

The agenda for Xiamen

The forthcoming BRICS Summit is an opportune moment to forge ahead on economic collaboration through more concrete initiatives and outcomes

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The 9th BRICS Summit being held in Xiamen, China, over September 3-5, is expected to come out with several new cooperation mechanisms. The centrepiece of the Summit would be economic cooperation, given that the group represents the largest and fastest growing nations among the emerging economies, the ones which will dominate the global economy in the near future. In an increasingly inward-looking global polity, the BRICS group must redouble its efforts to foster cross-border trade and investment to keep the engines of the global economy humming smoothly.

The five BRICS member nations of Brazil, Russia, India, China and South Africa account for 43 per cent of world population, \$17 trillion or 22 per cent of the nominal global gross domestic product (GDP) and 17 per cent of world trade. Each of the countries has different strengths and characteristics, and a closer alignment of their complementarities bears positive implications for their growth process as well as that of the world at large.

Recognising this, the five countries have stressed cooperation through ministerial meetings on issues such as agricultural development, environment, labour and employment and financial sectors. The establishment of the New Development Bank (NDB) with participation from all the members is a landmark definitive outcome of the BRICS process and has already identified renewable energy projects in each of the member nations with a credit pipeline of \$4-5 billion in the next three years.

For India, greater trade engagement with other the BRICS countries would bring rich dividends. Since 2009-10, when the first Summit was held, India's exports to these countries have barely inched up — risen from \$17 billion to \$18 billion in 2016-17 — with their share in total exports declining from 9.6 per cent to 6.5 per cent. Imports have soared from \$44 billion to \$77 billion in this period, but most of this arises from surge in imports from China. China accounts for two-thirds of India's exports and four-fifths of its imports relating to the group.

The 9th Summit is an opportune moment to forge ahead on economic collaboration through more concrete initiatives and outcomes. The Strategy for BRICS Economic Partnership was outlined at the Ufa Summit, stressing trade and investment, infrastructure connectivity and financial services. The road map for this should be quickly brought out and actioned.

In trade, the BRICS economies must go beyond their traditional trade baskets to develop intra-BRICS supply chains, leveraging their diverse free trade agreements. With strong economic heft in their respective regions, such trade can be a stepping stone for addressing a wider range of countries in each continent. For example, BRICS and BIMSTEC (Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation) with common members can work together to unlock the potential of trans-continental trade.

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Prime Minister Narendra Modi with President Xi Jinping at the 8th BRICS Summit in Goa, in 2016

PHOTO: PTI

dards and sanitary and phytosanitary measures for ensuring trade facilitation.

A key area for the BRICS to address would be promotion of services trade. Services are playing an increasingly larger role in their economies in both output and employment, and a vibrant trade ecosystem must enhance trade in services such as tourism, professional and business services, IT services and entertainment and media, among others. E-commerce can be an important driver of trade as well, for which issues in cross-border logistics, financial gateways, and Intellectual Property Rights would need to be addressed. The five countries could also work on capacity building and skill development for promoting trade.

In the connectivity and infrastructure area, while the NDB has made a good beginning, there is need to leverage the competencies of Russia and China for addressing gaps in the other three countries. A BRICS sovereign wealth fund could be considered which would have contributions from all five countries to take up viability gap funding in long-gestation projects. The export-import banks of the five countries may also establish dedicated lines of credit for infra-

structure projects in the member nations.

Public-private partnership models can be developed to build new infrastructure. For example, large projects can have participation of public and private companies, converging consultancy from India with project management expertise from China and resources from Brazil and Russia. Such partnerships should be structured in a manner that incentivises private sector participation.

As large and populous emerging economies, the BRICS nations will be impacted by the evolving industrial revolution based on automation, robotics and digital technologies which is reshaping supply chains. Innovation and R&D are being promoted in all the countries, and mechanisms to share best practices and devise common responses could be devised.

Going forward, what the BRICS countries do together will be closely watched by the world, especially by other developing nations, as these countries will be leading economies of the future. The Summit process can impart a strong impetus to cooperation and collaboration for all-round sustainable development of all emerging economies.

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