Indian Council of World Affairs
Sapru House, Barakhamba Road
New Delhi

ICWA GUEST COLUMN

BRAZIL, BRICS, AND BEYOND

BY

B. S. PRAKASH

4 JULY 2014

It is not by design that one of the early visits of PM Modi will be to the distant shores of Brazil. It is one of those fortuitous happenings of modern diplomacy - the imperative of participation in key multilateral summits – that takes the PM in this case to the BRICS event in mid-July. Later, it will be the UNGA, that will trigger the visit to the US, and the SAARC and the G-20 that may take him to Kathmandu and Australia, respectively all in one year. In each one of them, perhaps even more important than the agenda of the meet itself, PM will have an opportunity to get to meet key world leaders.

As the PM heads across the oceans to Fortaleza, a modest town on the shores of the Atlantic, in the north-east of Brazil, and one of the farthest travel destinations for an Indian leader, how should we look at the salience of BRICS and Brazil for us?

A curious grouping

By now an established entity, BRICS still continues to be a curious grouping to outside observers. Its members (Brazil, Russia, India, China and South Africa) span three continents and adhere to different political systems. Two are permanent members of the Security Council while India and Brazil are claimants. Two are acknowledged nuclear weapon states, India a declared one, and Brazil and South Africa self-professed renunciates. Despite such differences in political outlook, regional affiliations and strategic concerns, what brings them together? The answer a decade ago, when the acronym was first floated by a Western investment consultant, lay in some of their striking economic features: high rate of economic growth at a time when the western economies were stagnant, growing share in global GDP, comfortable foreign exchange reserves, and their indubitable weight in objective terms, be it, population, area, and above all as markets. In 2009, the first BRIC summit (without South Africa) was held in Russia when their economies were buoyant.

Six years later, as the summit takes place in Brazil, the international situation has changed. It is undeniable that some of the economic features that gave the BRICS countries an enviable profile have altered and in particular India, Brazil and South Africa have been growing at a more modest rate. (China continues to outperform every other nation in the world). BRICS

as a forum has had some modest achievements– a networking of academics and research institutions, an acceptance in principle of its demand for greater say in the IMF, the election of a new Director General from within their ranks at the influential WTO, and identification of priorities for cooperation in some sectors.

In this framework, what should one expect at the summit in Brazil? It must first be noted that the timing of the Fortaleza summit is curious. It is scheduled on July 15, two days after the FIFA world cup finals, with which all of Brazil will be consumed. Nor is this fact an accident. It is understood that Chinese President Xi Jiping, a self-confessed soccer fan wanted to see the finals and his wish was accommodated in scheduling the summit. The fact that India was to have a new Prime Minister only in May and that the Brazilian President herself is going for re-election in October gave a very narrow window of possible dates for the organisers. It is, therefore, likely that in terms of the Brazilian populace, the event will be somewhat of a side show, as in that football crazy nation, the nation will either be celebrating or mourning depending on whether their own team will have won or lost in the World Cup! For the host, Brazil's President Dilma Roussef, hosting the summit is thus an obligation to be fulfilled before her own elections, and perhaps not exactly a priority.

Agenda at Fortaleza

As the theme for discussions, Brazil has proposed "inclusive growth and sustainable solutions". The relevance of the distributive aspects of growth – as and when it gathers momentum (in India and Brazil; China continues its rapid growth) –focus on the environment, and a model of development that is planet-friendly, is unexceptionable. Brazil had hosted the Rio+20 meet in 2012 and thus seeks to highlight the 'sustainable development strategies' that have emerged. There should be no difficulties in this discussion, but it is doubtful that specific decisions will come out of this grand and all pervasive idea. The substantive idea of a BRICS bank, with a priority for the much needed infrastructure lending, was first mooted at the Delhi summit. The proposal has been extensively discussed by experts and decisions now need to be taken on institutional issues such as the venue, the leadership and the voting pattern. It will be a breakthrough if with a final push, the Bank is agreed upon at the forthcoming summit.

The leaders will also have to come to terms with significant political events of the day as they have done in the past. Pro forma references will be made about the situation in Afghanistan, the Middle Eeast, Libya and some other issues on which all of BRICS countries share the same perspective. Two issues, however, are more contentious. Russia may seek an endorsement of its position on Ukraine, but other countries will be a bit guarded as there are difficult issues of secession, self-determination and external interference that underlie this issue. The leaders will reprove the sanctions on Russia and any attempts by the west to internationally isolate it, but going beyond these terms, the extent of support that they can express towards Russia's interests remains to be seen. The other complex topical issue relates to cyber governance and how to regulate the internet in the post –NSA/Snowden age. Whether BRICS can evolve common, substantive and credible positions, will be watched with interest. On global issues like the expansion of the Security Council, greater role in the financial institutions, Climate change etc, BRICS positions have been either anodyne or not sufficiently substantive. Finally, Brazil, as host, is also inviting all the leaders of South America under the umbrella of UNASUR for an outreach meeting with BRICS leaders. This is an ambitious and symbolic gesture, a nightmare for the protocol, but without much substance.

India-Brazil commonalities

For our PM, the visit to Brazil should be interesting for another reason. In the comity of nations, the similarities between India and Brazil are truly extraordinary, given that India with its size and stage of development has few countries to compare itself with. Brazil, two and a half times the size of India, has a large population (nearly 200 million), is clearly a developing country with problems of poverty, education, health and income disparity and is thus similar to us both in problems and potential. Most significantly, it is a noisy and demanding democracy as we see in the vociferous street protests even amidst the celebration of the world cup. In the last twenty years, Brazil has made significant strides in lessening income and regional disparities by innovative programs and efficiently delivered government led systems. All this should be of interest to us apart from the potential for enhanced economic cooperation in food, minerals and energy, all of which Brazil has in plenty. In the last two decades Brazil and India have certainly developed very cordial relations and increased interaction but the results so far are not all that

visible. It is to be hoped that this visit will whet the appetite for a more energetic and result-oriented engagement on both sides.

Looking beyond Brazil and BRICS, how to translate good intentions and sound objectives into concrete results should be the focus of this visit in keeping with the expectations from the style of the new government.

.***

B. S. Prakash is a former Ambassador to Brazil and is currently a visiting Professor at the Jamia Milia University.