

Digesting the Alphabet Soup: a Comparative Institutional History of IBSA and BRICS

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I. Introduction

The BRICS Grouping (Brazil, Russia, India, China and South Africa) and the IBSA Dialogue Forum (India, Brazil and South Africa) represent interregional cooperative mechanisms of increasing importance in international relations. This can be attributed to the recent rise of the global South, placing unprecedented emphasis on South–South cooperation. With three members in common, the necessity for and contribution of both IBSA and BRICS are often called into question. IBSA's two-year successive postponement of its annual summit, five of which have taken place thus far, has prompted questions regarding the continued relevance of an organisation which in many ways is viewed as duplicating the functions of BRICS. Combined with the fact that BRICS contains the political-economic weight of Russia and China (permanent members of the United Nations Security Council and Nuclear Superpowers), the future of IBSA is doubted by some. To determine the future of IBSA, it is important to examine how it differs from BRICS in terms of capacity, priorities and political character.

IBSA celebrated its 10th anniversary in 2013. It was created at the 2003 Evian Informal Meeting. Its first summit took place in Brasília, Brazil, in 2006 (Almeida Filho, 2009). Similarly, BRICS was launched at the 2006 New York Informal Meeting and had its first summit in Yekaterinburg, Russia, in 2009 (Reis, 2013). As submitted by Professor Arkhangelskaya (2012), one of the founding central aims of IBSA was to increase intra-IBSA trade to USD25 billion by 2015. In 2003, intra-IBSA trade stood at USD3.9 billion, and it has since grown to USD23 billion (IBSA Dialogue Forum, 2013a); therefore this goal appears to be well on target. Likewise, economists Jeremy Stevens of the Standard Bank in China and Simon Freemantle of Standard Bank South Africa estimate that BRICS managed to increase intra-BRICS trade eleven-fold between 2002 and 2012, and it is currently estimated to be worth more than USD310 billion. The same study also shows that current “intra-BRICS trade accounts for almost one-fifth of BRICS total trade with emerging markets, up from just 13 per cent in 2008. In contrast, the BRICS actually traded less with the EU last year than they did in 2008” (Freemantle and Stevens, 2012).

South Africa only became a member of BRICS in April 2011, against the recommendations of Jim O'Neill, who coined the acronym BRIC, and has ever since insisted that South Africa does not have the same potential for growth that characterises Brazil, Russia, India and China (Mail & Guardian, 2012).

II. The IBSA Fund and BRICS Bank

The IBSA Fund contributes aid to Least Developed Countries (LDCs) and post-conflict reconstruction and development (PCRD). Each country deposits USD1 million annually into an account administered by the UNDP (IBSA Dialogue Forum, 2013b). This set-up allows the fund to operate without a permanent secretariat or expensive administrative costs.

BRICS currently has no such funding mechanism; however, its most recent summit culminated in a decision to launch a BRICS investment bank to prompt South–South trade and development (BRICS Grouping, 2013). The ‘BRICS Bank’, as it has been dubbed, is yet to be launched. There have been official announcements that the bank aims to have a Contingent Reserve Arrangement worth USD100 billion accumulated through unequal contributions from its members (RT, 2013a); however, the time span within which it will be obtained is not yet clear, neither whether these unequal investments will lead to unequal decision-making power. According to extra-official talks with technicians involved in the negotiations and declarations by the Russian Deputy Finance Minister, Sergei Storchak (RT, 2013b), for the first five years each country will most likely invest USD400 million annually to consolidate USD10 billion at the end of this period.

Brazil appears to be keen on having the bank launched during its term as the host country of BRICS in 2014, which could allow it to influence the permanent design of the bank. China seems willing to invest a larger amount so that it can have a greater influence on the decision-making. Russia is vocal about its interests in making the BRICS Bank a reality, especially as it would be a way for the country to globalise its economy more and obtain greater profits from its petrol-derived commodities. The Director of the Department of Trade and Negotiations of Russia, Maximim Medvedkov, cited how Russia's late accession to the World Trade Organization (WTO) in December 2011 evidenced the marginalisation of the country within contemporary international economic arrangements (Medvedkov, 2012). In a similar vein, South Africa foresees the potential for strengthening its regional role by benefiting as a potential intermediary between its fellow BRICS nations and the African continent, where the majority of BRICS Bank engagement is expected to take place. The BRICS Bank will need a permanent secretariat; therefore, in light of Sino-Indian rivalry, coupled with the anticipated flow of investments into Africa, it is probable that South Africa will indeed become the permanent host.

III. Institutional set-ups

Both IBSA and BRICS have a multisectoral mandate; however, IBSA is more capillarised, consisting of 16 Working Groups. IBSA's Working Groups feature Public Administration; Taxes and Revenues; Agriculture; Human Settlement; Science and Technology; Trade; Culture; Defence; Energy; Social Development; Education; Environment; Health; Communications; Tourism; and Transport. They have forums dedicated to Academics; Business; Editors; Local Governance; Parliament; and Women.

Conversely BRICS is a more centralised organisation, facilitating relevant decentralised forums in the following areas: Foreign Ministers; Finance and Economics; National Security; Agriculture; Trade; Health; Science and Technology; Senior Officials; Competition Conferences; Business; the BRICS Development Bank; and Academics. It also has a Meeting of Statistical Organisations and BRICS Cities. The number of decentralised IBSA and BRICS forums may not appear that different; however, their qualitative differences stand out in terms of efficiency and origin. IBSA's decentralised forums were created at the formation of the initiative, whereas most of the BRICS forums and decentralised groups were created gradually, corresponding to specific demands. The BRICS organisation is considered more functional, as its decentralised forums operate very actively, whereas some IBSA Working Groups have never even met.

A major difference between the two organisations is that IBSA has far greater consensus on key global issues such as reform of the United Nations Security Council (UNSC). BRICS has relative consensus on international finance; however, in terms of global security, its members hold ambiguous positions. In any case, both interregional mechanisms were created as a result of discontent by their member countries, which felt sidelined in mainstream international forums. IBSA members recognised a common vision of South–South cooperation and pursued establishing a coalition, particularly in light of the Doha Round negotiations for liberalising global trade. BRICS was formed following recognition by the now retired Chairman of Goldman Sachs Asset Management, Jim O'Neill. In 2001 he wrote a report entitled 'Building Better Global Economic BRICS', which exposed the potential for BRIC nations to overcome the G-8 economies by 2050. Therefore, with the formative ambition of promoting the reform of the international financial system, the BRICS countries are committed to establishing an alternative financial system to that of the G-7 countries.

IV. A brief history of the summits held so far

Before IBSA's two-year postponement of its annual summit, it held regular meetings, hosted by its Member States. Its members met in Brasilia, Brazil, in 2006 to establish the main goals of shared interest to frame their collective agenda (IBSA Dialogue Forum, 2006). In 2007 they met in Pretoria, South Africa, where they focused on increasing trade among them by 50 per cent and on cooperating to produce ethanol within the Doha Round framework (IBSA Dialogue Forum, 2007). In 2008 they met in New Delhi, India, where strong critiques were exposed of developed countries' mishandling of the financial crisis (IBSA Dialogue Forum, 2008). Then a summit was held in 2010 in Brasilia, at which members focused on the Iranian issue, the Middle East conflict, the reconstruction of Haiti and the furtherance of IBSA as a whole (IBSA Dialogue Forum, 2010). Their most recent meeting was in Pretoria in 2011, where they focused on reforming the International Monetary Fund (IMF) (IBSA Dialogue Forum, 2011). The postponed summit of the past two years was intended to take place in New Delhi.

BRIC members first convened in 2006 in an informal meeting by their Heads of State in New York. Three years later they convened in Yekaterinburg, Russia, where they focused on cooperative approaches to improving the global economic situation and reforming financial institutions (BRICS Grouping, 2009). In 2010 they met in Brasilia (BRICS Grouping, 2010). President Barack Obama was present as an observer in the aftermath of his Nuclear Summit regarding Iran. Unofficially it was recognised that the USA tried, without success, to use the opportunity to pressure China to appreciate the Yuan. In 2011, the members convened in Sanya, China, where they focused on demanding China to import non-commodities, the conclusion of the UN anti-terrorist framework, NATO, the Libyan crisis, as well as issues concerning national currencies as trade mediums (BRICS Grouping, 2011). They met in New Delhi in 2012, where they proposed the creation of a BRICS development bank (BRICS Grouping, 2012). In 2013 they met in Durban, South Africa, where once again the focus was on launching the BRICS Bank as a means for promoting development and investment in Africa and, more broadly, the global South. Official BRICS think tanks were also established (BRICS Grouping, 2013).

V. Compliance within BRICS and IBSA

In 2011 at the BRICS Sanya Summit, members reviewed their priority commitments in terms of a compliance assessment. The priorities included reform of the international financial system to tackle the global financial crisis. They proposed a broad-based international reserve currency system, providing stability and certainty. In terms of commodity markets, another featured priority area, they committed to strengthening cooperation, reducing price distortions and increasing regulations on the financial market. Climate change, in terms of the Cancun Agreements, was also designated a central priority. In terms of development, the New Partnership for Africa's Development (NEPAD) was recognised as a framework by which members are committed to supporting infrastructure development in Africa.

With respect to trade as the overarching priority, they committed to further expanding and deepening trade cooperation among Member States. According to the 2012 BRICS 'New Delhi Summit Compliance Report', the compliance assessment exposed the greatest average compliance among all BRICS nations with regard to the Cancun Agreements (90 per cent) and NEPAD framework (80 per cent). The lowest average compliance was with respect to reform of the international financial system which stood at 60 per cent. Here the positions of Brazil, Russia and South Africa differed from those of China and India. On average, BRICS compliance stood at 74 per cent. India complied with all the five parameters, while South Africa had a compliance score of only 50 per cent (Kirton et al., 2012).

With respect to IBSA, there is no official effort to measure compliance; however, Professor Arkhangelskaya estimates a 96 per cent compliance score according to United Nations votes, which illustrates a synergy that is intuitively expected to be higher than that of the BRICS nations (Arkhangelskaya, 2012). In a comparison of commonalities and differences of the BRICS countries, the Secretary for Economic Relations of the Ministry of External Affairs (Government of India) and Indian Sherpa for the BRICS summit, noted that: "Consumer expenditure in BRICS countries as a percentage of gross domestic product ranges from 35 per cent to 61 per cent, and there is a strong and growing middle class, with rising levels of income" (Vyas, 2012).

VI. The 'Global Themes': trade, security and reforming the United Nations

Both IBSA and BRICS agree on the means for reforming the global financial system and are all critics of the Organisation for Economic Co-operation and Development (OECD) and North Atlantic approach to the Doha Round. Even so, the IBSA members were not able to establish a cohesive stance at the decisive July 2009 Doha Round meeting, and henceforth the mechanism has gradually lost much of its credibility and moved farther from its original *raison d'être*. More recently, however, the countries of both interregional mechanisms demonstrated cooperation in electing a Brazilian, Roberto Azevedo, to the WTO and in approving the Bali Agreement within the framework of the reborn Doha Round. This move safeguarded the Peace Clause allowing countries to continue with their respective food procurement and food distribution programmes, including the Indian Public Distribution System (PDS) and the Brazilian Programa de Aquisição de Alimentos (PAA).

In the field of national and global security, IBSA has already reached a certain level of consensus over the Responsibility While Protecting (RWP) doctrine (Stuenkel, 2012a; BRICS Grouping, 2011), whereas in BRICS, Russia and China are gradually accepting the idea as long as it is not bound by the USA-led Responsibility to Protect (R2P) doctrine. A famous case of BRIC coordination on global security was that of the UNSC vote on Libya in March 2011. The BRIC countries, which were all members of the UNSC at the time, uniformly abstained from voting. South Africa, which would just be made a formal member of the BRIC(S) Grouping one month after the UNSC session, voted in favour of the no-fly zone but later complained about being misled about its nature.

More recently, the BRICS Ministerial Meeting, which sidelined the 68th session of the United Nations General Assembly, resulted in a declaration "welcoming the framework agreement for the elimination of Syrian chemical weapons reached by Russia and the United States". Since then all the BRICS nations have been in full support of Russia destroying Syrian chemical weapons, instead of allowing for a US- or NATO-led military intervention.

Therefore, while IBSA and BRICS agree on many substantive issues, there are indeed areas where they diverge. Professor Stuenkel understands that IBSA has a unified position in favour of reform of the UNSC, whereas BRICS faces ambiguity on the part of Russia and opposition from China. He also posits that South Africa, India and Brazil are widely accepted as democracies, whereas China and Russia have their democratic status quo questioned. On this basis, Stuenkel submits the contestable hypothesis that BRICS is part of a Chinese strategy aimed at disrupting the more consolidated and homogenous position of IBSA, in an effort to secure Chinese hegemonic power in the event of a shift in the current global balance of power (Stuenkel, 2012b).

Exploring not only the differences **between** IBSA and BRICS but also the differences **within** each of them, Nitin Desai (former Indian Under-Secretary-General at the United Nations)

recognises that trade coalitions within both groups are complicated to establish because "Brazil and Russia, are major commodity exporters, while two, China and India, are major commodity importers" (Desai, 2012).

It has been submitted that a substantial difference lies in BRICS's central priority being economic integration, while IBSA prioritises development, political cooperation and

comprehensive integration of its Member States. Admittedly, BRICS is making strides towards adopting a more inclusive approach. Even so, the institutional political set-up that IBSA enjoys is unlikely to be achieved by the BRICS members who do not share the same values, aspirations or challenges. IBSA is consequently understood to have a cohesive personality of its own.

It can be said that what differences do exist among IBSA countries are mitigated by the fact that these large peripheral States are for the most part geographically distant from each other and, therefore, do not engage in direct competition. By not having competitive interests geographically they are able to establish political cohesion on various projects. BRICS, however, has no such privilege, as Russia and China share national borders. Furthermore, the border situation between neighbours India and China is tense, as the two countries fought a short war in 1962 and continue to contest the 'Indian' states of Jamul and Kashmir and Arunachal Pradesh. Tensions have often escalated into violent clashes.

VII. Concluding remarks

The theory has been submitted that BRICS is a coalition concerning matters of 'hard power' while IBSA is a coalition concerning matters of 'soft power'. Professor Arkhangelskaya has alluded to BRICS serving as a counterbalance in the global balance of power, whereas IBSA serves as platform for partnership among its Member States. On this count, articulating views on centrally disputed world issues falls principally in line with the mandate of BRICS as opposed to IBSA. In light of this, it seems reasonable for IBSA to aim at dramatically raising its profile as a partner of LDCs.

Thus it can be said that intra-IBSA cooperation needs to move beyond the phase of trans-continental travels, meetings, studies and Memorandums of Understanding to viable and demonstrable projects. It needs to establish effective maritime and civil aviation connectivity, develop a liberal visa scheme and strive to operationalise trade arrangements between India, the South African Customs Union (SACU) and Mercosur. Overall, more substantive achievements need to be made in IBSA's people-to-people contacts. In this way, IBSA can consolidate a necessary and legitimate role in South-South cooperation and international relations at large.

In conclusion, IBSA and BRICS have many commonalities and differences. IBSA's birth preceded that of BRICS. From inception and following their evolution, many functions were indeed duplicated. Even so, their political approach differs substantially; in many cases in a complementary manner. The organisations promote many divergent security and economic policies due to the influence of Russia and China. Therefore, for IBSA to secure a functional role in South-South cooperation, it should turn its focus towards issues related to LDCs and soft power concerns on account of the harmony their Member States possess in their political views.

On the other hand, BRICS should focus on issues related to the developed world's engagement with the developing world of a more hard power nature due to the political weight Russia and China afford. In this way, IBSA could potentially serve as an essential voice for LDCs by providing cooperative exchange on best practices, especially in the area of social protection. This is especially relevant in light of all Member States being expected to face an impending demographic challenge demanding a focus on youth education.

Thus the future of both organisations remains pertinent and optimistic as long as they perceive each other's presence as complementary. Accordingly, IBSA has the potential to encourage BRICS to adopt a more progressive agenda, away from hegemonic temptations. By the same token, BRICS can place healthy competitive pressure on IBSA to

advance its technical cooperation and to improve its relations with LDCs. Thus both organisations hold necessary and distinct positions in international relations. ■

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