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Institute of South Asian Studies
National University of Singapore
29 Heng Mui Keng Terrace
#08-06 (Block B)
Singapore 119620
Tel: (65) 6516 4239 Fax: (65) 6776 7505
www.isas.nus.edu.sg
<http://southasiandiaspora.org>



India and the BRICS Partnership

India and its partners – Brazil, China, Russia and South Africa – in the BRICS forum have launched the New Development Bank. With the leaders of these countries, who recently met at Ufa in Russia, displaying a considerable degree of convergence on several issues, it became clear that a beginning was being made towards creating a new global economic architecture.

Rajeev Ranjan Chaturvedy¹

Leaders from the BRICS countries (Brazil, Russia, India, China and South Africa) met on 9 July 2015 in Ufa, Russia, for their Seventh Summit. The theme of the summit was “BRICS Partnership – A Powerful Factor of Global Development”. The question one may ask is whether the BRICS is a powerful factor at all, and whether it does matter on the world stage? Be it the collective economic power of these five countries or their collective political strength, it would be apt to say that the BRICS forum is being recognised now as an important factors in global affairs. Indeed, these five countries are too big to be ignored, and the BRICS is “slowly emerging as an alternative forum to the dominant worldview of the established economies, charting a new global developmental landscape”.² The formidable congregation of businesses and political leaders of this forum at Ufa, and a set of new activities it has announced, clearly manifests that there is no looking back for the BRICS.

¹ Mr Rajeev Ranjan Chaturvedy is Research Associate at the Institute of South Asian Studies (ISAS), an autonomous research institute at the National University of Singapore. He can be contacted at isasrrc@nus.edu.sg. The author, not ISAS, is responsible for the facts cited and opinions expressed in this paper.

² Shashi Tharoor, “The BRICS Summit: A Look at Some of the Issues”, *The Huffington Post*, 13 July 2015, available at http://www.huffingtonpost.com/shashi-tharoor/brics-summit_b_7769914.html.

From Yekaterinburg in 2009 to Ufa in 2015, the BRICS summit mechanism has improved steadily, with an explosion in the agenda of cooperation that encompasses a multi-level and wide-ranging cooperation framework. In addition to financial and macroeconomic management, investment, trade, science, technology and innovation, development, health, agriculture, energy, social fields, environment and climate change, the BRICS leaders have also underlined their intention to further enhance their collective role in responding to pressing challenges like terrorism, transnational organised crimes, corruption, piracy and armed robbery at sea, nuclear proliferation, the exploration and use of outer space, internet governance and regional security. While political mutual trust and wide-ranging practical cooperation among the BRICS members is improving gradually, their communication and coordination in major international affairs has also grown. The group is looking at taking coordinated positions on the contemporary global and regional challenges. Despite a stunning diversity in terms of geography, culture and economic fundamentals, it seems that the BRICS now stands on solid ground, enjoys a huge potential and holds out a broad prospect. The BRICS Summit at Ufa was a “strategic milestone for the emerging global order”³ for several reasons.

First, the most significant accomplishment was “the entry into force of the Agreement on New Development Bank (NDB)” and the launch of the BRICS Contingent Reserve Arrangement (CRA), a US\$100-billion currency pool aimed to better deal with the risk and spill-over effects from global financial pressures.⁴ The BRICS formally launched the NDB which will use its US\$ 100-billion in initial capital to fund infrastructure and sustainable development projects in the BRICS and other developing countries and emerging market economies. The NDB is headquartered in Shanghai and is headed by an Indian private-sector banker K V Kamath. A successful launch of the NDB signifies that the BRICS will evolve its own framework of cooperation in response to the lack of reforms in international financial institutions, particularly the International Monetary Fund.

The Ufa Declaration underlined that “We remain deeply disappointed with the prolonged failure by the United States to ratify the IMF reform package, which continues to undermine

³ W.P.S. Sidhu, “Strategic Importance of Ufa Summits”, *Live Mint*, 19 July 2015, available at <http://www.livemint.com/Opinion/vie8tUbwa8uhsJIDAQlcGM/Strategic-importance-of-Ufa-summits.html>.

⁴ See “VII BRICS Summit: Ufa Declaration”, available at <http://www.cfr.org/emerging-markets/ufa-declaration-seventh-brics-summit/p36791>.

the credibility, legitimacy and effectiveness of the IMF”.⁵ Amidst persistent risk to the global economy, it is “important to strengthen the framework of international financial cooperation, including through instruments such as swap-lines, to mitigate the negative impacts of monetary policy divergence in reserve currency issuing countries”. The BRICS’ demand of an overhaul of the Bretton Woods institutions is long overdue. Therefore, the birth of the NDB is a remarkable, illustrating the institutional arrival of the BRICS on the world stage with an expectation of decisive shifts in the governance structures of existing multilateral financial institutions such as the IMF, World Bank, and the Asian Development Bank.⁶ While the NDB has started its work, it is too early to evaluate its impact on development work and global economic governance reforms. Nevertheless, it will bind the BRICS in common purpose and will inject a sense of competitiveness into the existing international financial system.⁷

Second, the BRICS nations have disapproved of a selective approach to terrorism. The Ufa Declaration notes, “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, whether based upon ideological, religious, political, racial, ethnic, or any other justification”.⁸ The BRICS recognises that “the UN has a central role in coordinating international action against terrorism” and called upon all states to “resist political approaches and selective application”. As a result, the BRICS could be a very useful platform to seek convergences among its members to present a joint strategy and reaffirm their commitment to combat terrorism, though, contradictions were also evident between India and China on this aspect.

Third, the BRICS is a stepping-stone to a new global pattern, which has a huge potential as an alternative forum to shape the agenda of global affairs. Despite uncertainties and differences, the BRICS forum is successfully managing differences and has started developing common grounds on several international issues. The Ufa Declaration underlines the significance of joint efforts in coordinating positions on shared interests on global peace and security issues and asserts that unilateral military interventions and economic sanctions

⁵ Para 19, Ufa Declaration.

⁶ See Amitendu Palit, “The BRICS New Development Bank: Beginning of ‘New Development?’”, *ISAS Insights*, No. 257, 22 July 2014.

⁷ See Na’eem Jeenah, “BRICS for the South”, *The Indian Express*, 22 July 2015.

⁸ Para 27, Ufa Declaration.

are unacceptable. The BRICS menu, the 43-page outcome statement from the summit, is full of a variety of agendas, and even initial steps for numerous channels of communications between governments, businesses and civil societies. All these could lead to a genuine multipolar world order.

Fourth, the role of businesses is also crucial in building a more inclusive global order. The activities of the BRICS Business Forum and the BRICS Business Council reaffirm their commitment to strengthening business ties and promoting projects and initiatives. Investments in areas such as infrastructure, logistics and renewable sources of energy constitute a strategic goal of this forum. The Ufa Declaration underlines the importance of private investment and pledges to create a favourable investment climate and to implement mutually beneficial joint projects in sectors such as mining and metal industry, pharmaceuticals, information technology, chemicals and petrochemicals exploration and extraction. There are immense opportunities for private sector players to actively strengthen the BRICS' economic partnership.

Finally, the BRICS is very important for India as it aspires to be a responsible stakeholder in the emerging world order. The current Indian Government has expressed its desire to take responsibilities and play a leading role in global affairs. Indeed, India welcomes the growing reality of a multipolar world and seeks a larger and deeper footprint in the world, supported by soft-power initiatives. With its sustained economic growth and strong political leadership, India aspires to be a leading power and is willing to be at the table and not just on the menu.⁹ India proposed the idea of the BRICS bank; by the collective efforts of all five countries, the NDB is a reality now. Similarly, India could take a lead in evolving a common ground to influence rule-making in critical areas like climate change, the exploration and use of outer space or the evolution of internet governance. In 2016, when India holds the 8th BRICS Summit, new convergences among these diverse countries could be another feather in the forum's cap. Undoubtedly, the BRICS has started shaping a new pattern of global architecture. Therefore, the BRICS matters, and it should be taken seriously.

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⁹ See "IISS Fullerton Lecture by Dr. S. Jaishankar, India's Foreign Secretary in Singapore", 20 July 2015, available at http://www.mea.gov.in/Speeches-Statements.htm?dtl/25493/IISS_Fullerton_Lecture_by_Foreign_Secretary_in_Singapore.