORUM, 2013

Outcome	Viable Mechanisms/Frameworks
Furthering Market Integration	<ul style="list-style-type: none"> <li>• Diversifying exchange currency reserves</li> <li>• Instituting a BRICS Business Council</li> <li>• Fast track development of Exchange Alliance</li> <li>• Enabling commodity price discovery within BRICS markets</li> <li>• Facilitating greater volumes of trade through the Master Agreement on Extending Credit Facility in Local Currency and the BRICS Multilateral Letter of Credit Confirmation Facility</li> <li>• Emphasising FDI in infrastructure, intra-BRICS capital code</li> <li>• Joint development of market instruments, especially for hedging risks</li> <li>• Creation of a BRICS- led Development Bank</li> <li>• Creation of a Financial Markets Board</li> </ul>
Intra-BRICS Development Platform	<ul style="list-style-type: none"> <li>• Contextual benchmarks and codes of conduct for corporations</li> <li>• Contextual standards for medicines and medicine equipment among other key sectors</li> <li>• Pooling of development knowledge through nodal research organisations and think tanks</li> <li>• Global leadership in poverty alleviation initiatives through a constructive dialogue between other similar developing economies</li> <li>• People to people exchange in key areas of development research cooperation</li> <li>• Developing BRICS development cooperation agenda</li> </ul>
Sharing of Indigenous and Development Knowledge and Innovation Experiences across Key Sectors	<ul style="list-style-type: none"> <li>• Technology sharing in key sectors such as aviation, information technology, high-end manufacturing, etc.</li> <li>• Instituting a forum for healthcare professionals</li> <li>• Research cooperation and experience sharing through regular Ministerial dialogues on Universal Healthcare and Urbanisation</li> <li>• Sharing experiences on governance and process innovations through Track II and Track I channels</li> <li>• Ministerial dialogues on developing the agriculture, education and skilling sectors</li> <li>• Mapping of service delivery best practices across BRICS and creation of a virtual database of socio-economic research</li> </ul>

## **Annexure 1**

### **4th BRICS Academic Forum: Recommendations to the 4th BRICS Leaders' Summit in New Delhi**

*March 6, 2012, New Delhi*

**T**he 4 BRICS Academic Forum comprising experts and scholars from the research and academic institutions of Brazil, Russia, India, China, and South Africa, met on March 4th, 5th and 6th, 2012 in New Delhi. Given that the BRICS have covered significant ground from the first meeting of Leaders in Yekaterinburg, the Forum believes that they must seek and set concrete agendas for articulating a clear, bold and ambitious vision.

The theme for this year's Forum, "Stability, Security and Growth", represents the common aspirations of BRICS for strengthening progressive development trajectories and seeking transformations for optimal representation and participation in matters of global political, economic and financial governance. Sovereignty and International Law serve as the fundamental principles for BRICS members in world affairs and these are prerequisites for ensuring stability, security, and growth.

The imperative of economic growth cannot be substituted, and the Forum believes that BRICS must continue to create synergies for enhancing this growth through greater engagement with one another as well as with the rest of the world.

***The Forum proposes the following recommendations to the BRICS Leaders for their consideration:***

1. Given the state of the euro zone and the continued ripples created by the global financial crisis, greater emphasis must be given to creating frameworks for enabling viable and timely responses to both endogenous and exogenous financial shocks within and outside BRICS. To this end, a systematic approach must be articulated to respond to any further economic downturns in the global economy.
2. The BRICS nations must seek to create institutions that enable viable alternatives for enhancing inclusive socio-economic development agenda within and outside BRICS. Such institutions must eventually seek to set global benchmarks for best practices and standards.
3. BRICS agreed to “strengthen financial cooperation” among their individual development banks at the Leaders' Summit at Sanya in 2011. For furthering this objective, the Forum recommends studying the establishment and operational modalities of financial institutions such as a Development Bank and/or an Investment Fund that can assist in the development of BRICS and other developing countries.
4. BRICS must evolve as a platform for creating contextualised multilateral policies, and by mutual consultation develop viable and credible mechanisms to respond to local, regional, and international political and social turbulence such as the events being witnessed in West Asia and North Africa.
5. The increasing involvement of non-state actors and the dilution of the principle of non-interference are dual challenges that need to be met. Appropriate policies consistent with International Law need to be studied by BRICS academic institutions.

6. The BRICS are home to some of the most bio-diverse regions in the world and they must work together to preserve such diversity through exchanges and consultations. They also must share experiences of integrating natural assets with their national macro-economic policies.
7. As home to nearly half of the world's population, BRICS have a responsibility to create pathways for sustainable development. BRICS could learn from policy successes as well as failures of the past from within and outside BRICS, and seek to implement policy solutions for sustainable development. In this context BRICS must bring to the fore inclusive growth and equitable development as the central narrative at global fora such as Rio+20.
8. BRICS must study the role of financial and non-financial policy instruments in promoting innovation, strengthening University-Industry linkages and evolving TRIPS-compatible IPR policies.
9. The BRICS nations have a responsibility to respond to the increase in terrorist activities, illicit narcotics trade, money laundering, human trafficking, and other new challenges. They must work together to neutralise the threats posed to each of them by sharing resources and information where appropriate, and through collaboration between relevant institutions in the member countries.
10. The Forum noted that a website has already been created by the Indian coordinator on BRICS issues. This could be further evolved into a virtual platform for the academic community for dissemination of developments, research, and ideas. The Forum also suggests that the academic community and governments must work towards enhancing visibility of BRICS in their own countries and create an identifiable brand value.

11. Recent trends have shown that the BRICS are still very vulnerable to food and commodity price volatility. This, in turn, has exposed gaps in existing market policies and regulations as well as highlighted the imperative of resource efficiency. The BRICS should increase intra-BRICS cooperation in order to provide stable economic anchors for price volatility while simultaneously enhancing efficiency of resource use through better management, standards, and technologies.
12. Urbanisation is both a common challenge and an opportunity for BRICS. Additional capability and capacity building within urban agglomerations must be prioritised through sharing knowledge, policies, and skills. Key actionable areas need to include infrastructure development, investments in mass transport, and programmes to enable social transformation.
13. The BRICS members must study the efficacy of their individual education policies and policies on Affirmative Action in promoting inclusive growth. Documenting and sharing related outcomes could prove mutually beneficial. As a first step, each of the member countries could use the Internet-based platform for distance learning about one another's history and socio-economic development.
14. Cultural cooperation and connectivity between BRICS countries should be promoted. Instituting scholarships to promote student exchange between BRICS and creation of platform for dialogue and interface between representatives from legislative bodies, political parties and young leaders of the member nations could complement such efforts.
15. The BRICS are replete with instances and examples of innovative technologies, policies and practices. They must create linkages and institutions to share such learning, in order to promote economic



growth and human development. An exchange programme of scholars, experts and business leaders in the area of innovation and entrepreneurship would present a good opportunity to enable this. In this context, diversified linkages could be established among the business schools and other institutions of the five countries.

16. BRICS experts must undertake a thorough assessment of indigenous knowledge and practices to deal with common challenges such as eco-friendly agricultural practices, efficient water use, disaster management, and other humanitarian issues.
17. BRICS need to collaborate on the realisation of the ideal of 'universal healthcare and medicines for all'. They must enable sharing of policies, practices, standards and experiences on public healthcare and create a community of healthcare professionals across BRICS. It is also suggested that the members must collaborate in strengthening the understanding and dissemination of traditional medicines and therapeutic practices. BRICS members must also coordinate and cooperate in international fora such as the WTO and work towards the effective transformation of WHO programmes.

The BRICS academic institutions and governments must share their hosting experiences from the annual Academic Forums and Summits in order to make successive interactions more productive and efficient.

BRICS engagements must be increased in range and frequency. To this end a Memorandum of Understanding has been signed between BRICS coordinating research institutions. BRICS must explore and make use of such avenues and partnerships among member countries.

The BRICS Academic Forum wishes the Indian government the very best for hosting the 4th BRICS Leaders' Summit and is confident that the Forum's recommendations will be considered.

The Forum appreciates the warm hospitality and expresses a hearty thank you to the Observer Research Foundation for all arrangements.

The Forum looks forward to the next meeting of academics in 2013, to be held in South Africa and they will continue their active engagement and offer full support to the organisers.

## **Annexure 2**

### **Joint Statement of the BRIC Countries' Leaders**

*Yekaterinburg, Russia, June 16, 2009*

**W**e, the leaders of the Federative Republic of Brazil, the Russian Federation, the Republic of India, and the People's Republic of China, have discussed the current situation in global economy and other pressing issues of global development, and also prospects for further strengthening collaboration within the BRIC, at our meeting in Yekaterinburg on June 16, 2009.

***We have arrived at the following conclusions:***

1. We stress the central role played by the G20 Summits in dealing with the financial crisis. They have fostered cooperation, policy coordination and political dialogue regarding international economic and financial matters.
2. We call upon all states and relevant international bodies to act vigorously to implement the decisions adopted at the G20 Summit in London on April 2, 2009. We shall cooperate closely among ourselves and with other partners to ensure further progress of collective action at the next G20 Summit to be held in Pittsburgh in September 2009. We look forward to a successful outcome of the United Nations Conference on the World Financial and Economic Crisis and its Impact on Development to be held in New York on June 24-26, 2009.

3. We are committed to advance the reform of international financial institutions, so as to reflect changes in the global economy. The emerging and developing economies must have greater voice and representation in international financial institutions, whose heads and executives should be appointed through an open, transparent, and merit-based selection process. We also believe that there is a strong need for a stable, predictable and more diversified international monetary system.
4. We are convinced that a reformed financial and economic architecture should be based, inter alia, on the following principles:
  - democratic and transparent decision-making and implementation process at the international financial organisations;
  - solid legal basis;
  - compatibility of activities of effective national regulatory institutions and international standard-setting bodies;
  - strengthening of risk management and supervisory practices.
5. We recognise the important role played by international trade and foreign direct investments in the world economic recovery. We call upon all parties to work together to improve the international trade and investment environment. We urge the international community to keep the multilateral trading system stable, curb trade protectionism, and push for comprehensive and balanced results of the WTO's Doha Development Agenda.
6. The poorest countries have been hit hardest by the financial crisis. The international community needs to step up efforts to provide liquid financial resources for these countries. The international community should also strive to minimise the impact of the crisis on development and ensure the achievement of the Millennium Development Goals. Developed countries should fulfil their commitment of 0.7 per cent of Gross National Income for the

Official Development Assistance and make further efforts in increasing assistance, debt relief, market access and technology transfer for developing countries.

7. The implementation of the concept of sustainable development, comprising, inter alia, the Rio Declaration, Agenda for the 21st Century and multilateral environmental agreements, should be a major vector in the change of paradigm of economic development.
8. We stand for strengthening coordination and cooperation among states in the energy field, including amongst energy producers and consumers and transit states, in an effort to decrease uncertainty and ensure stability and sustainability. We support diversification of energy resources and supply, including renewable energy, security of energy transit routes and creation of new energy investments and infrastructure.
9. We support international cooperation in the field of energy efficiency. We stand ready for a constructive dialogue on how to deal with climate change based on the principle of common but differentiated responsibility, given the need to combine measures to protect the climate with steps to fulfil our socio-economic development tasks.
10. We reaffirm to enhance cooperation among our countries in socially vital areas and to strengthen the efforts for the provision of international humanitarian assistance and for the reduction of natural disaster risks. We take note of the statement on global food security issued today as a major contribution of the BRIC countries to the multilateral efforts to set up the sustainable conditions for this goal.
11. We reaffirm to advance cooperation among our countries in science and education with the aim, inter alia, to engage in fundamental research and development of advanced technologies.

12. We underline our support for a more democratic and just multi-polar world order based on the rule of international law, equality, mutual respect, cooperation, coordinated action and collective decision-making of all states. We reiterate our support for political and diplomatic efforts to peacefully resolve disputes in international relations.
13. We strongly condemn terrorism in all its forms and manifestations and reiterate that there can be no justification for any act of terrorism anywhere or for whatever reasons. We note that the draft Comprehensive Convention against International Terrorism is currently under the consideration of the UN General Assembly and call for its urgent adoption.
14. We express our strong commitment to multilateral diplomacy with the United Nations playing the central role in dealing with global challenges and threats. In this respect, we reaffirm the need for a comprehensive reform of the UN with a view to making it more efficient so that it can deal with today's global challenges more effectively. We reiterate the importance we attach to the status of India and Brazil in international affairs, and understand and support their aspirations to play a greater role in the United Nations.
15. We have agreed upon steps to promote dialogue and cooperation among our countries in an incremental, proactive, pragmatic, open and transparent way. The dialogue and cooperation of the BRIC countries is conducive not only to serving common interests of emerging market economies and developing countries, but also to building a harmonious world of lasting peace and common prosperity.
16. Russia, India and China welcome the kind invitation of Brazil to the next BRIC summit it will host in 2010.

## **Annexure 3**

### **2nd BRIC Summit of Heads of State and Government: Joint Statement**

*Brasília, April 15, 2010*

**W**e, the leaders of the Federative Republic of Brazil, the Russian Federation, the Republic of India and the People's Republic of China, met in Brasília on 15 April 2010 to discuss major issues of the international agenda as well as concrete steps to move forward the cooperation and coordination within BRIC.

*We have agreed on the following:*

#### **Common Vision and Global Governance**

1. We share the perception that the world is undergoing major and swift changes that highlight the need for corresponding transformations in global governance in all relevant areas.
2. We underline our 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.
3. We stress the central role played by the G-20 in combating the crisis through unprecedented levels of coordinated action. We welcome the fact that the G-20 was confirmed as the premier forum for international economic coordination and cooperation of all its

member states. Compared to previous arrangements, the G-20 is broader, more inclusive, diverse, representative and effective. We call upon all its member states to undertake further efforts to implement jointly the decisions adopted at the three G-20 Summits.

We advocate the need for the G-20 to be proactive and formulate a coherent strategy for the post-crisis period. We stand ready to make a joint contribution to this effort.

4. We express our strong commitment to multilateral diplomacy with the United Nations playing the central role in dealing with global challenges and threats. In this respect, we reaffirm the need for a comprehensive reform of the UN, with a view to making it more effective, efficient and representative, so that it can deal with today's global challenges more effectively. We reiterate the importance we attach to the status of India and Brazil in international affairs, and understand and support their aspirations to play a greater role in the United Nations.
5. We believe the deepened and broadened dialogue and cooperation of the BRIC countries is conducive not only to serving common interests of emerging market economies and developing countries, but also to building a harmonious world of lasting peace and common prosperity. We have agreed upon steps to promote dialogue and cooperation among our countries in an incremental, proactive, pragmatic, open and transparent way.

#### **International Economic and Financial Issues**

6. The world economic situation has improved since our first meeting in June 2009, in Ekaterinburg. We welcome the resumption of economic growth, in which emerging market economies are playing a very important role. However, we recognise that the foundation of world economic recovery is not yet solid, with uncertainties



remaining. We call upon all states to strengthen macroeconomic cooperation, jointly secure world economic recovery and achieve a strong, sustainable and balanced growth. We reiterate our determination to make positive efforts in maintaining domestic economic recovery and promoting development in our own countries and worldwide.

7. We underline the importance of maintaining relative stability of major reserve currencies and sustainability of fiscal policies in order to achieve a strong, long-term balanced economic growth.
8. We are convinced that emerging market economies and developing countries have the potential to play an even larger and active role as engines of economic growth and prosperity, while at the same time commit to work together with other countries towards reducing imbalances in global economic development and fostering social inclusion.
9. G-20 members, with a significant contribution from BRIC countries, have greatly increased resources available to the IMF. We support the increase of capital, under the principle of fair burden-sharing, of the International Bank for Reconstruction and Development and of the International Finance Corporation, in addition to more robust, flexible and agile client-driven support for developing economies from multilateral development banks.
10. Despite promising positive signs, much remains to be done. We believe that the world needs today a reformed and more stable financial architecture that will make the global economy less prone and more resilient to future crises, and that there is a greater need for a more stable, predictable and diversified international monetary system.
11. We will strive to achieve an ambitious conclusion to the on-going and long overdue reforms of the Bretton Woods institutions. The

IMF and the World Bank urgently need to address their legitimacy deficits. Reforming these institutions' governance structures requires first and foremost a substantial shift in voting power in favour of emerging market economies and developing countries to bring their participation in decision making in line with their relative weight in the world economy. We call for the voting power reform of the World Bank to be fulfilled in the upcoming Spring Meetings, and expect the quota reform of the IMF to be concluded by the G-20 Summit in November this year. We do also agree on the need for an open and merit based selection method, irrespective of nationality, for the heading positions of the IMF and the World Bank. Moreover, staff of these institutions needs to better reflect the diversity of their membership. There is a special need to increase participation of developing countries. The international community must deliver a result worthy of the expectations we all share for these institutions within the agreed timeframe or run the risk of seeing them fade into obsolescence.

12. In the interest of promoting international economic stability, we have asked our Finance Ministers and Central Bank Governors to look into regional monetary arrangements and discuss modalities of cooperation between our countries in this area. In order to facilitate trade and investment, we will study feasibilities of monetary cooperation, including local currency trade settlement arrangement between our countries.
13. Recent events have shattered the belief about the self-regulating nature of financial markets. Therefore, there is a pressing need to foster and strengthen cooperation regarding the regulation and supervision of all segments, institutions and instruments of financial markets. We remain committed to improve our own national regulations, to push for the reform of the international financial regulatory system and to work closely with international standard setting bodies, including the Financial Stability Board.

### **International Trade**

14. We stress the importance of the multilateral trading system, embodied in the World Trade Organisation, for providing an open, stable, equitable and non-discriminatory environment for international trade. In this connection, we commit ourselves and urge all states to resist all forms of trade protectionism and fight disguised restrictions on trade. We concur in the need for a comprehensive and balanced outcome of the Doha Round of multilateral trade talks, in a manner that fulfils its mandate as a “development round”, based on the progress already made, including with regard to modalities. We take note and strongly support Russia's bid for accession to the WTO.

### **Development**

15. We reiterate the importance of the UN Millennium Declaration and the need to achieve the Millennium Development Goals (MDGs). We underscore the importance of preventing a potential setback to the efforts of poor countries aimed at achieving MDGs due to the effects of the economic and financial crisis. We should also make sustained efforts to achieve the MDGs by 2015, including through technical cooperation and financial support to poor countries in implementation of development policies and social protection for their populations. We expect the UN MDG Summit, in September 2010, to promote the implementation of MDGs through policy recommendations. We stress that sustainable development models and paths of developing countries should be fully respected and necessary policy space of developing countries should be guaranteed.
16. The poorest countries have been the hardest hit by the economic and financial crisis. The commitments regarding the aid to the developing states, especially those related to the MDGs, should be

fulfilled, and there should be no reduction in development assistance. An inclusive process of growth for the world economy is not only a matter of solidarity but also an issue of strategic importance for global political and economic stability.

### **Agriculture**

17. We express our satisfaction with the Meeting of Ministers of Agriculture and Agrarian Development in Moscow, where they discussed ways of promoting quadripartite cooperation, with particular attention to family farming. We are convinced that this will contribute towards global food production and food security. We welcome their decision to create an agricultural information base system of the BRIC countries, to develop a strategy for ensuring access to food for vulnerable population, to reduce the negative impact of climate change on food security, and to enhance agriculture technology cooperation and innovation.

### **Fight against poverty**

18. We call upon the international community to make all the necessary efforts to fight poverty, social exclusion and inequality bearing in mind the special needs of developing countries, especially LDCs, small islands and African Countries. We support technical and financial cooperation as means to contribute to the achievement of sustainable social development, with social protection, full employment, and decent work policies and programmes, giving special attention to the most vulnerable groups, such as the poor, women, youth, migrants and persons with disabilities.

### **Energy**

19. We recognise that energy is an essential resource for improving the standard of living of our peoples and that access to energy is of

paramount importance to economic growth with equity and social inclusion. We will aim to develop cleaner, more affordable and sustainable energy systems, to promote access to energy and energy efficient technologies and practices in all sectors. We will aim to diversify our energy mix by increasing, where appropriate, the contribution of renewable energy sources, and will encourage the cleaner, more efficient use of fossil fuels and other fuels. In this regard, we reiterate our support to the international cooperation in the field of energy efficiency.

20. We recognise the potential of new, emerging, and environmentally friendly technologies for diversifying energy mix and the creation of jobs. In this regard we will encourage, as appropriate, the sustainable development, production and use of biofuels. In accordance with national priorities, we will work together to facilitate the use of renewable energy, through international cooperation and the sharing of experiences on renewable energy, including biofuels technologies and policies.
21. We believe that BRIC member countries can cooperate in training, R&D, Consultancy services and technology transfer, in the energy sector.

### **Climate Change**

22. We acknowledge that climate change is a serious threat which requires strengthened global action. We commit ourselves to promote the 16th Conference of the Parties to the United Nations Framework Convention on Climate Change and the 6th Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol, in Mexico, to achieve a comprehensive, balanced and binding result to strengthen the implementation of the Convention and the Protocol. We believe that the Convention and the Protocol provide the framework for international negotiations

on climate change. The negotiations in Mexico should be more inclusive, transparent, and should result in outcomes that are fair and effective in addressing the challenge of climate change, while reflecting the principles of the Convention, especially the principle of equity and common but differentiated responsibilities.

### **Terrorism**

23. We condemn terrorist acts in all forms and manifestations. We note that the fight against international terrorism must be undertaken with due respect to the UN Charter, existing international conventions and protocols, the UN General Assembly and Security Council resolutions relating to international terrorism, and that the prevention of terrorist acts is as important as the repression of terrorism and its financing. In this context, we urge early conclusion of negotiations in the UN General Assembly of the Comprehensive Convention on International Terrorism and its adoption by all Member States.
24. Brazil and China express their sympathy and solidarity with the people and Governments of Russia and India which suffered from recent barbaric terrorist attacks. Terrorism cannot be justified by any reason.

### **Alliance of Civilisations**

25. We affirm the importance of encouraging the dialogue among civilisations, cultures, religions and peoples. In this respect, we support the "Alliance of Civilisations", a United Nations' initiative aimed at building bridges, mutual knowledge and understanding around the world. We praise the Brazilian decision to host, in Rio de Janeiro, in May 2010, the 3rd Global Forum and confirm our intention to be present at the event, in appropriate high level.

## **Haiti**

26. We reaffirm our solidarity towards the Haitian people, who have been struggling under dire circumstances since the earthquake of January 12th, and reiterate our commitment to gather efforts with the international community in order to help rebuilding the country, under the guidance of the Haitian government, and according to the priorities established by the Action Plan for National Recovery and Development of Haiti.

## **Cooperation**

27. We welcome the following sectoral initiatives aimed at strengthening cooperation among our countries:
- a) the first Meeting of Ministers of Agriculture and Agrarian Development;
  - b) the Meetings of Ministers of Finance and Governors of Central Banks;
  - c) the Meetings of High Representatives for Security Issues;
  - d) the I Exchange Program for Magistrates and Judges, of BRIC countries, held in March 2010 in Brazil following the signature in 2009 of the Protocol of Intent among the BRIC countries' Supreme Courts;
  - e) the first Meeting of Development Banks;
  - f) the first Meeting of the Heads of the National Statistical Institutions;
  - g) the Conference of Competition Authorities;
  - h) the first Meeting of Cooperatives;
  - i) the first Business Forum;
  - j) the Conference of think tanks.
28. We also endorse other important manifestations of our desire to deepen our relationship, such as:
- a) the joint publication by our respective national statistical institutions which is going to be released today;

- b) a feasibility study for developing a joint BRIC encyclopaedia.
29. We reaffirm our commitment to advance cooperation among BRIC countries in science, culture and sports.
30. We express our confidence in the success of the 2010 World Expo in Shanghai, the 2010 Commonwealth Games in New Delhi, the 2013 World Student Games in Kazan, the 2014 Winter Olympic and Paralympic Games in Sochi, the FIFA 2014 World Cup in Brazil and the 2016 Olympic and Paralympic Games in Rio de Janeiro.
31. We reaffirm the efforts to strengthen our cooperation and assistance for reduction of natural disasters. Russia and India express their condolences and solidarity with the people and Governments of Brazil and China, for the lives lost in the mudslide in Rio de Janeiro, Brazil, and in the earthquake in Yushu, China.

### **III BRIC Summit**

32. Brazil, Russia and India appreciate the offer of China to host the III BRIC Summit in 2011.
33. Russia, India and China express their profound gratitude to the Government and people of Brazil for hosting the II BRIC Summit.



## **Annexure 4**

### **Sanya Declaration**

*Sanya, Hainan, China, April 14, 2011*

1. We, the Heads of State and Government 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 Sanya, Hainan, China for the BRICS Leaders Meeting on 14 April 2011.
2. The Heads of State and Government of Brazil, Russia, India and China welcome South Africa joining the BRICS and look forward to strengthening dialogue and cooperation with South Africa within the forum.
3. It is the overarching objective and strong shared desire for peace, security, development and cooperation that brought together BRICS countries with a total population of nearly 3 billion from different continents. BRICS aims at contributing significantly to the development of humanity and establishing a more equitable and fair world.
4. The 21st century should be marked by peace, harmony, cooperation and scientific development. Under the theme "Broad Vision, Shared Prosperity", we conducted candid and in-depth discussions and reached broad consensus on strengthening BRICS cooperation as well as on promoting coordination on international and regional issues of common interest.

5. We affirm that the BRICS and other emerging countries have played an important role in contributing to world peace, security and stability, boosting global economic growth, enhancing multilateralism and promoting greater democracy in international relations.
6. In the economic, financial and development fields, BRICS serves as a major platform for dialogue and cooperation. We are determined to continue strengthening the BRICS partnership for common development and advance BRICS cooperation in a gradual and pragmatic manner, reflecting the principles of openness, solidarity and mutual assistance. We reiterate that such cooperation is inclusive and non-confrontational. We are open to increasing engagement and cooperation with non-BRICS countries, in particular emerging and developing countries, and relevant international and regional organisations.
7. We share the view that the world is undergoing far-reaching, complex and profound changes, marked by the strengthening of multipolarity, economic globalisation and increasing interdependence. While facing the evolving global environment and a multitude of global threats and challenges, the international community should join hands to strengthen cooperation for common development. Based on universally recognised norms of international law and in a spirit of mutual respect and collective decision making, global economic governance should be strengthened, democracy in international relations should be promoted, and the voice of emerging and developing countries in international affairs should be enhanced.
8. We express our strong commitment to multilateral diplomacy with the United Nations playing the central role in dealing with global challenges and threats. In this respect, we reaffirm the need for a comprehensive reform of the UN, including its Security Council,

with a view to making it more effective, efficient and representative, so that it can deal with today's global challenges more successfully. China and Russia reiterate the importance they attach to the status of India, Brazil and South Africa in international affairs, and understand and support their aspiration to play a greater role in the UN.

9. We underscore that the concurrent presence of all five BRICS countries in the Security Council during the year of 2011 is a valuable opportunity to work closely together on issues of peace and security, to strengthen multilateral approaches and to facilitate future coordination on issues under UN Security Council consideration. We are deeply concerned with the turbulence in the Middle East , the North African and West African regions and sincerely wish that the countries affected achieve peace, stability, prosperity and progress and enjoy their due standing and dignity in the world according to legitimate aspirations of their peoples. We share the principle that the use of force should be avoided. We maintain that the independence, sovereignty, unity and territorial integrity of each nation should be respected.
10. We wish to continue our cooperation in the UN Security Council on Libya. We are of the view that all the parties should resolve their differences through peaceful means and dialogue in which the UN and regional organisations should as appropriate play their role. We also express support for the African Union High-Level Panel Initiative on Libya.
11. 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 United Nations has a central role in coordinating the international action against terrorism within the framework of the UN Charter and in accordance with principles and norms of the international law. In

this context, we urge early conclusion of negotiations in the UN General Assembly of the Comprehensive Convention on International Terrorism and its adoption by all Member States. We are determined to strengthen our cooperation in countering this global threat. We express our commitment to cooperate for strengthening international information security. We will pay special attention to combat cybercrime.

12. We note that the world economy is gradually recovering from the financial crisis, but still faces uncertainties. Major economies should continue to enhance coordination of macro-economic policies and work together to achieve strong, sustainable and balanced growth.
13. We are committed to assure that the BRICS countries will continue to enjoy strong and sustained economic growth supported by our increased cooperation in economic, finance and trade matters, which will contribute to the long-term steady, sound and balanced growth of the world economy.
14. We support the Group of Twenty (G20) in playing a bigger role in global economic governance as the premier forum for international economic cooperation. We expect new positive outcomes in the fields of economy, finance, trade and development from the G20 Cannes Summit in 2011. We support the ongoing efforts of G20 members to stabilise international financial markets, achieve strong, sustainable and balanced growth and support the growth and development of the global economy. Russia offers to host the G20 Summit in 2013. Brazil, India, China and South Africa welcome and appreciate Russia's offer.
15. We call for a quick achievement of the targets for the reform of the International Monetary Fund agreed to at previous G20 Summits and reiterate that the governing structure of the international

financial institutions should reflect the changes in the world economy, increasing the voice and representation of emerging economies and developing countries.

16. Recognizing that the international financial crisis has exposed the inadequacies and deficiencies of the existing international monetary and financial system, 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 current discussion about the role of the SDR in the existing international monetary system including the composition of SDR's basket of currencies. We call for more attention to the risks of massive cross-border capital flows now faced by the emerging economies. We call for further international financial regulatory oversight and reform, strengthening policy coordination and financial regulation and supervision cooperation, and promoting the sound development of global financial markets and banking systems.
17. Excessive volatility in commodity prices, particularly those for food and energy, poses new risks for the ongoing recovery of the world economy. We support the international community in strengthening cooperation to ensure stability and strong development of physical market by reducing distortion and further regulate financial market. The international community should work together to increase production capacity, strengthen producer-consumer dialogue to balance supply and demand, and increase support to the developing countries in terms of funding and technologies. The regulation of the derivatives market for commodities should be accordingly strengthened to prevent activities capable of destabilizing markets. We also should address the problem of shortage of reliable and timely information on demand and supply at international, regional and national levels. The BRICS will carry out closer cooperation on food security.

18. We support the development and use of renewable energy resources. We recognise the important role of renewable energy as a means to address climate change. We are convinced of the importance of cooperation and information exchange in the field of development of renewable energy resources.
19. Nuclear energy will continue to be an important element in future energy mix of BRICS countries. International cooperation in the development of safe nuclear energy for peaceful purposes should proceed under conditions of strict observance of relevant safety standards and requirements concerning design, construction and operation of nuclear power plants.
20. Accelerating sustainable growth of developing countries is one of the major challenges for the world. We believe that growth and development are central to addressing poverty and to achieving the MDG goals. Eradication of extreme poverty and hunger is a moral, social, political and economic imperative of humankind and one of the greatest global challenges facing the world today, particularly in Least Developed Countries in Africa and elsewhere.
21. We call on the international community to actively implement the outcome document adopted by the High-level Plenary Meeting of the United Nations General Assembly on the Millennium Development Goals held in September 2010 and achieve the objectives of the MDGs by 2015 as scheduled.
22. Climate change is one of the global threats challenging the livelihood of communities and countries. China, Brazil, Russia and India appreciate and support South Africa's hosting of UNFCCC COP17/CMP7. We support the Cancun Agreements and are ready to make concerted efforts with the rest of the international community to bring a successful conclusion to the negotiations at the Durban Conference applying the mandate of the Bali Roadmap and in line with the principle of equity and common but

differentiated responsibilities. We commit ourselves to work towards a comprehensive, balanced and binding outcome to strengthen the implementation of the United Nations Framework Convention on Climate Change and its Kyoto Protocol. The BRICS will intensify cooperation on the Durban conference. We will enhance our practical cooperation in adapting our economy and society to climate change.

23. Sustainable development, as illustrated by the Rio Declaration on Environment and Development, Agenda 21, the Johannesburg Plan of Implementation and multilateral environmental treaties, should be an important vehicle to advance economic growth. China, Russia, India and South Africa appreciate Brazil as the host of the 2012 UN Conference on Sustainable Development and look forward to working with Brazil to reach new political commitment and achieve positive and practical results in areas of economic growth, social development and environmental protection under the framework of sustainable development. Brazil, Russia, China and South Africa appreciate and support India's hosting of the eleventh meeting of the Conference of the Parties to the Convention on Biological Diversity. Brazil, China and South Africa also appreciate and support the sixth meeting of the Conference of the Parties serving as the meeting of the Parties to the Cartagena Protocol on Biosafety to be held in October 2012.
24. We underscore our firm commitment to strengthen dialogue and cooperation in the fields of social protection, decent work, gender equality, youth, and public health, including the fight against HIV /AIDS.
25. We support infrastructure development in Africa and its industrialisation within framework of the New Partnership for Africa's Development (NEPAD).

26. We have agreed to continue further expanding and deepening economic, trade and investment cooperation among our countries. We encourage all countries to refrain from resorting to protectionist measures. We welcome the outcomes of the meeting of BRICS Trade Ministers held in Sanya on 13 April 2011. Brazil, China, India and South Africa remain committed and call upon other members to support a strong, open, rule-based multilateral trading system embodied in the World Trade Organisation and a successful, comprehensive and balanced conclusion of the Doha Development Round, built on the progress already made and consistent with its development mandate. Brazil, India, China and South Africa extend full support to an early accession of Russia to the World Trade Organisation.
27. We reviewed the progress of the BRICS cooperation in various fields and share the view that such cooperation has been enriching and mutually beneficial and that there is a great scope for closer cooperation among the BRICS. We are focused on the consolidation of BRICS cooperation and the further development of its own agenda. We are determined to translate our political vision into concrete actions and endorse the attached Action Plan, which will serve as the foundation for future cooperation. We will review the implementation of the Action Plan during our next Leaders Meeting.
28. We intend to explore cooperation in the sphere of science, technology and innovation, including the peaceful use of space. We congratulate the Russian people and government upon the 50th anniversary of the flight of Yury Gagarin into the space, which ushered in a new era in development of science and technology.
29. We express our confidence in the success of the 2011 Universiade in Shenzhen, the 2013 Universiade in Kazan, the 2014 Youth Olympic Games in Nanjing, the 2014 Winter Olympic and Paralympics



Games in Sochi, the FIFA 2014 World Cup in Brazil, the 2016 Olympic and Paralympics Games in Rio de Janeiro and the FIFA 2018 World Cup in Russia.

30. We extend our deepest condolences to the people of Japan with the great loss of life following the disasters that struck the country. We will continue our practical support to Japan in overcoming consequences of these catastrophes.
31. The leaders of Brazil, Russia, India and South Africa extend our warm appreciation to China for hosting the BRICS Leaders Meeting and the Hainan Provincial Government and Sanya Municipal Government and their people for their support to the Meeting.
32. Brazil, Russia, China and South Africa thank India for hosting the BRICS Leaders Meeting in 2012 and offer their full support.



## **Annexure 5**

### **Fourth BRICS Summit - Delhi Declaration**

*29 March, New Delhi, 2012*

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 New Delhi, India, on 29 March 2012 at the Fourth BRICS Summit. Our discussions, under the overarching theme, "BRICS Partnership for Global Stability, Security and Prosperity", were conducted in an atmosphere of cordiality and warmth and inspired by a shared desire to further strengthen our partnership for common development and take our cooperation forward on the basis of openness, solidarity, mutual understanding and trust.
2. We met against the backdrop of developments and changes of contemporary global and regional importance – a faltering global recovery made more complex by the situation in the euro zone; concerns of sustainable development and climate change which take on greater relevance as we approach the UN Conference on Sustainable Development (Rio+20) and the Conference of Parties to the Convention on Biological Diversity being hosted in Brazil and India respectively later this year; the upcoming G20 Summit in Mexico and the recent 8th WTO Ministerial Conference in Geneva; and the developing political scenario in the Middle East and North Africa that we view with increasing concern. Our deliberations today reflected our consensus to remain engaged with the world community as we address these challenges to global well-being and stability in a responsible and constructive manner.

3. BRICS is a platform for dialogue and cooperation amongst countries that represent 43 per cent of the world's population, for the promotion of peace, security and development in a multi-polar, inter-dependent and increasingly complex, globalizing world. Coming, as we do, from Asia, Africa, Europe and Latin America, the transcontinental dimension of our interaction adds to its value and significance.
4. We envision a future marked by global peace, economic and social progress and enlightened scientific temper. We stand ready to work with others, developed and developing countries together, on the basis of universally recognised norms of international law and multilateral decision making, to deal with the challenges and the opportunities before the world today. Strengthened representation of emerging and developing countries in the institutions of global governance will enhance their effectiveness in achieving this objective.
5. We are concerned over the current global economic situation. While the BRICS recovered relatively quickly from the global crisis, growth prospects worldwide have again got dampened by market instability especially in the euro zone. The build-up of sovereign debt and concerns over medium to long-term fiscal adjustment in advanced countries are creating an uncertain environment for global growth. Further, excessive liquidity from the aggressive policy actions taken by central banks to stabilise their domestic economies have been spilling over into emerging market economies, fostering excessive volatility in capital flows and commodity prices. The immediate priority at hand is to restore market confidence and get global growth back on track. We will work with the international community to ensure international policy coordination to maintain macroeconomic stability conducive to the healthy recovery of the global economy.

6. We believe that it is critical for advanced economies to adopt responsible macroeconomic and financial policies, avoid creating excessive global liquidity and undertake structural reforms to lift growth that create jobs. We draw attention to the risks of large and volatile cross-border capital flows being faced by the emerging economies. We call for further international financial regulatory oversight and reform, strengthening policy coordination and financial regulation and supervision cooperation, and promoting the sound development of global financial markets and banking systems.
7. In this context, we believe that the primary role of the G20 as premier forum for international economic cooperation at this juncture is to facilitate enhanced macroeconomic policy coordination, to enable global economic recovery and secure financial stability, including through an improved international monetary and financial architecture. We approach the next G20 Summit in Mexico with a commitment to work with the Presidency, all members and the international community to achieve positive results, consistent with national policy frameworks, to ensure strong, sustainable and balanced growth.
8. We recognise the importance of the global financial architecture in maintaining the stability and integrity of the global monetary and financial system. We therefore call for a more representative international financial architecture, with an increase in the voice and representation of developing countries and the establishment and improvement of a just international monetary system that can serve the interests of all countries and support the development of emerging and developing economies. Moreover, these economies having experienced broad-based growth are now significant contributors to global recovery.
9. We are however concerned at the slow pace of quota and governance reforms in the IMF. We see an urgent need to implement, as agreed,

the 2010 Governance and Quota Reform before the 2012 IMF/World Bank Annual Meeting, as well as the comprehensive review of the quota formula to better reflect economic weights and enhance the voice and representation of emerging market and developing countries by January 2013, followed by the completion of the next general quota review by January 2014. This dynamic process of reform is necessary to ensure the legitimacy and effectiveness of the Fund. We stress that the ongoing effort to increase the lending capacity of the IMF will only be successful if there is confidence that the entire membership of the institution is truly committed to implement the 2010 Reform faithfully. We will work with the international community to ensure that sufficient resources can be mobilised to the IMF in a timely manner as the Fund continues its transition to improve governance and legitimacy. We reiterate our support for measures to protect the voice and representation of the IMF's poorest members.

10. We call upon the IMF to make its surveillance framework more integrated and even-handed, noting that IMF proposals for a new integrated decision on surveillance would be considered before the IMF Spring Meeting.
11. In the current global economic environment, we recognise that there is a pressing need for enhancing the flow of development finance to emerging and developing countries. We therefore call upon the World Bank to give greater priority to mobilising resources and meeting the needs of development finance while reducing lending costs and adopting innovative lending tools.
12. We welcome the candidatures from developing world for the position of the President of the World Bank. We reiterate that the Heads of IMF and World Bank be selected through an open and merit-based process. Furthermore, the new World Bank leadership must commit to transform the Bank into a multilateral institution

that truly reflects the vision of all its members, including the governance structure that reflects current economic and political reality. Moreover, the nature of the Bank must shift from an institution that essentially mediates North-South cooperation to an institution that promotes equal partnership with all countries as a way to deal with development issues and to overcome an outdated donor-recipient dichotomy.

13. We have considered the possibility of setting up a new Development Bank for mobilizing 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 direct our Finance Ministers to examine the feasibility and viability of such an initiative, set up a joint working group for further study, and report back to us by the next Summit.
14. Brazil, India, China and South Africa look forward to the Russian Presidency of G20 in 2013 and extend their cooperation.
15. Brazil, India, China and South Africa congratulate the Russian Federation on its accession to the WTO. This makes the WTO more representative and strengthens the rule-based multilateral trading system. We commit to working together to safeguard this system and urge other countries to resist all forms of trade protectionism and disguised restrictions on trade.
16. We will continue our efforts for the successful conclusion of the Doha Round, based on the progress made and in keeping with its mandate. Towards this end, we will explore outcomes in specific areas where progress is possible while preserving the centrality of development and within the overall framework of the single undertaking. We do not support plurilateral initiatives that go against the fundamental principles of transparency, inclusiveness and multilateralism. We believe that such initiatives not only

distract members from striving for a collective outcome but also fail to address the development deficit inherited from previous negotiating rounds. Once the ratification process is completed, Russia intends to participate in an active and constructive manner for a balanced outcome of the Doha Round that will help strengthen and develop the multilateral trade system.

17. Considering UNCTAD to be the focal point in the UN system for the treatment of trade and development issues, we intend to invest in improving its traditional activities of consensus-building, technical cooperation and research on issues of economic development and trade. We reiterate our willingness to actively contribute to the achievement of a successful UNCTAD XIII, in April 2012.
18. We agree to build upon our synergies and to work together to intensify trade and investment flows among our countries to advance our respective industrial development and employment objectives. We welcome the outcomes of the second Meeting of BRICS Trade Ministers held in New Delhi on 28 March 2012. We support the regular consultations amongst our Trade Ministers and consider taking suitable measures to facilitate further consolidation of our trade and economic ties. We welcome the conclusion of the Master Agreement on Extending Credit Facility in Local Currency under BRICS Interbank Cooperation Mechanism and the Multilateral Letter of Credit Confirmation Facility Agreement between our EXIM/Development Banks. We believe that these Agreements will serve as useful enabling instruments for enhancing intra-BRICS trade in coming years.
19. We recognise the vital importance that stability, peace and security of the Middle East and North Africa holds for all of us, for the international community, and above all for the countries and their citizens themselves whose lives have been affected by the



turbulence that has erupted in the region. We wish to see these countries living in peace and regain stability and prosperity as respected members of the global community.

20. We agree that the period of transformation taking place in the Middle East and North Africa should not be used as a pretext to delay resolution of lasting conflicts but rather it should serve as an incentive to settle them, in particular the Arab-Israeli conflict. Resolution of this and other long-standing regional issues would generally improve the situation in the Middle East and North Africa. Thus we confirm our commitment to achieving comprehensive, just and lasting settlement of the Arab-Israeli conflict on the basis of the universally recognised international legal framework including the relevant UN resolutions, the Madrid principles and the Arab Peace Initiative. We encourage the Quartet to intensify its efforts and call for greater involvement of the UN Security Council in search for a resolution of the Israeli-Palestinian conflict. We also underscore the importance of direct negotiations between the parties to reach final settlement. We call upon Palestinians and Israelis to take constructive measures, rebuild mutual trust and create the right conditions for restarting negotiations, while avoiding unilateral steps, in particular settlement activity in the Occupied Palestinian Territories.
21. We express our deep concern at the current situation in Syria and call for an immediate end to all violence and violations of human rights in that country. Global interests would best be served by dealing with the crisis through peaceful means that encourage broad national dialogues that reflect the legitimate aspirations of all sections of Syrian society and respect Syrian independence, territorial integrity and sovereignty. Our objective is to facilitate a Syrian-led inclusive political process, and we welcome the joint efforts of the United Nations and the Arab League to this end. We encourage the Syrian government and all sections of Syrian society to demonstrate the political will to initiate such a process, which

alone can create a new environment for peace. We welcome the appointment of Mr. Kofi Annan as the Joint Special Envoy on the Syrian crisis and the progress made so far, and support him in continuing to play a constructive role in bringing about the political resolution of the crisis.

22. The situation concerning Iran cannot be allowed to escalate into conflict, the disastrous consequences of which will be in no one's interest. Iran has a crucial role to play for the peaceful development and prosperity of a region of high political and economic relevance, and we look to it to play its part as a responsible member of the global community. We are concerned about the situation that is emerging around Iran's 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 between the parties concerned, including between the IAEA and Iran and in accordance with the provisions of the relevant UN Security Council Resolutions.
23. 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.
24. We extend support to the efforts aimed at combating illicit traffic in opiates originating in Afghanistan within the framework of the Paris Pact.

25. We reiterate that there can be no justification, whatsoever, for any act of terrorism in any form or manifestation. We reaffirm our determination to strengthen cooperation in countering this menace and believe that the United Nations 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. We emphasise the need for an early finalisation of the draft of the Comprehensive Convention on International Terrorism in the UN General Assembly and its adoption by all Member States to provide a comprehensive legal framework to address this global scourge.
26. We express our strong commitment to multilateral diplomacy with the United Nations playing a central 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, with a view to making it more effective, efficient and representative so that it can deal with today's global challenges more successfully. 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.
27. We recall our close coordination in the Security Council during the year 2011, and underscore our commitment to work together in the UN to continue our cooperation and strengthen multilateral approaches on issues pertaining to global peace and security in the years to come.
28. Accelerating growth and sustainable development, along with food, and energy security, are amongst the most important challenges facing the world today, and central to addressing economic development, eradicating poverty, combating hunger and malnutrition in many developing countries. Creating jobs needed to improve people's living standards worldwide is critical. Sustainable

development is also a key element of our agenda for global recovery and investment for future growth. We owe this responsibility to our future generations.

29. We congratulate South Africa on the successful hosting of the 17th Conference of Parties to the United Nations Framework Convention on Climate Change and the 7th Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP17/CMP7) in December 2011. We welcome the significant outcomes of the Conference and are ready to work with the international community to implement its decisions in accordance with the principles of equity and common but differentiated responsibilities and respective capabilities.
30. We are fully committed to playing our part in the global fight against climate change and will contribute to the global effort in dealing with climate change issues through sustainable and inclusive growth and not by capping development. We emphasise that developed country Parties to the UNFCCC shall provide enhanced financial, technology and capacity building support for the preparation and implementation of nationally appropriate mitigation actions of developing countries.
31. We believe that the UN Conference on Sustainable Development (Rio+20) is a unique opportunity for the international community to renew its high-level political commitment to supporting the overarching sustainable development framework encompassing inclusive economic growth and development, social progress and environment protection in accordance with the principles and provisions of the Rio Declaration on Environment and Development, including the principle of common but differentiated responsibilities, Agenda 21 and the Johannesburg Plan of Implementation.

32. We consider that sustainable development should be the main paradigm in environmental issues, as well as for economic and social strategies. We acknowledge the relevance and focus of the main themes for the Conference namely, Green Economy in the context of Sustainable Development and Poverty Eradication (GESDPE) as well as Institutional Framework for Sustainable Development (IFSD).
33. China, Russia, India and South Africa look forward to working with Brazil as the host of this important Conference in June, for a successful and practical outcome. Brazil, Russia, China and South Africa also pledge their support to working with India as it hosts the 11th meeting of the Conference of Parties to the Convention on Biological Diversity in October 2012 and look forward to a positive outcome. We will continue our efforts for the implementation of the Convention and its Protocols, with special attention to the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilisation, Biodiversity Strategic Plan 2011-2020 and the Resource Mobilisation Strategy.
34. We affirm that the concept of a 'green economy', still to be defined at Rio+20, must be understood in the larger framework of sustainable development and poverty eradication and is a means to achieve these fundamental and overriding priorities, not an end in itself. National authorities must be given the flexibility and policy space to make their own choices out of a broad menu of options and define their paths towards sustainable development based on the country's stage of development, national strategies, circumstances and priorities. We resist the introduction of trade and investment barriers in any form on the grounds of developing green economy.
35. The Millennium Development Goals remain a fundamental milestone in the development agenda. To enable developing countries to obtain maximal results in attaining their Millennium

Development Goals by the agreed time-line of 2015, we must ensure that growth in these countries is not affected. Any slowdown would have serious consequences for the world economy. Attainment of the MDGs is fundamental to ensuring inclusive, equitable and sustainable global growth and would require continued focus on these goals even beyond 2015, entailing enhanced financing support.

36. 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).
37. We express our commitment to the alleviation of the humanitarian crisis that still affects millions of people in the Horn of Africa and support international efforts to this end.
38. Excessive volatility in commodity prices, particularly those for food and energy, poses additional risks for the recovery of the world economy. Improved regulation of the derivatives market for commodities is essential to avoid destabilizing impacts on food and energy supplies. We believe that increased energy production capacities and strengthened producer-consumer dialogue are important initiatives that would help in arresting such price volatility.
39. Energy based on fossil fuels will continue to dominate the energy mix for the foreseeable future. We will expand sourcing of clean and

renewable energy, and use of energy efficient and alternative technologies, to meet the increasing demand of our economies and our people, and respond to climate concerns as well. In this context, we emphasise that international cooperation in the development of safe nuclear energy for peaceful purposes should proceed under conditions of strict observance of relevant safety standards and requirements concerning design, construction and operation of nuclear power plants. We stress IAEA's essential role in the joint efforts of the international community towards enhancing nuclear safety standards with a view to increasing public confidence in nuclear energy as a clean, affordable, safe and secure source of energy, vital to meeting global energy demands.

40. We have taken note of the substantive efforts made in taking intra-BRICS cooperation forward in a number of sectors so far. We are convinced that there is a storehouse of knowledge, know-how, capacities and best practices available in our countries that we can share and on which we can build meaningful cooperation for the benefit of our peoples. We have endorsed an Action Plan for the coming year with this objective.
41. We appreciate the outcomes of the Second Meeting of BRICS Ministers of Agriculture and Agrarian Development at Chengdu, China in October 2011. We direct our Ministers to take this process forward with particular focus on the potential of cooperation amongst the BRICS to contribute effectively to global food security and nutrition through improved agriculture production and productivity, transparency in markets and reducing excessive volatility in commodity prices, thereby making a difference in the quality of lives of the people particularly in the developing world.
42. Most of BRICS countries face a number of similar public health challenges, including universal access to health services, access to health technologies, including medicines, increasing costs and the

growing burden of both communicable and non-communicable diseases. We direct that the BRICS Health Ministers meetings, of which the first was held in Beijing in July 2011, should henceforth be institutionalised in order to address these common challenges in the most cost-effective, equitable and sustainable manner.

43. We have taken note of the meeting of S&T Senior Officials in Dalian, China in September 2011, and, in particular, the growing capacities for research and development and innovation in our countries. We encourage this process both in priority areas of food, pharma, health and energy as well as basic research in the emerging inter-disciplinary fields of nanotechnology, biotechnology, advanced materials science, etc. We encourage flow of knowledge amongst our research institutions through joint projects, workshops and exchanges of young scientists.
44. The challenges of rapid urbanisation, faced by all developing societies including our own, are multi-dimensional in nature covering a diversity of inter-linked issues. We direct our respective authorities to coordinate efforts and learn from best practices and technologies available that can make a meaningful difference to our societies. We note with appreciation the first meeting of BRICS Friendship Cities held in Sanya in December 2011 and will take this process forward with an Urbanisation and Urban Infrastructure Forum along with the Second BRICS Friendship Cities and Local Governments Cooperation Forum.
45. Given our growing needs for renewable energy resources as well as on energy efficient and environmentally friendly technologies, and our complementary strengths in these areas, we agree to exchange knowledge, know-how, technology and best practices in these areas.
46. It gives us pleasure to release the first ever BRICS Report, coordinated by India, with its special focus on the synergies and



complementarities in our economies. We welcome the outcomes of the cooperation among the National Statistical Institutions of BRICS and take note that the updated edition of the BRICS Statistical Publication, released today, serves as a useful reference on BRICS countries.

47. We express our satisfaction at the convening of the III BRICS Business Forum and the II Financial Forum and acknowledge their role in stimulating trade relations among our countries. In this context, we welcome the setting up of BRICS Exchange Alliance, a joint initiative by related BRICS securities exchanges.
48. We encourage expanding the channels of communication, exchanges and people-to-people contact amongst the BRICS, including in the areas of youth, education, culture, tourism and sports.
49. Brazil, Russia, China and South Africa extend their warm appreciation and sincere gratitude to the Government and the people of India for hosting the Fourth BRICS Summit in New Delhi.
50. Brazil, Russia, India and China thank South Africa for its offer to host the Fifth BRICS Summit in 2013 and pledge their full support.

#### **Delhi Action Plan**

1. Meeting of BRICS Foreign Ministers on sidelines of UNGA.
2. Meetings of Finance Ministers and Central Bank Governors on sidelines of G20 meetings/other multilateral (WB/IMF) meetings.
3. Meeting of financial and fiscal authorities on the sidelines of WB/IMF meetings as well as stand-alone meetings, as required.
4. Meetings of BRICS Trade Ministers on the margins of multilateral events, or stand-alone meetings, as required.
5. The Third Meeting of BRICS Ministers of Agriculture, preceded by a

preparatory meeting of experts on agro-products and food security issues and the second Meeting of Agriculture Expert Working Group.

6. Meeting of BRICS High Representatives responsible for national security.
7. The Second BRICS Senior Officials' Meeting on S&T.
8. The First meeting of the BRICS Urbanisation Forum and the second BRICS Friendship Cities and Local Governments Cooperation Forum in 2012 in India.
9. The Second Meeting of BRICS Health Ministers.
10. Mid-term meeting of Sous-Sherpas and Sherpas.
11. Mid-term meeting of CGETI (Contact Group on Economic and Trade Issues).
12. The Third Meeting of BRICS Competition Authorities in 2013.
13. Meeting of experts on a new Development Bank.
14. Meeting of financial authorities to follow up on the findings of the BRICS Report.
15. Consultations amongst BRICS Permanent Missions in New York, Vienna and Geneva, as required.
16. Consultative meeting of BRICS Senior Officials on the margins of relevant environment and climate related international fora, as necessary.
17. New Areas of Cooperation to explore:
  - (i) Multilateral energy cooperation within BRICS framework.
  - (ii) A general academic evaluation and future long-term strategy for BRICS.
  - (iii) BRICS Youth Policy Dialogue.
  - (iv) Cooperation in Population related issues, New Delhi.



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