

A horizontal strip showing the flags of the BRICS countries: Brazil, Russia, India, China, and South Africa.

BRAZILIAN PERSPECTIVES FOR BRICS

ASIA PROGRAM

June, 2022



BRAZILIAN CENTER FOR INTERNATIONAL RELATIONS

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The Brazilian Center for International Relations (CEBRI) is an independent think tank that contributes to building an international agenda for Brazil. For over twenty years, the institution has engaged in promoting a pluralistic and proposal-oriented debate on the international landscape and Brazilian foreign policy.

In its activities, CEBRI prioritizes themes with the greatest potential to leverage the country's international insertion into the global economy, proposing pragmatic solutions for the formulation of public policies.

It is a non-profit institution, headquartered in Rio de Janeiro and internationally recognized. Today, its circa 100 associates represent diverse interests and economic sectors and mobilize a worldwide network of professionals and organizations. Moreover, CEBRI has an active Board of Trustees composed of prominent members of Brazilian society.

ASIA PROGRAM

The Program promotes a systematic monitoring of matters relevant to international relations and Brazilian development, particularly those related to China. Special attention has been given to monitoring the ongoing economic reforms and political transformations in China and Asia, considering their global effects and impacts in Latin America and Brazil. This continuous examination allows CEBRI to provide information and analysis to its members, partners and to the Brazilian government, contributing to the construction of Brazil's strategic position towards the region, as well as helping increase knowledge about China and Asia within Brazilian society.



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ASIA PROGRAM

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FOREWORD

The project “Brazilian Perspectives for BRICS - 2022”, developed by CEBRI at the invitation of the Chinese Embassy in Brazil, aimed at mapping trends and defining concrete strategies and proposals to, from a Brazilian perspective, inform the agenda and improve the joint action and international projection of the group, whose rotating presidency is held by China in 2022. The development, coordination, and results of the project were the responsibility of CEBRI and, beyond the original objective, constitute a contribution to the debate on BRICS in Brazil. CEBRI is grateful to the Embassy of China for the initiative, which provided a pioneering opportunity to mobilize partners from its Asia Program to contribute to a theme of great relevance to Brazil’s international relations.

The project brought together about 30 high-level Brazilian specialists from various areas (academia, civil society, private sector, and public sector) in three closed meetings, by means of two-hour videoconferences, on February 18, 22, and March 23, 2022, under Chatham House rules. The first two meetings focused on the topics of “Economy, Finance and Trade” and “Global Governance” respectively. The third meeting was dedicated to synthesizing and deepening the first two meetings, and allowed to address the previous theme under a new international context, after the beginning of the war in Ukraine.

The project was coordinated by Ambassador Marcos Caramuru de Paiva and developed by senior fellows Tatiana Rosito and José Mario Antunes, with support from the staff of the Asia Program. Each meeting was based on pre-determined scripts and several guiding questions, and provided for ample debate. This Executive Summary presents a synthesis of the discussions.

EXECUTIVE SUMMARY

In February and March 2022, CEBRI held three closed meetings with Brazilian experts from academia, the private sector, the public sector, and civil society to discuss the prospects for the BRICS in 2022, when China holds the rotating presidency of the group.



The debates aimed at mapping trends and identifying concrete proposals to, from a Brazilian perspective, inform the agenda and improve the group's joint action and international projection. CEBRI was responsible for developing and coordinating the project. Its results constitute inputs for the Chinese presidency of BRICS, through cooperation with the Chinese Embassy in Brazil. They also offer a contribution to the debate on a theme of relevance to Brazil's international relations.

The BRICS has proven to be a political-diplomatic effort that, in little more than a decade, has produced concrete results (e.g. New Development Bank - NDB, Contingent Reserve Arrangement, among others) and continues to generate interest, due to the potential it offers for cooperation among its members in various areas (trade and investment, energy transition, digital economy, health, sustainability, biodiversity, counterterrorism, financial innovations, among many others) and for being a unique mechanism of coordination in a multipolar world.

Within the group of experts, a diversity of opinions regarding the BRICS was noted, as well as the existence of an information gap about the work developed. While the annual statements of heads of state reflect a broad, regular, and dense agenda of dialogue, coordination, and cooperation, there is a lack of follow-up mechanisms for decisions and proposals. Moreover, the follow-up of BRICS outside governments is hampered by the lack of permanent channels for data dissemination and consolidation. There is also a lack of clarity about the international role of the BRICS, which, for some, has increased potential in the current context and, for others, is in decline in a world marked by new divisions.

There is an expectation that the group will identify more concrete opportunities for cooperation on topics such as innovation, trade, investment, financing in local currency, health, energy, and sustainability. For many, the BRICS, whose annual meetings multiply into more than a hundred dialogue forums and documents, would need a more specific and focused strategy to produce a transformative effect. For some, the NDB could act as a point of reflection and, eventually, proposition of strategies with innovative features in the field of development. For others, the annual summit meetings, as they involve the heads of state of five relevant countries in the international scene, by themselves individualize the group, and there is no need to expand its scope or institutionalize procedures.

Based on the assumption that there is room for improvement in the joint action and global projection of the BRICS as an expression of a multipolar world, the discussions were guided to explore the potential of the group in central issues of the international agenda and in the expansion of cooperation among members. The meetings focused on the topics of "Economy, Finance, Trade and Investment" and "Global Governance", as well as providing

preliminary discussion on the future of BRICS after the invasion of Ukraine. The discussed topics included the strengthening of intra-BRICS trade and investment to leverage post-pandemic recovery and contribute to the Sustainable Development Goals (SDGs), and how to boost the complementarity of supply chains and stimulate investments to promote productive complementarity. Many have highlighted the gravitational pull of China in BRICS.

For Brazil, it was emphasized that the BRICS should be perceived as an opportunity to diversify and add value to the trade agenda and to increase international intra-industry trade. Although, so far, the results in the trade segment have been modest or even non-existent, there is a vivid perception that the group provides a gateway to Asia and the East in general, and that there could be much to gain from the creation of mechanisms that attract greater private sector attention to its agenda.

It was noted that the current context of a world divided and uncertain about the future might restrict the possibilities for coordination among BRICS countries. The asymmetry between the members of the group and the prospect that, in the upcoming new world order, bilateral relations will take precedence over multilateral cooperation are some of the challenges for greater coordination and achievement of concrete results. However, the BRICS countries have room to expand their international political capital, since they are at the epicenter of the planet's greatest transformations, including the energy transition, the construction of a low-carbon economy, the digital revolution and the new industrial revolution.

Participants generally stressed the need for mechanisms to monitor the implementation of the commitments made by the BRICS, as well as to give a greater role to the different segments of society (think tanks, academia, companies, etc.). The need to develop a national strategy for the BRICS in Brazil was mentioned, deriving from a broader strategy of national development and insertion in the world, with greater participation of civil society. This would make it easier to define more precisely the country's interests in the group and even to explore Brazil's potential as a bridge builder. The possible entry of Brazil into the OECD is also a factor that should be considered.

With regard to the impact of the Ukraine war, its economic consequences (e.g. sanctions, commodity prices, etc.) and its potential effect on the very design of the international order, one can foresee that intra-BRICS cooperation efforts may encounter new obstacles, that the China-Russia connection will have contours that may alter the group's dynamics, and that the NDB may be negatively affected, particularly with regard to the reaction of international capital markets.

Finally, the perception that the BRICS may have its relevance increased in a world where geopolitics tends to take precedence over the economic factors that govern relations between countries was highlighted. In this case, however, the challenges of coordination may be even greater than at present.

SUMMARY OF THE RECOMMENDATIONS

ECONOMY, FINANCE,
TRADE AND INVESTMENT

GEOPOLITICS AND
GOVERNANCE



ECONOMY, FINANCE, TRADE AND INVESTMENT

- 1** **Diversify and increase** the value-added trade agenda and intra-industry trade among BRICS partners through strategies for specific segments (e.g. agribusiness, bioeconomy, trade and digital economy, pharmaceuticals and vaccines, etc.) by supporting the greater involvement of small and medium-sized enterprises and by setting concrete, verifiable targets.
- 2** **Promote a positive agenda** focused on technology transfer, biotechnology, energy transition and security, sustainability, through the creation of joint programs, the adoption of common policies that contemplate risk reduction in intra-BRICS interactions, some tax coordination, and the creation of specific credit lines. Focus, in particular, on investments related to innovation, energy, and low-carbon infrastructure.
- 3** **Support infrastructure development** in member countries by promoting models and agreements to protect investments, reduce exchange rate risks, and foster greater cooperation between financial institutions and investors. The NDB could expand its role as a center of reference and cooperation among the BRICS in infrastructure, SDGs, and implementation of the Paris Agreement.
- 4** **Explore the possibility of promoting trade and investment** opportunities based on the areas of priority interest (including sectoral ones) of each BRICS country and on governance instruments. In this context, broaden the engagement of the five countries and their private sector. Additionally, greater interaction should be made possible in the summits between companies that already actively participate in bilateral exchanges between the countries.
- 5** **Promote regular dialogue**, with the participation of the private sector, on digital economy and digital trade protection/regulation, taking into account the leadership of some members on the subject (e.g. China) and the opportunity to build a convergence platform between emerging markets in the BRICS.
- 6** **Diversify options for financial arrangements** to lower exchange rate risks in trade and investment: payments in digital currencies and local currencies. The NDB's role as a financier of infrastructure in local currency could have a demonstrative and catalytic effect.

GEOPOLITICS AND GOVERNANCE

1

Create an official website that consolidates information about the group, where one can find data, results, and communiqués from the BRICS, as a repository of what has been done and what is in progress. It is believed that such institutional coordination will not compromise the group's flexibility, but will allow for an expansion of knowledge about what the group does and the mobilization of the private sector in member countries.

2

Create a mechanism for monitoring and implementing the decisions and measures taken by BRICS, seeking the involvement of think tanks and academia.

3

Implement, possibly under the umbrella or leadership of the NDB, a center for reflection and analysis of interactions between economies, which could formulate proposals and ensure continuity of work between the summits. The idea would be to make the NDB not only a financial arm, but also a hub of knowledge and promotion of “new paths of development”, focused mainly on the current international agenda, on issues such as the low-carbon economy, the operationalization of development goals, and the implementation of the Paris Agreement, for example.

4

Build a common positive agenda based on issues of interest to the countries, including, for example, the implementation of dispute settlement mechanisms. Focus on the major current challenges faced by the BRICS (sustainability, health, transition to an economy 4.0, low carbon economy, etc.).

5

Promote greater engagement between the Eurasian region, the African continent, and South America. In this context, Brazil would have a role to play in building multilateral and regional bridges.

6

Promote greater engagement of various sectors in the forums that precede the summits, in order to make the BRICS agenda more inclusive. In the Brazilian case, encourage a broad and plural debate on the BRICS in society, with a view to contributing to a clearer definition of the country's strategy for the BRICS and how it relates to the goals of sustainable economic development and other foreign policy objectives.



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