



**BRICS RESEARCH GROUP**

The  
**BRICS Research Group**  
a joint undertaking of  
International Organizations Research Institute of the  
National Research University Higher School of Economics (Russia)  
and  
Trinity College of the University of Toronto (Canada)  
presents

## **2011 Sanya BRICS Summit Compliance Report**

15 April 2011 to 12 March 2012

27 March 2012

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## **The BRICS Research Group**

The concept of the “BRICS” was first created by Jim O’Neill to refer to the investment opportunities in the emerging economies. Today, the leaders’ meetings, which started in 2008, transcend that economic context to embrace a broad range of summit-level issues requiring global governance, such as trade and investment, health, food and agriculture, development, energy, environment, climate change, social progress, peace, security and international institutional reform.

Led by Marina Larionova of Russia’s National Research University Higher School of Economics and John Kirton of Canada’s University of Toronto, the BRICS Research Group aims to serve as a leading independent source of information and analysis on the BRICS institutions and underlying interactions. Documentation from the BRICS and relevant research and reports are published on the BRICS Information Centre website at [www.brics.utoronto.ca](http://www.brics.utoronto.ca) and the International Organisations Research Institute at [www.hse.ru/en/org/hse/iori/bric](http://www.hse.ru/en/org/hse/iori/bric). Together with international partners from the BRICS countries, the BRICS Research Group focuses on the work of the BRICS and diplomacy within the BRICS as a plurilateral international institution operating at the summit level. Particular attention is paid to the relationship and reciprocal influence of the BRICS with other leading global governance institutions such as the G8, the G20 and those of the United Nations galaxy. The BRICS Research Group also conducts analyses of the compliance of the BRICS members with their summit commitments.

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## Introduction and Summary

The 2011 Sanya BRICS Summit Compliance Report, prepared by the BRICS Research Group (the University of Toronto and the International Organizations Research Institute of the National Research University Higher School of Economics (IORI HSE), is the first report on the BRICS compliance performance since its inception at the leaders' level in 2008.

The report analyzes compliance performance by BRICS countries with a selection of 5 priority commitments out of a total of 38 commitments made by the leaders at the Sanya summit on 14 April 2011. The report covers the compliance-relevant actions taken by the BRICS countries during the period from 15 April 2011 to 12 March 2012. This timeframe allows for an assessment of compliance for the period between the 2011 Sanya Summit and the 2012 New Delhi Summit, hosted by India on 29 March 2012.

## Methodology and Scoring System

This report draws on the methodology developed by the G8 Research Group, which has been monitoring G8 compliance annually since 1996 and semi-annually since 2002. The same methodology has been adopted for monitoring G20 performance since 2008. The use of this time tested methodology builds cross-institutional, cross-member and cross-issue consistency and thus allows compatibility and comparability of the compliance performance by the G8, G20 and BRICS, providing foundation for evidence based assessment of these institutions effectiveness.

The methodology uses a scale from -1 to +1, where +1 indicates full compliance with the stated commitment, -1 indicates a failure to comply or action taken that is directly opposite to the stated goal of the commitment, and 0 indicates partial compliance or work in progress, such as initiatives that have been launched but are not yet near completion and whose final results can therefore not be assessed. Each member assessed receives a score of -1, 0 or +1 for each commitment. For convenience, the scientific scores reported in the tables in this summary have been converted to percentages, where -1 equals 0% and +1 equals 100%.<sup>1</sup>

## Commitment Breakdown

The BRICS made a total of 38 commitments at the Sanya Summit (the full list is available at <http://www.hse.ru/en/org/hse/iori/bric>).<sup>2</sup> These commitments, as identified by the BRICS Research Group, are drawn from the official BRICS Sanya Leaders Meeting Declaration. They cover 16 issue areas ranging from climate change to terrorism.

## Selection of Commitments

Although BRICS countries made a total of 38 commitments at the Sanya Summit, the BRICS Research Group has undertaken to assess compliance of all members for 5 priority commitments (see Table 1). For each compliance cycle (that is, the period between summits), the research team selects commitments that reflect the breadth of the BRICS agenda and also reflect the priority of the summit's host, while balancing the selection to allow for comparison with past and future summits.<sup>3</sup> The selection also replicates the breakdown of issue areas and the proportion of commitments in each issue area. Primary criteria for selecting a priority commitment for assessment are the comprehensiveness and relevance to the summit, the BRICS and the world, as well as individual and collective pledges. Selected commitments must also meet secondary criteria of performance such as measurability and ability to commit within a

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<sup>1</sup> The formula to convert a score into a percentage is  $P=50 \times (S+1)$ , where P is the percentage and S is the score.

<sup>2</sup> A commitment is defined as a discrete, specific, publicly expressed, collectively agreed statement of intent; a promise by summit members that they will undertake future action to move toward, meet or adjust to an identified target. More details are contained in the G8 Commitment/Compliance Coding and Reference Manual (available at <http://www.g8.utoronto.ca/evaluations/compliancemanual-110922.pdf>).

<sup>3</sup> Guidelines for choosing priority commitments, as well as other applicable considerations, are available in the G8 Commitment/Compliance Coding and Reference Manual.

year. Tertiary criteria include significance as identified by scientific teams and relevant stakeholders in the host country.

**Table 1: 2011 BRICS Sanya Summit Selected Priority Commitments for Compliance Assessment**

Priority Area	Commitments Selected and Assessed for Compliance (n = 5)
International Financial System Reform	[13] Recognizing that the international financial crisis has exposed the inadequacies and deficiencies of the existing international monetary and financial system, we support the reform and improvement of the international monetary system, with a broad-based international reserve currency system providing stability and certainty.
Finance: Commodity Markets	[14] We support the international community in strengthening cooperation to ensure stability and strong development of physical market by reducing distortion and further regulate financial market.
Climate Change: Cancun Agreements	[17] We support the Cancun Agreements.
Development: NEPAD	[28] We support infrastructure development in Africa and its industrialization within framework of the New Partnership for Africa's Development (NEPAD).
Trade: Trade Cooperation	[30] [We have agreed to continue further expanding and deepening] trade [cooperation among our countries].

### The Final Compliance Scores

The assessment is based on publicly available information relating to compliance-relevant action taken from 15 April 2011 to 12 March 2012. The final compliance scores by commitment are contained in Table 2.

For the period from 15 April 2011 to 12 March 2012, BRICS countries achieved an average final compliance score of +0.48, which translates to 74% on the percentage scale.

**Table 2: 2011 BRICS Sanya Summit Compliance Scores**

Commitment	BRA	RUS	IND	CHI	S.AF	Average score	Average %
1 International Financial System Reform [13]	0	0	+1	+1	-1	+0.2	60
2 Finance: Commodity Markets [14]	+1	0	+1	0	0	+0.4	70
3 Climate Change: Cancun Agreements [17]	+1	+1	+1	0	+1	+0.8	90
4 Development: NEPAD [28]	+1	0	+1	+1	0	+0.6	80
5 Trade: Trade Cooperation [30]	0	0	+1	+1	0	+0.4	70
Average score	+0.6	+0.2	+1	+0.6	0	<b>0.48</b>	
Average, %	80	60	100	80	50		<b>74</b>

As this is the first BRICS compliance report produced there is no data which would allow assess the compliance performance dynamics over the period from the first summit in 2009. However, analysis reveals that the number of concrete commitments made by the BRICS leaders at the summits has been constantly growing. 15 commitments were registered in 2009 Joint Statement of BRIC Leaders with 5 of them in the area of energy, and 3 commitments on overcoming the food crisis and establishing medium and long-term conditions for agriculture development were formulated in the Joint Statement on Global Food Security. At the summit in Brasilia BRICS leaders made 31 commitments. The agenda considerably expanded: 9 commitments were made

in the area of energy, 6 related to finance, 4 fell under development assistance, 2 focused on trade and the same amount - on macroeconomic cooperation. In 2011 the number of commitments agreed by the BRICS leaders amounted to 38. The balance of commitments by priorities changed. Most of them (6) addressed the issues of environmental protection and economic adaptation to climate change. Coordination has strengthened on sustainable and balanced growth (5 commitments), trade expansion (5 commitments), development assistance (4 commitments), interaction in social and economic spheres (4 commitments), including social protection, decent jobs, addressing the problems of youth and public health.

The average number of commitments in this period totaled 28, which is significantly lower than the G20 average for almost the same period between 2008 and 2011 (124). Commitments “density”, i.e. the ratio of the number of commitments to the number of characters in the summit documents is also lower for BRICS (17) than for the G20 (22). However, there is a tendency towards its increase, which can be considered as an evidence of BRICS gradual institutionalization, improvement in the quality of dialogue and the ability to coordinate decisions on the expanding number of issues.

The average score for the BRICS countries compliance with 2011 G20 Seoul summit commitments was lower than that for the Sanya commitments. However at +0.42 (71%) it was a sharp increase compared to the +0.07 (54%) performance for Toronto, +0.03 (52%) for Pittsburgh and +0.04 (52%) for London. This upward compliance trend for BRICS in G20 leads to assume that similar trend may have been observed on the BRICS summits commitments. Future research will allow verify the assumption.

### **Compliance by Member**

For country-specific compliance with the Sanya Summit’s priority commitments, India, which is chairing BRICS in 2012, holds first place with a score of +1 (100%). It is followed by Brazil and China at +0.6 (80%). Then Russia at +0.2 (60%). The lowest scoring member is South Africa, which joined BRICs at the Sanya summit, with a score of 0 (50%). This trend confirms the tendency characteristic of the summitry and is observed in the G8 and G20. The top compliance performers are usually the country chairing the summit and the forthcoming chair in the group.

### **Compliance by Commitment**

Overall compliance by commitment has been high, with all scores distributed from 0 to +1.

The highest scoring commitment is that on Cancun Agreements at +0.8 (90%). The lowest score was on the commitment International Financial System Reform at +0.2 (60%). For more information on scoring by commitment, see Table 2.

### **Future Research and Reports**

The information contained in this report provides BRICS countries and other stakeholders with an indication of their compliance in the period between the Sanya and New Delhi summits. This report has been produced as an invitation for others to provide additional or more complete information on compliance. Feedback should be sent to [brics@utoronto.ca](mailto:brics@utoronto.ca) and [iori@hse.ru](mailto:iori@hse.ru).

# 1. International Financial System Reform

## Commitment [#13]:

*“Recognizing that the international financial crisis has exposed the inadequacies and deficiencies of the existing international monetary and financial system, we support the reform and improvement of the international monetary system, with a broad-based international reserve currency system providing stability and certainty.”*

Sanya Declaration

## Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Brazil		0	
Russia		0	
India			+1
China			+1
South Africa	-1		
Average Score		+0.2	

## Background:

Reform of the international monetary and financial system has been on the BRICS agenda since 2008. At the first meeting on 8 November 2008 the BRIC Finance Ministers called for the reform of international financial institutions (IFIs) to “reflect the structural changes in the world economy and the increasingly central role that emerging markets now play”.<sup>4</sup> They emphasized that the International Monetary Fund (IMF) and the World Bank reform should “be guided towards more equitable voice and participation balance between advanced and developing countries”.<sup>5</sup> At their first summit on 16 June 2009, the BRIC leaders committed to advance the IFIs reform, stating that “the emerging and developing economies must have greater voice and representation in IFIs”.

On 4 September 2009, the BRIC Finance Ministers and Central Bank Governors proposed to shift the distribution of voting power between advanced and developing countries by 7% in the IMF and 6% in the World Bank, pointing out that this is crucial to ensuring a stable and balanced global economy.<sup>6</sup> On 15 November 2010, the G20 leaders committed to “a shift in quota share to dynamic emerging market and developing countries of at least five percent from over-represented to under-represented countries using the current IMF quota formula”.<sup>7</sup>

On 15 December 2010, the IMF Board of Governors approved a package of Fund’s quotas and governance reforms previously agreed by the G20. Once the reform package is approved by member countries and implemented, it will result in 100 percent increase in total quotas and realignment of quota shares in favor of underrepresented countries.<sup>8</sup>

<sup>4</sup> Brazil, Russia, India and China First Meeting of BRIC Finance Ministers Communiqué 8 November 2008. <http://www.minfin.ru/en/news/index.php?pg56=5&id4=6765>.

<sup>5</sup> Brazil, Russia, India and China First Meeting of BRIC Finance Ministers Communiqué 8 November 2008. <http://www.minfin.ru/en/news/index.php?pg56=5&id4=6765>.

<sup>6</sup> Final communiqué of the Meeting of finance ministers and Central Bank governors of the BRIC countries, held in London on 4 September 2009 4 September 2009. [http://www.brazil.org.uk/press/articles\\_files/20090904.html](http://www.brazil.org.uk/press/articles_files/20090904.html).

<sup>7</sup> G20 Leaders Statement: The Pittsburg Summit, G20 Information Centre 25 September 2009. <http://www.g20.utoronto.ca/2009/2009communiqué0925.html#imf>

<sup>8</sup> IMF Quotas, International Monetary Fund 13 September 2011. <http://www.imf.org/external/np/exr/facts/quotas.htm>.

On 26 January 2011, Russian President proposed to include the currencies of BRICS countries in the IMF SDR basket.<sup>9</sup>

At the BRIC summit in 2010 the BRIC Leaders asked their Finance Ministers and Central Bank Governors to look into regional monetary arrangements and discuss modalities of cooperation between BRIC countries in this area: “In order to facilitate trade and investment, we will study feasibilities of monetary cooperation, including local currency trade settlement arrangement between our countries”.<sup>10</sup>

### **Commitment Features:**

The commitment calls for “reform and improvement of the international monetary system, with a broad-based international reserve currency system providing stability and certainty” and, thus, consists of two parts. The first one can be pursued through the IMF governance reform ratification and the second one is the development of currencies aimed at complying with the criteria for entering the SDR basket (currencies are 1) issued by Fund members (or monetary unions of Fund members) which are the largest exporters and 2) have been determined by the IMF to be “freely usable”<sup>11</sup>).

Development of national currencies can be pursued through monetary cooperation between BRICS countries including local currency trade settlement arrangements, trading of currencies at the exchanges, issuing loans denominated in the respective currencies as well as measures to make currency freely usable and other actions.

A package of the IMF reforms adopted in 2010 consists of two major parts: quota increases under the 14th General Review of Quotas and the Executive Board reform. For these reforms to come into effect, “the proposed amendment to the Articles of Agreement on reform of the Executive Board needs to be accepted by at least three-fifths of IMF members representing 85 percent of the total voting power” and “members representing at least 70 percent of the total quotas on November 5, 2010 must consent in writing to their quota increases”. The IMF staff notes that “many member countries will need the approval of domestic legislatures to accept the proposed amendments to the Articles of Agreement”.<sup>12</sup> Thus to fully implement the IMF reforms countries must accept both quota increases and Executive Board reform.

As of 12 March 2012, Brazil, China and India fully approved the 2010 IMF governance reform as these countries consented to their proposed quota increases and accepted the Board Reform Amendment. South Africa and Russia consented to their proposed quota increases but had not accepted the Board Reform Amendment.<sup>13</sup>

For full compliance both parts of the commitment (IMF reforms and monetary cooperation development) need to be addressed.

### **Scoring Guidelines:**

-1	Member does not fully accept the IMF governance reform agreed in 2010 AND does not undertake measures to develop monetary cooperation between BRICS.
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<sup>9</sup> Dmitry Medvedev Addressed the World Economic Forum in Davos, President of Russia 26 January 2011. <http://eng.kremlin.ru/news/1684>

<sup>10</sup> Joint Statement of the BRIC Countries’ Leaders, President of Russia 15 April 2010. [http://eng.news.kremlin.ru/ref\\_notes/5](http://eng.news.kremlin.ru/ref_notes/5)

<sup>11</sup> Criteria for Broadening the SDR Currency Basket Prepared by the IMF Finance and Strategy, Policy, and Review Departments 23 September 2011. <http://www.imf.org/external/np/pp/eng/2011/092311.pdf>.

<sup>12</sup> Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund 13 December 2011. <http://www.imf.org/external/np/pp/eng/2011/121311.pdf>.

<sup>13</sup> Acceptances of the Proposed Amendment of the Articles of Agreement on Reform of the Executive Board and Consents to 2010 Quota Increase, International Monetary Fund 16 March 2012. <http://www.imf.org/external/np/sec/misc/consents.htm>.

0	Member fully accepts the IMF governance reform agreed in 2010 OR undertakes measures to develop monetary cooperation between BRICS.
+1	Member fully accepts the IMF governance reform agreed in 2010 AND undertakes measures to develop monetary cooperation between BRICS.

### **Brazil: 0**

Brazil has partially complied with the commitment on international financial system reform.

The country has fully accepted the 2010 IMF governance reform. According to the IMF Brazil consented to its proposed quota increase and accepted the Board Reform Amendment.<sup>14</sup>

According to the IMF staff discussion note “Internationalization of Emerging Market Currencies: A Balance between Risks and Rewards” published on 18 October 2011 the use of Brazilian real in foreign exchange derivatives had increased by 50% in the past few years. Furthermore, Brazil had made significant progress toward liberalizing its capital accounts by 2009 and had made progress in deepening its financial markets by “the rapid expansion of domestic bond markets”.<sup>15</sup> Despite the fact that these actions confirm Brazil’s active position towards its currency development, they can not constitute compliance with the commitment as they took place before the Sanya summit.

At the Twenty-Fourth Meeting of the International Monetary and Financial Committee, Brazilian Finance Minister Guido Mantega stated that “the international monetary system does not reflect an increasingly multi-polar world. The SDR could play a larger role in the international monetary system, especially if its basket is enlarged with the inclusion of emerging market currencies, and the SDR markets become deeper and more liquid.”<sup>16</sup>

Further, Finance Minister Guido Mantega reiterated Brazil’s support for the expansion of the SDR international reserve asset. “We are pleading to put [to the SDR basket] more currencies of countries that are now economically representative, the real and the Chinese currency (renminbi). We will continue striving in this direction.”<sup>17</sup>

On 17 June 2011, First Deputy Chairman of the Russian Central Bank Alexei Ulyukaev said that the Russian authorities were working with the Brazilian counterparts to reach an agreement on bilateral trade in local currencies.<sup>18</sup>

Brazil has fully accepted the IMF governance reforms but no Brazil’s actions to develop monetary cooperation between BRICS taken during the compliance cycle have been registered. Thus, it has been awarded a score of 0.

*Analyst: Caroline Bracht*

### **Russia: 0**

Russia has partially complied with the commitment on international financial system reform.

<sup>14</sup> Acceptances of the Proposed Amendment of the Articles of Agreement on Reform of the Executive Board and Consents to 2010 Quota Increase, International Monetary Fund 16 March 2012.

<http://www.imf.org/external/np/sec/misc/consents.htm>.

<sup>15</sup> Internationalization of Emerging Market Currencies: A balance between Risks and Rewards, International Monetary Fund 19 October 2011. <http://www.imf.org/external/pubs/cat/longres.aspx?sk=25290>.

<sup>16</sup> Statement by Guido Mantega, Minister of Finance, Ministerio da Fazenda, Brazil: On behalf of Brazil, Colombia, Dominican Republic, Ecuador, Guyana, Haiti, Panama, Suriname, Trinidad and Tobago, International Monetary and Financial Committee 24 September 2011. <http://www.imf.org/external/am/2011/imfc/statement/eng/bra.pdf>.

<sup>17</sup> Ministerio du Fazenda, Seria insensatez se União Europeia deixasse a Itália entrar em default Taxa de crescimento será maior em 2012, Brazilian Ministry of Finance 10 November 2011.

<http://www.fazenda.gov.br/audio/2011/novembro/a101111.asp>.

<sup>18</sup> Emerging Markets Shaping a New Global Economy. Securing Global Growth, St. Petersburg International Economic Forum 17 June 2011. [http://www.forumspb.com/upload/shorthand/shorthand\\_177\\_en.pdf](http://www.forumspb.com/upload/shorthand/shorthand_177_en.pdf).

According to the IMF as of 12 March 2012 Russia had consented to its proposed quota increase but had not accepted the Board Reform Amendment.<sup>19</sup> No Russia's actions to formally accept the Board Reform Amendment during the compliance cycle have been registered.

On 17 June 2011, First Deputy Chairman of the Russian Central Bank Alexei Ulyukaev said that the Russian authorities were working with the Brazilian counterparts to reach an agreement on bilateral trade in local currencies.<sup>20</sup>

On 23 June 2011, Russian and Chinese central banks signed a new bilateral local currency settlement agreement. According to the agreement bilateral local currency settlement will be expanded from cross-border trade to general trade and geographic area. According to the Chinese Central Bank "economic entities from both countries will be able to conduct settlements and payments for trade of goods and services with a currency of their choice" (a freely convertible currency, renminbi or ruble).<sup>21</sup>

On 28 October 2011, the Russian Central Bank Board of Directors approved Guidelines for the Single State Monetary Policy in 2012 and for 2013 and 2014. According to the Guidelines the exchange rate policy conducted by the Central Bank will be aimed at "consistently scaling down the Bank's direct intervention in the rate-setting process and creating conditions for the transition to a floating exchange rate regime".<sup>22</sup>

Russia has taken actions to develop monetary cooperation between BRICS but has not fully accepted the IMF governance reforms. Thus, it has been awarded a score of 0.

*Analyst: Mark Rakhmangulov*

### **India: +1**

India has fully complied with the commitment on international financial system reform.

India has fully accepted the 2010 IMF governance reform. According to the IMF report India consented to its proposed quota increase and accepted the Board Reform Amendment.<sup>23</sup>

India has taken measures to develop monetary cooperation within BRICS and to develop its own currency.

On 27 September 2011, Indian Central Bank allowed Indian infrastructure companies to avail themselves of External Commercial Borrowings (ECB) denominated in renminbi.<sup>24</sup>

India has fully accepted the 2010 IMF governance reform and taken measures aimed at developing monetary cooperation in BRICS currencies. Thus, it receives a score of +1.

*Analyst: Andrey Shelepov*

### **China: +1**

China has fully complied with the commitment on international financial system reform.

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<sup>19</sup> Acceptances of the Proposed Amendment of the Articles of Agreement on Reform of the Executive Board and Consents to 2010 Quota Increase, International Monetary Fund 16 March 2012.

<http://www.imf.org/external/np/sec/misc/consents.htm>.

<sup>20</sup> Emerging Markets Shaping a New Global Economy. Securing Global Growth, St. Petersburg International Economic Forum 17 June 2011. [http://www.forumspb.com/upload/shorthand/shorthand\\_177\\_en.pdf](http://www.forumspb.com/upload/shorthand/shorthand_177_en.pdf).

<sup>21</sup> China and Russia Signed New Bilateral Local Currency Settlement Agreement, People's Bank of China 23 June 2011.

[http://www.pbc.gov.cn/publish/english/955/2011/20110630151646500985220/20110630151646500985220\\_.html](http://www.pbc.gov.cn/publish/english/955/2011/20110630151646500985220/20110630151646500985220_.html).

<sup>22</sup> Guidelines for the Single State Monetary Policy in 2012 and for 2013 and 2014, Bank of Russia 28 October 2011. [http://cbr.ru/eng/today/publications\\_reports/on\\_12-eng.pdf](http://cbr.ru/eng/today/publications_reports/on_12-eng.pdf).

<sup>23</sup> Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund 13 December 2011. Date of Access: 28 February 2012. <http://www.imf.org/external/np/pp/eng/2011/121311.pdf>.

<sup>24</sup> External Commercial Borrowings (ECB) in Renminbi (RMB), Reserve Bank of India 27 September 2011. Date of Access: 1 March 2012. <http://rbi.org.in/scripts/NotificationUser.aspx?Mode=0&Id=6737>

China has fully accepted the 2010 IMF governance reform. According to the IMF China consented to its proposed quota increase and accepted the Board Reform Amendment.<sup>25</sup>

China has taken several measures to develop its currency.

In August 2011, the Chinese authorities issued the Notice on Extending Geographical Coverage of Use of RMB in Cross-border Trade Settlement, which extended the geographical coverage of cross-border trade settlement in renminbi to the whole country. This step aims to boost cross-border use of renminbi (RMB) and to meet enterprises' demand and further facilitate trade and investment.<sup>26</sup>

On 23 June 2011, Chinese and Russian central banks signed a new bilateral local currency settlement agreement. According to the agreement bilateral local currency settlement will be expanded from cross-border trade to general trade and geographic area. According to the Chinese Central Bank “economic entities from both countries will be able to conduct settlements and payments for trade of goods and services with a currency of their choice” (a freely convertible currency, renminbi or ruble).<sup>27</sup>

On 14 September 2011, in order to facilitate RMB/ruble trading on the Moscow Interbank Currency Exchange (Micex), the Chinese Central Bank Issued the Notice on RMB Clearing on the Micex which allowed “Russian commercial banks that conduct ruble/RMB trade on the Micex to open special RMB accounts in commercial banks located in China that are dedicated to clearing RMB funds resulting from such trade”.<sup>28</sup>

China has fully accepted the IMF governance reform agreed in 2010 and has undertaken measures to develop monetary cooperation in currencies of BRICS countries. Thus, China has been awarded a score of +1.

*Analyst: Svetlana Nikitina*

### **South Africa: -1**

South Africa has not complied with the commitment on international financial system reform.

The country has partially accepted the 2010 IMF governance reform.

According to the IMF as of 12 March 2012 South Africa had consented to its proposed quota increase but had not accepted the Board Reform Amendment.<sup>29</sup> No South Africa's actions to formally accept the Board Reform Amendment during the compliance cycle have been registered.

In November 2011, South Africa's Trade and Industry Minister Rob Davies said that “finding an alternative to convertible currencies was a priority for the BRICS countries” and an interim

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<sup>25</sup> Proposed Amendment to the Articles of Agreement on the Reform of the IMF Executive Board and Fourteenth General Review of Quotas—Status of Acceptances and Consents, International Monetary Fund 13 December 2011. Date of Access: 28 February 2012. <http://www.imf.org/external/np/pp/eng/2011/121311.pdf>.

<sup>26</sup> China Extends Geographical Coverage of Cross-border Trade Settlement in RMB to Entire Nation, People's Bank of China 22 August 2011. Date of access: 22 August 2011.

[http://www.pbc.gov.cn/publish/english/955/2011/20110830143601145186005/20110830143601145186005\\_.html](http://www.pbc.gov.cn/publish/english/955/2011/20110830143601145186005/20110830143601145186005_.html)

<sup>27</sup> China and Russia Signed New Bilateral Local Currency Settlement Agreement, People's Bank of China 23 June 2011.

[http://www.pbc.gov.cn/publish/english/955/2011/20110630151646500985220/20110630151646500985220\\_.html](http://www.pbc.gov.cn/publish/english/955/2011/20110630151646500985220/20110630151646500985220_.html).

<sup>28</sup> Highlights of China's Monetary Policy in the Third Quarter of 2011, the Peoples Bank of China 28 December 2011. Date of access: 22 August 2011.

[http://www.pbc.gov.cn/publish/english/955/2011/20111228102127169422467/20111228102127169422467\\_.html](http://www.pbc.gov.cn/publish/english/955/2011/20111228102127169422467/20111228102127169422467_.html)

<sup>29</sup> Acceptances of the Proposed Amendment of the Articles of Agreement on Reform of the Executive Board and Consents to 2010 Quota Increase, International Monetary Fund 16 March 2012.

<http://www.imf.org/external/np/sec/misc/consents.htm>.

“clearing-out arrangement” would be negotiated as creating a single BRICS currency would be a complicated “longer-term ambition”.<sup>30</sup>

South Africa has only partially accepted the 2010 IMF reforms and no actions to develop monetary cooperation in BRICS currencies have been registered. Thus it has been awarded a score of -1.

*Analyst: Tatyana Lanshina*

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<sup>30</sup> SA backs BRICS common currency plan, Mail&Guardian online 18 November 2011. Date of Access: 15 February 2012. <http://mg.co.za/article/2011-11-18-sa-backs-brics-common-currency-plan/>.

## 2. Finance: Commodity Markets

### Commitment [#14]:

*“We support the international community in strengthening cooperation to ensure stability and strong development of physical market by reducing distortion and further regulate financial market.”*

Sanya Declaration

### Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Brazil			+1
Russia		0	
India			+1
China		0	
South Africa		0	
Average Score		+0.4	

### Background:

Following the joint ministerial statement of BRIC countries on global food security, adopted at the Summit in Yekaterinburg in June 2009, BRIC Agriculture Ministers met on March 25<sup>th</sup> 2010 in Moscow. The Declaration of BRIC Agriculture Ministers considered the following areas of cooperation to ensure stability of agricultural markets:

1. Creation of agricultural information base system of the BRIC countries which can help in coordinated approach on formation of national grain reserves taking into account a global picture of food supply
2. Development of a general strategy for ensuring access to food for the most vulnerable population (including the exchange of experience in the area of food producing and public purchasing systems for distribution and food assistance to vulnerable population and victims of natural calamities).<sup>31</sup>

These pledges to take collective actions shaped the future agricultural agenda of BRICS.

### Commitment Features:

During the Summit in Sanya (China) BRICS members emphasised that “excessive volatility in commodity prices, particularly those for food and energy, poses new risks for the ongoing recovery of the world economy”. They called on international community “to increase production capacity, strengthen producer-consumer dialogue to balance supply and demand, and increase support to the developing countries in terms of funding and technologies”, and accordingly strengthen “the regulation of the derivatives market for commodities to prevent activities capable of destabilizing markets”.<sup>32</sup> Thus, it is a two-part commitment. It calls for taking measures aimed at (1) reducing distortion in physical markets for food and energy by taking measures aimed at strengthening production capacity and producer-consumer dialogue, and providing financial and technological support to the developing countries’ agricultural sector, and (2) providing stronger regulation of the derivatives markets where food and energy act as underlying assets in order to reduce speculation. The second objective can be achieved through enhancing price discovery and transparency, information sharing, strengthening

<sup>31</sup> Moscow Declaration of BRIC Agriculture and Agrarian Development Ministers, Embassy of India in Moscow 26 March 2010. Date of Access: 02.11.2011.

[http://www.indianembassy.ru/cms/index.php?option=com\\_content&task=view&id=660&Itemid=451&lang=english](http://www.indianembassy.ru/cms/index.php?option=com_content&task=view&id=660&Itemid=451&lang=english)

<sup>32</sup> BRICS Leaders Meeting Declaration, International Organisations Research Institute 14 April 2011. Date of Access: 02.11.2011. [http://www.hse.ru/en/org/hse/iori/brics\\_summit\\_20110411](http://www.hse.ru/en/org/hse/iori/brics_summit_20110411).

surveillance and taking other measures in line with IOSCO Commodity Derivatives Markets Supervisory Principles.<sup>33</sup>

### Scoring Guidelines:

-1	Member does not implement measures aimed at reducing distortion in physical markets for food and energy AND does not undertake measures to improve food and energy derivatives regulation.
0	Member implements measures aimed at reducing distortion in physical markets for food and energy OR undertakes measures to improve food and energy derivatives regulation.
+1	Member implements measures aimed at reducing distortion in physical markets for food and energy AND undertakes measures to improve food and energy derivatives regulation.

### Brazil: +1

Brazil has fully complied with its commitment to implement measures in an attempt to reduce distortion in physical markets and to improve the regulation of derivative markets.

On 1 November 2011, The Bill & Melinda Gates Foundation announced its partnership with the Brazilian Agency for Cooperation (ABC). The partnership aims to improve agricultural productivity among small farmers in Sub-Saharan Africa and South Asia. The projects range from developing more productive and nutritious staple crops, improving soil and water management techniques, and reducing crop loss after harvest.<sup>34</sup>

The Brazilian Ministry of Agriculture consolidated monthly Agribusiness Trade Balance documents with the results of exports, imports, and the major destinations and origins. Data is freely available on the Ministry's website.<sup>35</sup>

On 8 December 2011, Brazil passed the Law No. 12,543/2011, establishing specific conditions for trading in derivative contracts, setting specific limits and deadlines. On 15 February 2012, the Brazilian Deputy Executive Secretary of the Treasury Dyogo Oliveira announced establishment of a working group composed of experts from the Brazilian Ministry of Finance and Central Bank to propose measures aimed at encouraging balanced growth and secure development of the derivatives market in Brazil. The technical group will be coordinated by a steering committee, composed of the executive secretary of the Finance Ministry, the directors of Monetary Policy and Regulation of Financial System of the Central Bank and the Chairman of Securities Commission (CVM).<sup>36</sup>

Brazil has taken measures to reduce distortion in physical food markets and to improve the regulation of derivative markets. Thus, it has been awarded a score of +1.

*Analyst: Caroline Bracht*

### Russia: 0

Russia has partially complied with its commitment on finance.

<sup>33</sup> Principles for the Regulation and Supervision of Commodity Derivatives Markets, International Organization of Securities Commissions 15 September 2011. Date of Access: 22 November 2011. <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD358.pdf>.

<sup>34</sup> Brazil and the Gates Foundation Join Up to Improve Health and Development in Sub-Saharan Africa and South Asia. Africa-Brazil Agriculture Innovation Marketplace 01 November 2011. <http://www.africa-brazil.org/news>.

<sup>35</sup> Internacional, Brazilian Ministry of Agriculture. Date of access: 26 February 2012. <http://www.agricultura.gov.br/internacional>

<sup>36</sup> Fazenda e BC criam grupo tecnico para analisar o mercado de derivativos, Brazilian Ministry of Finance 15 February 2012. <http://www.fazenda.gov.br/audio/2012/fevereiro/a150212b.asp>.

On 20 May 2011, the Russian Government decided to allocate USD0.1 million to the UN Food and Agriculture Organization for the High Level Panel of Experts on Food Security and Nutrition activities.<sup>37</sup>

On 14 November 2011, the Russian Government approved the action plan on the realization of the Complex Program of Russia's Participation in International Cooperation on Agriculture, Fishery and Food Security. According to the action plan relevant authorities will participate in the AFSI working group meetings and prepare statistical information about Russia's contribution to the AFSI.<sup>38</sup>

On 1 March 2012, Russian Ministry of Agriculture published a draft state programme for agro-industrial development and the regulation of agricultural produce, feedstock and food distribution in 2013-2020. The program is aimed inter alia at enhancing competitiveness of Russian agricultural goods at foreign and domestic markets, ensuring business solvency of agriculture producer<sup>s</sup> and sustainable development of lands.<sup>39</sup>

Russia has taken measures aimed at reducing distortion in physical food markets. No actions to improve food and energy derivatives regulation taken during the compliance period have been registered. Thus, Russia has been awarded a score of 0.

*Analyst: Mark Rakhmangulov*

### **India: +1**

India has fully complied with its commitment to ensure stability and development of commodity markets.

The country has implemented several measures aimed at reducing distortion in physical markets for food and energy.

On 19 December 2011, the Indian Government adopted the food security bill. The document initiates the allocation subsidized food to more than 60% of India's population. This process is expected to stimulate agricultural production and reduce food insecurity.<sup>40</sup>

India has also developed its regulation framework for commodity derivatives.

On 30 June 2011, Forward Market Commission (FMC), an Indian derivatives market regulator, clarified that any defaulting member of a particular commodity exchange should be also declared as having defaulted in other exchanges.<sup>41</sup>

On 23 December 2011, the Forward Market Commission issued the guidelines requiring national exchanges to carry out audit inspections of all their members at least once every three years. Reports containing the results of these inspections will be sent to the FMC.<sup>42</sup>

India has undertaken measures aimed at strengthening stability of both physical and financial markets for commodities. Thus, it receives a score of +1.

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<sup>37</sup> Executive Order No. 887-p, Government of Russia 20 May 2011. Date of Access: 27 February 2012. <http://government.ru/gov/results/15344/>.

<sup>38</sup> Executive Order No. 2028, Government of Russia 14 November 2011. Date of Access: 27 February 2012. <http://government.ru/gov/results/17146/>.

<sup>39</sup> Draft state programme for agro-industrial development and the regulation of agricultural produce, feedstock and food distribution in 2013-2020, Russian Ministry of Agriculture 1 March 2012. <http://www.mcx.ru/documents/document/show/16834.342.htm>.

<sup>40</sup> Cabinet clears food security bill, Governance Knowledge Center 19 December 2011. Date of Access: 2 March 2012. <http://indiagovernance.gov.in/news.php?id=1121>.

<sup>41</sup> No.1/1/2011-Policy/Circular/2011, Forward Markets Commission 30 June 2011. Date of Access: 2 March 2012. <http://www.fmc.gov.in/docs/Circulars/General/others/sharing%20of%20information.pdf>.

<sup>42</sup> No.Div.III/1/301/2011-12/Audit, Forward Markets Commission 23 December 2011. Date of Access: 2 March 2012. <http://www.fmc.gov.in/docs/Guidelines/Guidelines/Inspection%20of%20Exchange%20Members%20by%20National%20Exchanges.pdf>

### **China: 0**

China has partially complied with the commitment.

On 24 September 2011, Chinese Foreign Minister Yang Jiechi said China would continue working with the international community to make greater contributions to improving food security in African countries. According to the Foreign Minister the Chinese government planned to provide African countries with emergency grain aid worth approximately USD70 million.<sup>43</sup>

On 29 September 2011, Chinese Vice Minister of Agriculture Chen Xiaohua said that the Chinese authorities expected a record grain output of more than 550 million metric tons in 2011. He said that the Chinese goal was to “keep the grain prices at reasonable and stable level by gradually raising the minimum grain purchase prices”.<sup>44</sup>

China has taken measures aimed at reducing distortion in physical food markets. No actions to improve food and energy derivatives regulation taken during the compliance period have been registered. Thus, China has been awarded a score of 0.

*Analyst: Svetlana Nikitina*

### **South Africa: 0**

South Africa has partially complied with its commitment.

On 27 June 2011, South African Agriculture Minister Tina Joemat-Pettersson stressed the need for measures to make international food prices more stable. She also mentioned that non-tariff barriers should be removed to facilitate access of African agricultural products to the international market.<sup>45</sup>

On 5 September 2011, Minister Joemat-Pettersson met with African ambassadors to gain support for the African Ministerial Conference on Climate-smart Agriculture, taking place in Gauteng Province on 13 and 14 September. This event was held in the framework of South Africa's preparations to the 17th UNFCCC Conference of the Parties (COP 17) in Durban.<sup>46</sup> COP17 participants recommended measures on climate-smart agriculture for implementation but without any practical agreements.<sup>47</sup>

South Africa has taken measures to reduce distortion in physical markets for food but taken no actions aimed at improving food and energy derivatives regulation taken during the compliance cycle. South Africa received a score of 0.

*Analyst: Tatyana Lanshina*

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<sup>43</sup> China to contribute more to promoting food security in Africa: FM, Chinese Government 24 September 2011. Date of access: 24 September 2011. [http://www.gov.cn/misc/2011-09/25/content\\_1956005.htm](http://www.gov.cn/misc/2011-09/25/content_1956005.htm)

<sup>44</sup> China's grain output to top 550 million metric tons this year: agricultural authorities, Chinese Government 29 September 2011. Date of access: 29 September 2011. [http://english.gov.cn/2011-09/29/content\\_1959791.htm](http://english.gov.cn/2011-09/29/content_1959791.htm)

<sup>45</sup> S. Africa to combat food price volatility, Daily Monitor 27 June 2011. Date of Access: 21 February 2012. [http://www.dailymotion.com/video/xjk6hg\\_s-africa-to-combat-food-price-volatility\\_news](http://www.dailymotion.com/video/xjk6hg_s-africa-to-combat-food-price-volatility_news).

<sup>46</sup> Climate 'threat to African food security', SouthAfrica.info 5 September 2011. Date of Access: 22 February 2012. <http://www.southafrica.info/news/climate-050911.htm>.

<sup>47</sup> South Africa: A Resume of Durban Conference [Cop 17] On Climate Change-Final Part, AllAfrica 24 February 2012. Date of Access: 29 February 2012. <http://allafrica.com/stories/201202270734.html>.

### 3. Climate Change: Cancun Agreements

#### Commitment [#17]:

*“We support the Cancun Agreements.”*

Sanya Declaration

#### Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Brazil			+1
Russia			+1
India			+1
China		0	
South Africa			+1
Average Score		+0.8	

#### Background:

The agreements, reached on 11 December 2010 in Cancun, Mexico, at the United Nations Climate Change Conference (UNCCC) “represent key steps forward in capturing plans to reduce greenhouse gas emissions and to help developing nations protect themselves from climate [change] impacts and build their own sustainable futures”.<sup>48</sup>

The Cancun Agreements present three areas for actions: 1) adaptation, 2) mitigation, and 3) finance and technology.<sup>49</sup>

#### Adaptation

The UNCCC agreed that adaptation to the impacts of climate change is a challenge faced by all Parties. In order to address it, Parties established the Cancun Adaptation Framework (CAF)<sup>50</sup> aimed at enhancing action on adaptation, including through international cooperation and coherent consideration of matters relating to adaptation.

The CAF specifies a wide range of measures that should be undertaken by Parties in the sphere of adaptation. Among them are the following national-level actions:

- planning, prioritizing and implementing actions, including in the areas of water resources; health; agriculture and food security; infrastructure; socioeconomic activities; terrestrial, freshwater and marine ecosystems; and coastal zones, identified in national and subnational adaptation plans, strategies, programs, communications, technology needs assessments and other relevant documents;
- making impact, vulnerability and adaptation assessments;
- strengthening institutional capacities and enabling environments for adaptation;
- building resilience of socioeconomic and ecological systems, including through economic diversification and sustainable management of natural resources;

<sup>48</sup> Milestones on the road to 2012: The Cancun Agreements, UN Framework Convention on Climate Change. [http://unfccc.int/essential\\_background/cancun\\_agreements/items/6132.txt.php](http://unfccc.int/essential_background/cancun_agreements/items/6132.txt.php)

<sup>49</sup> The Cancun Agreements, UN Framework Convention on Climate Change. <http://cancun.unfccc.int/cancun-agreements/>

<sup>50</sup> Report of the Conference of the Parties on its sixteenth session, held in Cancun from 29 November to 10 December 2010, UN Framework Convention on Climate Change 15 March 2011. Page 4. <http://unfccc.int/resource/docs/2010/cop16/eng/07a01.pdf#page=4>.

- enhancing climate change related disaster risk reduction strategies, early warning systems, risk assessment and management, and sharing and transfer mechanisms such as insurance;
- developing measures to enhance understanding, coordination and cooperation with regard to climate change induced displacement, migration and planned relocation;
- strengthening data and knowledge systems, education and public awareness;
- improving climate-related research and data collection in order to provide decision-makers with improved information;
- strengthening and, where necessary, establishing national-level institutional arrangements, with a view to enhancing work on the full range of adaptation actions, from planning to implementation.

The Parties also committed to undertake several international-level activities, such as:

- doing research on adaptation, providing development and transfer of adaptation technologies and practices, with a view to promoting access to technologies, in particular in developing country Parties.
- strengthening and, where necessary, establishing regional centers and networks, in particular in developing countries;

In addition, developed countries were requested to take actions enabling developing country Parties to formulate and implement national adaptation plans.<sup>51</sup>

### ***Mitigation***

IPCC defines mitigation as: “an anthropogenic intervention to reduce the sources or enhance the sinks of greenhouse gases.”<sup>52</sup>

Developing and developed countries made partially different commitments concerning mitigation in the framework of the Cancun Agreements. Developed country Parties pledged to take the following actions at the national level:

- establish national arrangements for the estimation of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol<sup>53</sup> (the document which entered into force in 1993 and seeks to phase out chlorofluorocarbons (CFCs) and halons, an important group of greenhouse gases, was adopted by the majority of the world countries);
- develop low-carbon development strategies or plans;
- strive to implement policies and measures to respond to climate change in such a way as to avoid negative social and economic consequences for developing country Parties.

Moreover, some international-level mitigation commitments were made by the developed countries:

- to submit to the Conference of the Parties annual greenhouse gas inventories and inventory reports and biennial reports on their progress in achieving emission reductions, including information on mitigation actions to achieve their quantified economy-wide

<sup>51</sup> Report of the Conference of the Parties on its sixteenth session, held in Cancun from 29 November to 10 December 2010, UN Framework Convention on Climate Change 15 March 2011. Section II.

<sup>52</sup> IPCC Glossary. Intergovernmental Panel on Climate Change.  
<http://www.ipcc.ch/ipccreports/tar/wg3/index.php?idp=466>

<sup>53</sup> The Montreal Protocol on Substances that Deplete the Ozone Layer, UN Environment Programme.  
[http://ozone.unep.org/Publications/MP\\_Handbook/Section\\_1.1\\_The\\_Montreal\\_Protocol/](http://ozone.unep.org/Publications/MP_Handbook/Section_1.1_The_Montreal_Protocol/)

emission targets and emission reductions achieved, projected emissions and the provision of financial, technology and capacity-building support to developing country Parties;

- to submit to the Conference of the Parties supplementary information on the achievement of quantified economy-wide emission reductions;

Developing countries committed to undertake the following measures at the national level:

- take nationally appropriate mitigation actions in the context of sustainable development, supported and enabled by technology, financing and capacity-building, aimed at achieving a deviation in emissions relative to ‘business as usual’ emissions in 2020;
- develop low-carbon development strategies or plans in the context of sustainable development;
- contribute to mitigation actions in the forest sector by undertaking the different activities;
- develop a) a national strategy or action plan; b) national forest reference emission level and/or forest reference level or, if appropriate, as an interim measure, subnational forest reference emission levels and/or forest reference levels; and c) A robust and transparent national forest monitoring system
- address, inter alia, the drivers of deforestation and forest degradation, land tenure issues, forest governance issues, gender considerations, ensuring the full and effective participation of relevant stakeholders, inter alia indigenous peoples and local communities, when developing and implementing their national strategies or action plans.

International-level commitments for the developing countries include:

- submit to the to the UNFCCC secretariat information on nationally appropriate mitigation actions for which they are seeking support, along with estimated costs and emission reductions, and the anticipated time frame for implementation;
- submit to the UNFCCC secretariat information on support available and provided for nationally appropriate mitigation actions;
- submit their national communications to the Conference of the Parties, in accordance with Article 12, paragraph 1, of the UNFCCC, every four years or in accordance with any further decisions on frequency by the Conference of the Parties;
- submit biennial update reports containing updates of national greenhouse gas inventories, including a national inventory report and information on mitigation actions, needs and support received;

In addition, both developing and developed nations committed to ensure coordination of anti-deforestation activities, particularly at the national level as well as cooperate fully to enhance understanding of the economic and social consequences of response measures, taking into account the need for information from those affected, and evidence of actual impacts, and of both positive and negative effects.<sup>54</sup>

### ***Financial, technological and capacity-building activities***

Commitments in this area differ between developed and developing countries. All of these differentiated actions are supposed to be taken at international level.

Developed countries’ governments should:

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<sup>54</sup> Report of the Conference of the Parties on its sixteenth session, held in Cancun from 29 November to 10 December 2010, UN Framework Convention on Climate Change 15 March 2011. Section III.  
<http://unfccc.int/files/na/application/pdf/07a01-1.pdf>

- submit to the UNFCCC secretariat for compilation into an information document, by May 2011, 2012 and 2013, information on the resources provided to fulfill the commitment to provide new and additional resources, including forestry and investments through international institutions, approaching USD30 billion for the period of 2010–2012, including ways in which developing country Parties access these resources;
- mobilize jointly USD100 billion per year by 2020 to address the needs of developing countries;
- provide a significant share of new multilateral funding for adaptation through the Green Climate Fund;<sup>55</sup>
- continue to report through their national communications on the support they have provided for capacity-building in developing country Parties.

Developing countries pledged to:

- continue to report through their national communications on progress made in enhancing their capacity to address climate change, including on the use of the support received.

Finally, priority areas for both developed and developing nations include national-level measures:

- improved climate change observation systems and related information management;
- strengthening of national systems of innovation and technology innovation centres;
- development and implementation of national technology plans for mitigation and adaptation;

and several activities on the international level:

- development and enhancement of the endogenous capacities and technologies of developing country Parties, including cooperative research, development and demonstration programmes;
- deployment and diffusion of environmentally sound technologies and know-how in developing country Parties;
- increased public and private investment in technology development, deployment, diffusion and transfer;
- deployment of soft and hard technologies for the implementation of adaptation and mitigation actions.<sup>56</sup>

### **Commitment Features:**

At the Summit in Sanya BRICS members expressed their support to the Cancun Agreements.<sup>57</sup> The UNFCCC divides countries into three main groups according to differing commitments.<sup>58</sup> Thus, in the Cancun Agreements developed countries are referred to as Annex I Parties and developing countries are referred to as Non-Annex I Parties. Among BRICS, only Russia is included in the Annex I. Thus actions constituting compliance on mitigation and financial,

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<sup>55</sup> Transitional Committee for the design of the Green Climate Fund. UN Framework Convention on Climate Change. [http://unfccc.int/cooperation\\_and\\_support/financial\\_mechanism/green\\_climate\\_fund/items/5869.php](http://unfccc.int/cooperation_and_support/financial_mechanism/green_climate_fund/items/5869.php)

<sup>56</sup> Report of the Conference of the Parties on its sixteenth session, held in Cancun from 29 November to 10 December 2010. UN Framework Convention on Climate Change 15 March 2011. Section IV. <http://unfccc.int/files/na/application/pdf/07a01-1.pdf>.

<sup>57</sup> BRICS Leaders Meeting Declaration, International Organisations Research Institute. 14 April 2011. [http://www.hse.ru/en/org/hse/iori/brics\\_summit\\_20110411](http://www.hse.ru/en/org/hse/iori/brics_summit_20110411).

<sup>58</sup> Parties & Observers, UN Framework Convention on Climate Change. [http://unfccc.int/parties\\_and\\_observers/items/2704.php](http://unfccc.int/parties_and_observers/items/2704.php)

technological and capacity-building activities may differ for Russia as compared to the other BRICS countries. Nevertheless a similar scoring formula may be applied for all members.

To register full compliance, the BRICS member must take positive steps in two of the three areas, namely, adaptation; mitigation; and finance, technology and capacity-building.

**Scoring Guidelines:**

-1	Member implements measures in none of the three areas.
0	Member implements measures in one of the three areas.
+1	Member implements measures in two of the three areas.

**Brazil +1**

Brazil has fully complied with its commitment to support the Cancun Agreements.

In 2011, the Brazilian Interministerial Committee on Climate Change (ICC) and its Executive Group (GEx) planned and prioritized adaptation plans such as: planning and analyzing of fisheries and aquaculture for climate change;<sup>59</sup> elaboration of the National Plan on Mitigation of Climate Change Impact on Population.<sup>60</sup>

In 2011 The Brazilian federal government allocated BRL230 million (USD126.5 million) to the National Fund on Climate Change which is aimed at funding for adaptation and reducing emissions of greenhouse gases in developing countries.<sup>61</sup>

On the issue of mitigation, the Brazilian government has worked at the national level. The GEx has put emphasis on building a better Brazilian strategy on Reducing Emissions through Deforestation and Degradation (REDD), which would help to promote forest preservation and reduce greenhouse gases emissions.<sup>62</sup> On 25 January 2011, Brazil presented its Forest Concession Model to the United Nations Forum on Forests. This model has been implemented in Brazil at the national level which focuses on having one transparent governance system with social participation.<sup>63</sup>

On 22 July 2011, the Brazilian Ministry of Environment announced it was investing BRL427 thousand (USD235 thousand) in several towns for reforestation.<sup>64</sup>

On 27 January 2012, the Brazilian government announced that it would proceed with Phase II of the Amazon Region Protected Areas Program with the help of the Global Environmental Fund and the World Bank. The program will be coordinated by the Brazilian Ministry of Environment and aims to conserve and protect 60 million hectares by supporting the creation and

<sup>59</sup> Executive Group May 30, 2011 Meeting, Climate Governance, Date of access: 27 February 2012. [http://www.mma.gov.br/estruturas/smcq\\_climaticas/arquivos/apresentao\\_mpa\\_141\\_1.pdf](http://www.mma.gov.br/estruturas/smcq_climaticas/arquivos/apresentao_mpa_141_1.pdf).

<sup>60</sup> Executive Group May 30, 2011 Meeting, Climate Governance, Date of access: 27 February 2012. [http://www.mma.gov.br/estruturas/smcq\\_climaticas/arquivos/plano\\_gtmc\\_adaptacao\\_141.pdf](http://www.mma.gov.br/estruturas/smcq_climaticas/arquivos/plano_gtmc_adaptacao_141.pdf).

<sup>61</sup> Aprovada lista de projetos para o Fundo Clima, Brazilian Ministry of Environment, Date of access: 27 February 2012. <http://www.mma.gov.br/sitio/index.php?ido=ascom.noticiaMMA&codigo=7008>.

<sup>62</sup> Executive Group June 27, 2011 Meeting, Climate Governance, Date of access: 27 February 2012. [http://www.mma.gov.br/estruturas/smcq\\_climaticas/arquivos/gex\\_redd\\_141.pdf](http://www.mma.gov.br/estruturas/smcq_climaticas/arquivos/gex_redd_141.pdf).

<sup>63</sup> Fórum discute importância das florestas para sustentabilidade do planeta, Brazilian Ministry of Environment, Date of access: 27 February 2012. <http://www.mma.gov.br/sitio/index.php?ido=ascom.noticiaMMA&codigo=6453>.

<sup>64</sup> MMA financia iniciativa para recomposição florestal, Brazilian Ministry of Environment, Date of access: 27 February 2012. <http://www.mma.gov.br/sitio/index.php?ido=ascom.noticiaMMA&codigo=6850>.

consolidation of protected areas in the Amazon biome and help promote sustainable use within the protected areas.<sup>65</sup>

Complying with the commitments of the mitigation and adaptation dimensions of the Cancun climate change agreement, Brazil gets a score of +1 for the Sanya climate change commitment.

*Analyst: Kevin Moraes*

### **Russia: +1**

Russia has fully complied with its commitment to support the Cancun Agreements.

Russia has taken several measures in the area of mitigation.

On 7 October 2011, the Russian State Duma adopted in the first reading Draft federal law On Introducing Amendments to Certain Legislative Acts of the Russian Federation Concerning Improvement of Standardization in Environmental Protection and Introducing Economic Stimulation of Economic Entities for the Implementation of Best Technologies. The draft law is aimed at regulating the negative influence of economic entities' activities on the environment by introducing emissions limits for environmentally hazardous facilities and creating economic stimuli for reducing emissions by establishing tax benefits for companies using clean technologies.<sup>66</sup>

On 7 July 2011, Russian President signed an Executive Order defining energy saving and energy efficiency as state priorities in science, technology and engineering.<sup>67</sup>

On 15 September 2011, Russian Government approved the procedure of greenhouse gas emission units transfer and acquisition under Article 6 of the Kyoto Protocol which provides for the mechanism of carbon emissions trading to keep their volume within the agreed limits.<sup>68</sup>

On 18 October 2011, Russian First Deputy Prime Minister Viktor Zubkov told that RUB2 billion were allocated to establish seed and plant-breeding centres in the framework of reforestation activities in Russia, and the same amounts will be released in 2012 and 2013.<sup>69</sup>

On 9 December 2011, the Russian Ministry of Economic Development approved a project of gas-turbine power station construction to be realized under Article 6 of the Kyoto Protocol.<sup>70</sup> On

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<sup>65</sup> Second Phase of the Amazon Region Protected Areas Program Project, The World Bank, Date of access: 27 February 2012. [http://www-wds.worldbank.org/external/default/main?menuPK=64187510&pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64187510&searchMenuPK=64187283&siteName=WDS&entityID=000350881\\_20120208091149](http://www-wds.worldbank.org/external/default/main?menuPK=64187510&pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64187510&searchMenuPK=64187283&siteName=WDS&entityID=000350881_20120208091149).

<sup>66</sup> Draft federal law №584587-5 On Introducing Amendments to Certain Legislative Acts of the Russian Federation Concerning Improvement of Standardization in Environmental Protection and Introducing Economic Stimulation of Economic Entities, Russian State Duma 13 February 2012. Date of Access: 15 February 2012. [http://asozd.duma.gov.ru/main.nsf/\(Spravka\)?OpenAgent&RN=584587-5](http://asozd.duma.gov.ru/main.nsf/(Spravka)?OpenAgent&RN=584587-5).

<sup>67</sup> Development priorities in science, technology and engineering in the Russian Federation have been approved, Office of the President of Russia (Moscow) 7 July 2011. Date of Access: 15 February 2012. <http://eng.kremlin.ru/news/2530>.

<sup>68</sup> Government Resolution No. 780 of 15 September 2011, Government of Russia (Moscow) 15 September 2011. Date of Access: 15 February 2012. <http://government.consultant.ru/page.aspx?1572912>.

<sup>69</sup> First Deputy Prime Minister Viktor Zubkov visits Mamayev Kurgan memorial in Volgograd, and lays flowers at the Eternal Flame in the Pantheon of Glory and the tomb of Marshal Vassily Chuikov, two-time Hero of the Soviet Union, Government of Russia (Moscow) 18 October 2011. Date of Access: 16 February 2012. <http://government.ru/eng/docs/16773/>.

<sup>70</sup> Order of the Russian Ministry of Economic Development No. 722 of 9 December 2011, Russian Ministry of Economic Development (Moscow) 9 December 2011. Date of Access: 15 February 2011. <http://merit.consultant.ru/page.aspx?45629>.

27 December 2011, two more projects in this field were approved, providing for building steam-gas plants on power stations in Tumen and Perm regions.<sup>71</sup>

Russia has taken measures aimed at adaptation to climate change.

On 21 October 2011, the Russian Government decided to make voluntary contributions of USD300 thousand annually starting from 2014 to the UN Forum on Forests Trust Fund<sup>72</sup> which aims to assist countries, including developing ones, to “implement forest conservation and rehabilitation strategies, increase the area of forests under sustainable management and reduce forest degradation”.<sup>73</sup>

Russia has taken measures in mitigation and adaptation areas and has been awarded a score of +1.

*Analysts: Andrey Shelepov and Mark Rakhmangulov*

### **India: +1**

India has fully complied with its commitment on climate change. The country has taken measures aimed at adaptation to climate change.

On 22 October 2011, a Climate Change Adaptation project was launched in India. The new initiative is to be implemented by an NGO Watershed Organization Trust and funded by the Swiss Agency for Development and Cooperation and the Indian National Bank for Agriculture and Rural Development. The project aims to improve the capacity to adapt to climate change in 25 Indian villages.<sup>74</sup>

On 19 November 2011, Ministers of Environment of India, Bangladesh, Butan and Nepal at the Climate Summit for a Living Himalayas signed three documents, providing for cooperation in the area of green technologies, food security and biodiversity protection to better adapt Himalayan environment to climate change.<sup>75</sup>

On 17 January 2012, it was announced that Indian Ministry of Earth Science (MOES) chose the Centre for Environmental Planning and Technology/CEPT University to develop a set of recommendations to be used for adapting Indian cities’ infrastructure to deal with climate change. Apart from MOES, the results of the study will be received by the Ministry of Urban Development.<sup>76</sup>

India has taken several measures in the area of mitigation.

On 22 May 2011, an agreement on emission reduction purchases was signed by Himachal Pradesh Additional Chief Secretary Sudripto Roy and the World Bank Deputy Country Director Hubert Nove Josserand in the presence of Chief minister Himachal Pradesh P. K. Dhumal. The agreement provides for reforestation in Indian watershed areas supported by carbon credits

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<sup>71</sup> Order of the Russian Ministry of Economic Development No. 768 of 27 December 2011, Russian Ministry of Economic Development (Moscow) 27 December 2011. Date of Access: 15 February 2011. <http://merit.consultant.ru/page.aspx?46474>.

<sup>72</sup> Executive Order No. 1845-r of 21 October 2011, Government of Russia (Moscow) 21 October 2011. Date of Access: 15 February 2012. <http://government.ru/gov/results/16846/>.

<sup>73</sup> About UNFF, United Nations Forum on Forests. Date of Access: 15 February 2011. <http://www.un.org/esa/forests/index.html>

<sup>74</sup> Climate change adaptation project for rural communities in Ahmednagar launched, the Hindu Business Line 22 October 2011. Date of Access: 2 March 2012. <http://www.thehindubusinessline.com/industry-and-economy/economy/article2561989.ece>.

<sup>75</sup> The Bhutan Climate Summit for a Living Himalayas concludes successfully, Climate Summit for a Living Himalayas Bhutan 2011 19 November 2011. Date of Access: 2 March 2012. [http://www.bhutanclimatesummit.org.bt/news/news\\_detail.php?id=61](http://www.bhutanclimatesummit.org.bt/news/news_detail.php?id=61)

<sup>76</sup> CEPT to develop guidelines for Indian cities to adapt to climate change, The Times of India 17 January 2012. Date of Access: 2 March 2012. [http://articles.timesofindia.indiatimes.com/2012-01-17/ahmedabad/30635154\\_1\\_climate-change-environmental-planning-and-technology-global-warming](http://articles.timesofindia.indiatimes.com/2012-01-17/ahmedabad/30635154_1_climate-change-environmental-planning-and-technology-global-warming)

purchase from the new forests being developed. The project will last till 2018.<sup>77</sup>

On 19 October 2011, Indian Minister of Power Shri Sushilkumar Shinde addressed the International Energy Agency Ministerial Meeting in Paris. The Minister said that India “is moving towards Super Critical Technology in coal based thermal plants along with rapid induction of other Clean Coal Technologies”. These, along with renewable energy development programs, will help India to achieve low-carbon growth in the next decade.<sup>78</sup>

India has also continued implementing capacity building, research and innovation projects launched previously in accordance with the 2008 National Action Plan on Climate Change.<sup>79</sup> Thus, India receives a score of +1.

*Analyst: Andrey Shelepov*

### **China: 0**

China has partially complied with the commitment on Cancun Agreements.

On 22 November 2011, a Chinese official confirmed that a pilot greenhouse gas emission rights trading scheme in seven provincial regions had been approved in an effort to encourage carbon emission reductions.<sup>80</sup>

On 27 December 2011, the Chinese Ministry of Industry and Information Technology announced that the country had issued four common standards regarding power charging of electric vehicles in efforts to better promote environmentally friendly products.<sup>81</sup>

China has taken measures aimed at climate change mitigation, but no measures aimed at climate change adaptation taken during the compliance cycle have been registered. Thus, China has been awarded a score of 0.

*Analyst Svetlana Nikitina*

### **South Africa: +1**

South Africa has fully complied with its commitment on Cancun Agreements.

The country has taken measures aimed at adaptation to climate change.

On 6 December 2011, at the official opening of the United Nations Climate Change Conference in Durban South African President Jacob Zuma called for more practical measures in the sphere of adaptation, beyond research and analysis. In particular, he proposed to establish an Adaptation Committee, which “must bring an end to the current fragmented approach to adaptation in the Convention”.<sup>82</sup>

On 28 November – 9 December 2011, the South Africa Climate Change Response (SACCR) Expo took place, at the initiative of the South African Department of Environmental Affairs

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<sup>77</sup> Himachal inks pact with World Bank to secure carbon credits, The Hindu 23 May 2011. Date of Access: 2 March 2012. <http://www.hindu.com/2011/05/23/stories/2011052363330900.htm>.

<sup>78</sup> India Committed to Low Carbon Growth Strategy in Power Sector: Shinde, Mashinist.in 20 October 2011. Date of Access 2 March 2012. [http://machinist.in/index.php?option=com\\_content&task=view&id=3848&Itemid=2](http://machinist.in/index.php?option=com_content&task=view&id=3848&Itemid=2).

<sup>79</sup> National Action Plan on Climate Change, National Portal of India 30 June 2008. Date of Access: 2 March 2012. <http://india.gov.in/allimpfrms/alldocs/15651.doc>.

<sup>80</sup> China to pilot carbon emission rights trading scheme: economic planner, Xinhua News Agency 22 November 2011. Date of access: 22 November 2011. [http://news.xinhuanet.com/english/2010/china/2011-11/22/c\\_131263322.htm](http://news.xinhuanet.com/english/2010/china/2011-11/22/c_131263322.htm)

<sup>81</sup> China issues common power charging standards for electric vehicles, Xinhua News Agency 27 December 2011. Date of access: 27 December 2011. [http://news.xinhuanet.com/english/china/2011-12/27/c\\_131330127.htm](http://news.xinhuanet.com/english/china/2011-12/27/c_131330127.htm)

<sup>82</sup> Address by President Jacob Zuma at the Official Opening of United Nations Climate Change Conference COP17/CMP7 High-Level Segment. Department of Environmental Affairs, Republic of South Africa 6 December 2011. Date of Access: 13 February 2012. [http://www.environment.gov.za/NewsMedia/Speeches/2011Dec8\\_2/zuma\\_cop17highlevel\\_segment.htm](http://www.environment.gov.za/NewsMedia/Speeches/2011Dec8_2/zuma_cop17highlevel_segment.htm).

(DEA). The event exhibited green initiatives of local and international governments, corporations, non-governmental organizations and small businesses.<sup>83</sup>

In October 2011, South Africa launched its new National Climate Change Response Policy. According to the document, objectives of the response are two-fold: to manage the inevitable climate change impacts and to make a contribution to the global effort.<sup>84</sup> The government also intends to educate citizens about climate change.<sup>85</sup>

South Africa has taken several measures in the area of mitigation.

On 14 September 2012, Water and Environmental Affairs Minister Edna Molewa said, while hosting the Climate Change Conference in Durban, South Africa would insist on the implementation of several crucial political decisions taken at the Cancun round of talks in 2010. This comprises funding for poor countries and the extension or renewal of the Kyoto Protocol.<sup>86</sup>

On 13-14 February 2012, environmental ministers of Brazil, South Africa, India and China (BASIC countries block) attended a meeting in New Delhi to work out a common strategy on the proposed at COP17 new global climate change regime.<sup>87</sup>

On 7 December 2011, the Buffelsdraai Landfill Site Community Reforestation Project was launched. This is a common initiative of the eThekweni Municipality's Durban Solid Waste, Environmental Planning and Climate Protection Department (EPCPD) and a local nonprofit organization, the Wildlands Conservation Trust.<sup>88</sup>

On 14 November 2011, the World Bank signed USD250 million loan for Escom, a state-owned power utility, "to develop wind and solar plants in a push to boost sources of clean energy and increase energy production in South Africa".<sup>89</sup>

In December 2011, the South African National Biodiversity Institute was accredited as a national implementing entity for the UNFCCC Adaptation Fund, making South Africa the fourth country with a direct access to this fund. It allowed South Africa to appropriately allocate resources to environmental programs.<sup>90</sup>

South Africa has taken measures in mitigation and adaptation areas. Thus it has been awarded a score of +1.

*Analyst: Tatyana Lanshina*

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<sup>83</sup> SACCR Expo Encourage locals to live green, Environmental Affairs, Republic of South Africa 25 November 2011. Date of Access: 15 February 2012. <http://www.climateaction.org.za/newsroom/2011/11/25/sacccr-expo-encourage-locals-to-live-green>.

<sup>84</sup> SA launches climate change policy, SouthAfrica.info 19 October 2011. Date of Access: 21 February 2012. <http://www.southafrica.info/about/sustainable/climate-191011.htm>.

<sup>85</sup> Minister of Water and Environmental Affairs, Mrs Edna Molewa addresses the media on government's National Climate Change Response Policy recently approved by Cabinet, South African Government Information 18 October 2011. Date of access: 29 February 2012. <http://www.info.gov.za/speech/DynamicAction?pageid=461&sid=22503&tid=46501>

<sup>86</sup> South Africa to beef up climate policy. SouthAfrica.Info 14 September 2011. Date of Access: 13 February 2012. <http://www.southafrica.info/news/climate-140911.htm>

<sup>87</sup> Environment Ministers of BASIC to Discuss Climate Strategy. The Economic Times 13 February 2012. Date of Access: 16 February 2012. [http://articles.economictimes.indiatimes.com/2012-02-13/news/31055370\\_1\\_climate-agreement-climate-change-emission-trading-scheme](http://articles.economictimes.indiatimes.com/2012-02-13/news/31055370_1_climate-agreement-climate-change-emission-trading-scheme).

<sup>88</sup> South Africa: Momentum for Change Initiative Launched 7 December 2011. Date of Access: 13 February 2012. <http://allafrica.com/stories/201112070443.html>.

<sup>89</sup> SA looking for partner to manage R800-million renewable energy fund, Frontier 14 November 2011. Date of Access: 29 February 2012. <http://www.tradeinvestsa.co.za/news/1095380.htm>.

<sup>90</sup> SA gets access to UN climate fund, SouthAfrica.info 2 December 2011. Date of Access: 18 February 2012. <http://www.southafrica.info/cop17/climatefund-011211.htm>.

## 4. Development: NEPAD

### Commitment [#28]:

*“We support infrastructure development in Africa and its industrialization within framework of the New Partnership for Africa’s Development (NEPAD).”*

Sanya Declaration

### Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Brazil			+1
Russia		0	
India			+1
China			+1
South Africa		0	
Average Score		+0.6	

### Background:

During the Summit in Sanya the BRICS members supported infrastructure development in Africa and its industrialization within the framework of the New Partnership for Africa’s Development (NEPAD).<sup>91</sup>

NEPAD is the combination of two initiatives. The first is the Millennium Africa Recovery Plan (MAP) unveiled at the World Economic Forum in Davos in January 2001. The second initiative is the Omega Plan, presented to the Summit of Francophone African leaders in Cameroon in January 2001. MAP and the Omega Plan were combined later in 2001.<sup>92</sup>

The New Africa Initiative (NAI) which was a combination of the aforementioned plans was endorsed by the G8 Leaders in July 2001 at Genoa Summit.<sup>93</sup> After consultations with the International Financial Institutions and the G8 leaders, the framework was finalized and called NEPAD.<sup>94</sup> It was adopted by the Heads of State and Government of the Organisation of African Unity member-states in 2001 and ratified by the African Union in 2002.<sup>95</sup> The cooperation of NEPAD with international institutions was welcomed by G8 members at the Kananaskis Summit in 2002.<sup>96</sup>

NEPAD initiative which was continuously supported by the G8 remains the key instrument of socioeconomic development in Africa. At the Deauville Summit in 2011, G8 members reaffirmed their commitment to support projects of African Union-NEPAD Action Plan and the Programme for Infrastructure Development in Africa (PIDA).<sup>97</sup>

### Commitment Features:

<sup>91</sup> BRICS Leaders Meeting Declaration, IORI HSE 14 April 2011. Date of Access: 21 December 2011. [http://www.hse.ru/en/org/hse/iori/brics\\_summit\\_20110411](http://www.hse.ru/en/org/hse/iori/brics_summit_20110411).

<sup>92</sup> History of NEPAD, NEPAD Date of Access: 21 December 2011. <http://www.nepad.org/history>.

<sup>93</sup> Genoa Plan for Africa, G8 Information Centre. Date of Access: 21 December 2011.

<http://www.g8.utoronto.ca/summit/2001genoa/africa.html>

<sup>94</sup> The New Partnership for Africa.S Development (Nepad). October 2001. Date of Access: 21 December 2011. [http://www.nepad.org/system/files/framework\\_0.pdf](http://www.nepad.org/system/files/framework_0.pdf)

<sup>95</sup> History of NEPAD, NEPAD. Date of Access: 21 December 2011. <http://www.nepad.org/history>

<sup>96</sup> G8 Africa Action Plan, Government of Canada. [http://www.canadainternational.gc.ca/g8/summit-sommet/2002/action\\_plan\\_africa-plan\\_action\\_afrique.aspx?lang=eng&view=d](http://www.canadainternational.gc.ca/g8/summit-sommet/2002/action_plan_africa-plan_action_afrique.aspx?lang=eng&view=d)

<sup>97</sup> G8/Africa Joint Declaration: Shared Values, Shared Responsibilities, G8 Information Centre. Date of Access: 21 December 2011. <http://www.g8.utoronto.ca/summit/2011deauville/2011-africa-en.html>

The commitment requires BRICS countries to support infrastructure development and industrialization in Africa within the framework of NEPAD.

NEPAD priority infrastructure spheres includes: transportation, water, energy and information and telecommunication technologies (ICT). NEPAD has developed four sectoral initiatives aimed at coordinating efforts in these areas. NEPAD's e-Africa program aims to increase Africa's access to ICT; its transport program seeks to increase the reach, reliability and security of the African transportation networks as well as reduce the cost of transportation of merchandise and increase flows of goods, services, and people; its energy program strives to improve energy generation, distribution and access on the African continent; and its water program targets the improvement of the management of water resources.<sup>98</sup> Sub-regional and continental infrastructure are priorities of NEPAD.<sup>99</sup> Following is an example of action that can be registered as infrastructure development support:

*On 12 January 2012, South Africa's Minister of Public Enterprises Malusi Gigaba announced that his country would pay USD1.5 billion of the two billion dollars the 146-kilometre railway line will cost, while Swaziland will pay for the remainder. Construction will start in 2013 and end in 2016, the railway to be established between South Africa and Swaziland will help reduce the cost of doing business between the two countries.*<sup>100</sup>

According to the NEPAD framework industrial development is aimed at increasing the production, and improving the competitiveness and diversification of the domestic private sector, especially in the following subsectors:

- agro-industrial,
- mining,
- manufacturing.<sup>101</sup>

More specifically, actions within the NEPAD manufacture program in Africa may include developing new industries, or upgrading existing ones; acquiring membership of the relevant international standard-setting organizations; establishing national measurement institutions to ensure harmonization with the international metrology system; ensuring that testing laboratories and certification organizations are set up to support the relevant national technical regulations; establishing an accreditation system, which is acceptable internationally; pursuing mutual recognition of test and certification results with Africa's major trading partners.<sup>102</sup> Any BRICS members' actions facilitating the implementation of this program should be registered. For instance:

*On 30 June 2011, South Africa's Minister of Economic Development Ebrahim Patel, welcomed the release of the Industrial Development Corporation (a South African national development finance institution) annual results presented for the year ended March 2011. During the reporting period, the IDC approved ZAR8.4 billion in new funding in South Africa, the highest*

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<sup>98</sup> NEPAD Regional Integration and Infrastructure, NEPAD. Date of Access: 21 December 2011.

<http://www.nepad.org/regionalintegrationandinfrastructure>

<sup>99</sup> AU-NEPAD Africa Action Plan, OECD. Date of Access: 21 December 2011.

<http://www.oecd.org/dataoecd/27/32/44326734.pdf>

<sup>100</sup> South Africa: Swaziland - New Railway Line to Boost Economies, Sudan Vision Daily 12 January 2012. Date of Access: 21 January 2012. <http://news.sudanvisiondaily.com/details.html?rsnpid=205213>

<sup>101</sup> NEPAD Framework, NEPAD. October 2001. Date of Access: 21 January 2012.

[http://www.nepad.org/system/files/framework\\_0.pdf](http://www.nepad.org/system/files/framework_0.pdf)

<sup>102</sup> Annex to the letter dated 14 August 2002 from the Permanent Representative of South Africa to the United Nations addressed to the President of the Security Council, United Nations. Date of Access: 21 December 2011.

[http://www.un.org/ecosocdev/geninfo/afrec/sgreport/nepad\\_en.pdf](http://www.un.org/ecosocdev/geninfo/afrec/sgreport/nepad_en.pdf)

level ever approved by the corporation to date for local businesses. The IDC disbursed ZAR6.4 billion in industrial funding in the financial year, a 21% increase over the previous year.<sup>103</sup>

#### Scoring Guidelines:

-1	Member does not support either infrastructure OR industrial projects within the NEPAD framework
0	Member supports either infrastructure OR industrial projects within the NEPAD framework
+1	Member supports both infrastructure AND industrial projects within the NEPAD framework

#### **Brazil: +1**

Brazil has fully complied with its commitment to support infrastructure development and industrialization in Africa in the framework of NEPAD.

On 11 October 2011, the Brazilian Deputy Permanent Representative to the United Nations Regina Maria Cordeiro Dunlop, speaking at the sixty-sixth United Nations General Assembly, confirmed Brazil's full support for NEPAD, the NEPAD framework and the sectoral priorities and said Brazil would seek to work further with African countries in that respect.<sup>104</sup>

On 18 October 2011, at the fifth India-Brazil-South Africa (IBSA) Dialogue Forum, the leaders of India, Brazil, and South Africa, recognised the positive contributions that India and Brazil play in support of the AU in conjunction with NEPAD. They emphasized the deep-rooted historical relationship that Brazil and India have with Africa which has developed into a modern example of South-South Cooperation.<sup>105</sup>

On 27 December 2011, Mozambican news agency AIM reported that the work to extend the runway at the Nacala airbase, in the northern Mozambican province of Nampula, with a view to transforming it into a civilian airport, was planned to begin in January. This is one of the main stages of construction of Nacala International Airport, which is expected to be finished in mid 2013 and cost USD114 million, provided by the governments of Brazil and Mozambique. The Brazilian government has provided a loan of USD80 million, which will be paid out by the state bank, Banco de Desenvolvimento Económico e Social (BNDES).<sup>106</sup>

On 23 January 2012, the Deputy Minister of Foreign Affairs and Cooperation of Mozambique Henrique Banze, Ambassador of Brazil Antonio de Souza e Silva, and U.S. Ambassador Leslie Rowe signed an agreement to develop further technical cooperation between the countries. The first document they signed referred to the "Technical Support Platform for Agricultural Innovation in Mozambique" and the second referred to "Support Program for Prevention and

<sup>103</sup> Minister Ebrahim Patel on the Industrial Development Corporation (IDC) annual results, South African Government Information. Date of Access: 21 December 2011.

<http://www.info.gov.za/speech/DynamicAction?pageid=461&sid=19610&tid=36305>

<sup>104</sup> Sixty-sixth General Assembly, Marking Tenth Anniversary of New Partnership for Africa's Development, Delegates in General Assembly Welcome Progress, Pledge Support For African-led Strategy, United Nations. 11 October 2011. <http://www.un.org/News/Press/docs/2011/ga11157.doc.htm>.

<sup>105</sup> India-Brazil-South Africa (IBSA) Dialogue Forum - Fifth Summit of Heads of State and Government - Tshwane Declaration, AllAfrica 18 October 2011. <http://allafrica.com/stories/201110190947.html>.

<sup>106</sup> Construction work at Nacala airport, in Mozambique due to begin in January, MozaHub 27 December 2011. [http://www.mozahub.com/index.php?option=com\\_content&view=article&id=1021%3Aobras-no-aeroporto-de-nacala-em-mocambique-comecam-em-janeiro&catid=35%3Amozambique&Itemid=81&lang=en](http://www.mozahub.com/index.php?option=com_content&view=article&id=1021%3Aobras-no-aeroporto-de-nacala-em-mocambique-comecam-em-janeiro&catid=35%3Amozambique&Itemid=81&lang=en)

Control of Malaria in Sao Tome and Principe”. The Brazilian agency for Cooperation is coordinating the projects.<sup>107</sup>

Brazil has supported the NEPAD Framework for infrastructure and industrial development and therefore received a score of +1.

*Analysts: Caroline Bracht, Elizaveta Safonkina and Krystel Montpetit*

## **Russia: 0**

Russia has partially complied with its commitment to support infrastructure development and industrialization in Africa in the framework of NEPAD.

On 15-16 December 2011, the Russian-African business forum was held in Ethiopia.<sup>108</sup> The forum organized by the Russian Coordinating Committee on Economic Cooperation with Sub-Saharan Africa and the Russian Chamber of Commerce and Industry (RFCCI) was attended by about two hundred participants, “including businessmen and higher officials from Russia, Ethiopia and other African countries”. The forum agenda included issues of trade, economic, scientific, technological and investment cooperation “with a focus on launching promising joint projects in such areas as energy, industrial production, high technologies, transport and agriculture”.<sup>109</sup> Russian President’s special representative for cooperation with African countries Mikhail Margelov stated that Russia can offer products “in the military, geological exploration and energy spheres”.<sup>110</sup>

On 13 January 2012, Russian State Corporation “Bank for Development and Foreign Economic Affairs”, which is the presiding organization in the Coordinating Committee on Economic Cooperation with Sub-Saharan Africa (Afrocom), launched a special web portal devoted to Russian-African economic relations. The portal is “a practical instrument that allows businessmen to post on-line business information, commercial and export proposals” and is designed “for effective interaction between Russian and African business communities”.<sup>111</sup>

On 6 February 2012, the annual meeting of the Coordinating Committee on Economic Cooperation with Sub-Saharan Africa took place in Moscow.<sup>112</sup> The Committee is «a non-government organization which helps to form foundations for infrastructure of business ties with African countries and promote interaction between the state and business in African countries». <sup>113</sup> It is comprised of more than 120 Russian organizations and companies, including state companies and representatives of the ministries. The working plan of the Committee for 2012 was adopted at the meeting.<sup>114</sup>

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<sup>107</sup> Brazil, EUA e Moçambique se unem para desenvolver projetos de cooperação técnica, Agencia Brazilian Cooperation Agency 30 January 2012. [http://www.abc.gov.br/lerNoticia.asp?id\\_Noticia=612](http://www.abc.gov.br/lerNoticia.asp?id_Noticia=612)

<sup>108</sup> Russia-Africa Business Forum, Russian Ministry of Foreign Affairs 1 December 2011. Date of Access: 16 February 2012. [http://www.mid.ru/brp\\_4.nsf/0/188D4BADEA45D06D4425795A00577257](http://www.mid.ru/brp_4.nsf/0/188D4BADEA45D06D4425795A00577257).

<sup>109</sup> The First Russia-Africa Business Forum launched. December 16, 2011. Date of Access: 15 February 2012. [http://www.mfa.gov.et/Press\\_Section/publication.php?Main\\_Page\\_Number=6265](http://www.mfa.gov.et/Press_Section/publication.php?Main_Page_Number=6265)

<sup>110</sup> Russian companies interested in minerals development in Africa - Russian envoy, RIA Novosti 16 December 2011. Date of Access: 15 February 2012. <http://en.rian.ru/business/20111216/170299886.html>.

<sup>111</sup> Vnesheconombank Launches a Site of the Coordinating Committee on Economic Cooperation with Sub-Saharan Africa (Afrocom), Vnesheconombank 13 January 2012. Date of Access: 15 February 2012. [http://www.veb.ru/en/press/news/arch\\_news/index.php?id\\_19=28685](http://www.veb.ru/en/press/news/arch_news/index.php?id_19=28685)

<sup>112</sup> The Chamber of Commerce and Industry of Russia Hosted a Meeting of Coordination Committee on Economic Cooperation with Sub-Saharan Africa, Russian Chamber of Commerce and Industry (RFCCI) 6 February 2011. Date of Access: 15 February 2012. [www.tpprf.ru/ru/news/about/index.php?id\\_12=36575](http://www.tpprf.ru/ru/news/about/index.php?id_12=36575)

<sup>113</sup> Vnesheconombank Launches a Site of the Coordinating Committee on Economic Cooperation with Sub-Saharan Africa (Afrocom), Vnesheconombank 13 January 2012. Date of Access: 15 February 2012. [http://www.veb.ru/en/press/news/arch\\_news/index.php?id\\_19=28685](http://www.veb.ru/en/press/news/arch_news/index.php?id_19=28685)

<sup>114</sup> [www.tpprf.ru/ru/news/about/index.php?id\\_12=36575](http://www.tpprf.ru/ru/news/about/index.php?id_12=36575)

Russia has taken some preparatory measures to support infrastructural and industrial projects in Africa in the framework of NEPAD, but no concrete project on infrastructure development and industrialization within framework of the New Partnership for Africa's Development have been registered. Thus, Russia has been awarded a score of 0.

*Analysts: Vitaly Nagornov and Krystel Montpetit*

### **India: +1**

India has fully complied with its commitment to support infrastructure development and industrialization in Africa in the framework of NEPAD.

The country supported infrastructure projects in Africa.

On 24 May 2011, Indian Prime Minister Manmohan Singh announced the disbursement of USD300 million to finance the construction of a new Ethio-Djibouti Railway line.<sup>115</sup>

On 11 January 2012, Indian Prime Minister held a meeting with the President of Mali Amadou Toumani Toure. The Indian side agreed to issue a credit worth USD100 million aimed at implementing a Power Transmission Project connecting the cities of Bamako and Sikasso in Mali.<sup>116</sup>

India supported industrialization in Africa within the NEPAD framework.

On 24 May 2011, Indian state Export-Import Bank (Exim Bank) extended a Line of Credit of USD80 million for the 20MW Kabu hydro-electric project to be implemented in Burundi.<sup>117</sup>

On 11 July 2011, the Indian side agreed to provide USD168 million line of credit to the Democratic Republic of Congo. The funds will be used to construct a 60MW hydro-electric power station in the city of Katende.<sup>118</sup>

On 19 January 2012, India and Chad signed the Line of Credit Agreement. In accordance with the document, Indian Exim Bank will finance four projects in Chad, including the development of industrial facilities, such as "Extension of Spinning Mill" project.<sup>119</sup>

India has supported both infrastructural and industrial development in Africa within the NEPAD framework. Therefore it was given a score of +1.

*Analysts: Andrey Shelepov and Krystel Montpetit*

### **China: +1**

China has fully complied with the commitment on development.

On 18 August 2011, the China Development Bank availed a loan of EUR60 million to the West Africa Development Bank (BOAD). This loan will be used for funding private enterprises, especially in the agricultural sector within the West African Economic and Monetary Union zone. The loan will also reinforce BOAD's resources to support regional projects in energy, transport and infrastructure.<sup>120</sup>

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<sup>115</sup> Address by PM at the Plenary Session of the 2nd Africa-India Forum Summit, Ministry of External Affairs of India 24 May 2011. Date of Access: 2 March 2012. <http://www.mea.gov.in/mystart.php?id=530117661>.

<sup>116</sup> Joint Statement by India and Mali on the occasion of the visit of the President of Mali, Ministry of External Affairs of India 11 January 2012. Date of Access: 2 March 2012. <http://mea.gov.in/mystart.php?id=530518888>

<sup>117</sup> Exim Bank Extends A USD 80 Million Line Of Credit To The Government Of The Republic Of Burundi For Financing The Kabu Hydro Electric Project In Burundi, Export-Import Bank of India 24 May 2011. Date of Access: 2 March 2012. <http://www.eximbankindia.in/press260511.asp>.

<sup>118</sup> India-Democratic Republic of Congo Relations, Ministry of External Affairs of India January 2012. Date of Access: 2 March 2012. <http://mea.gov.in/mystart.php?id=500414834>.

<sup>119</sup> Exim Bank Extends USD 40.32 Million LOC To Chad For Financing Various Projects In Chad, Export-Import Bank of India 19 January 2012. Date of Access: 2 March 2012. <http://www.eximbankindia.com/press020212.asp>

<sup>120</sup> China Development Bank loans West African bank 60 mln euros, Xinhua News Agency 19 August 2011. Date of access: 18 August 2011. [http://news.xinhuanet.com/english2010/china/2011-08/19/c\\_131061753.htm](http://news.xinhuanet.com/english2010/china/2011-08/19/c_131061753.htm)

On 28 September 2011, China and South Africa signed two agreements on geology and mineral resources, and financial cooperation during the South African vice president's visit to China. According to the agreement signed by China Development Bank and Development Bank of South Africa, the two banks will provide financial support for bilateral cooperation in infrastructure construction, transportation, water resources utilization, housing, health and education.<sup>121</sup>

On 10 November 2011, the Office of the Ugandan President announced that "China will build and manage a toll road from Uganda's Entebbe International Airport to Kampala, using concessionary loans from the Export-Import Bank of China."<sup>122</sup> The Office of Ugandan President Yoweri Museveni further stated "that China intends to pursue investments in the infrastructure and oil-refining industries in the country and that its government had asked the Chinese government to provide soft loans for the planned 500- megawatt Karuma hydropower dam along the Nile River, which is located 300 kilometers northwest of Kampala".<sup>123</sup>

On 23 November 2011, Chinese Vice-Minister of Commerce Jiang Yaoping signed a series of agreements with Tanzanian Finance Minister Mustafa Mkulo to provide Tanzania with aid packages. Totalling USD95 million, the primary aim of the aid packages is to boost the country's infrastructure, notably the Information and Communications Technology and transport infrastructure.<sup>124</sup> The agreements include a provision by China's Exim Bank of USD65 million in preferential loan for the mobile telecom network construction, as well as a USD10 million grant and a batch of 75 vehicles worth USD5.7 million both destined to improve public transportation in the East African country.<sup>125</sup>

On 20 December 2011, China Academy of Space Technology sent a Nigerian communication satellite into orbit, which will provide communication, broadcast and Internet connection to parts of Africa, effectively contributing to the Information and Communications Technology infrastructure development in Africa.<sup>126</sup>

China has supported infrastructure and industrialization projects within the NEPAD framework. Thus, China has been awarded a score of +1.

*Analysts: Svetlana Nikitina and Krystel Montpetit*

## **South Africa: 0**

South Africa has partially complied with its commitment on development.

On August 23-24 2011, South Africa and Ghana signed a Memorandum of Understanding (MoU) on Cooperation in the Field of Information and Communication Technologies with South Africa actively supporting the development of the ICT infrastructure in Ghana.<sup>127</sup>

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<sup>121</sup> China, South Africa sign deals on mineral resources, finance cooperation, Chinese Government 28 September 2011. Date of access: 29 September 2011. [http://english.gov.cn/2011-09/29/content\\_1959615.htm](http://english.gov.cn/2011-09/29/content_1959615.htm)

<sup>122</sup> China to Build, Manage Toll Road in Ugandan Capital, Bloomberg (Kampala) 10 November 2011. Date of Access: 21 December 2011. <http://www.bloomberg.com/apps/news?pid=newsarchive&sid=apRMn6epIhMU>

<sup>123</sup> China to Build, Manage Toll Road in Ugandan Capital, Bloomberg (Kampala) 10 November 2011. Date of Access: 21 December 2011. <http://www.bloomberg.com/apps/news?pid=newsarchive&sid=apRMn6epIhMU>

<sup>124</sup> China provides loans to Tanzania, Forum on China-Africa Cooperation (Dar Es Salaam) 23 November 2011. Date of Access: 21 December 2011.

<http://www.focac.org/eng/zxxx/t880448.htm>

<sup>125</sup> China provides loans to Tanzania, Forum on China-Africa Cooperation (Dar Es Salaam) 23 November 2011. Date of Access: 21 December 2011.

<http://www.focac.org/eng/zxxx/t880448.htm>

<sup>126</sup> China launches satellite for Nigeria, Forum on China-Africa Cooperation (Beijing) 20 December 2011. Date of Access: 21 December 2011. <http://www.focac.org/eng/zxxx/t888926.htm>

<sup>127</sup> South Africa-Ghana Joint Media Statement, Department of International Relations and Cooperation of the Republic of South Africa (Pretoria) 24 August 2011. Date of Access: 20 December 2011.

<http://www.dfa.gov.za/docs/2011/ghan0824.html>.

On 7 October 2011, the Development Bank of Southern Africa (DBSA), a Development Finance Institution owned by the government of South Africa announced that it had loaned \$206 million to Zimbabwe to finance the redevelopment of the 801 kilometre-road stretching from Zimbabwe's western border with Botswana to the easternmost part of the country. The DBSA's loan to Zimbabwe is the largest of its type in the country's history, making South Africa, through its development finance institution, a significant contributor to the transport infrastructure development in Zimbabwe.<sup>128</sup>

On 10 November 2011, South African President Jacob Zuma and the Democratic Republic of Congo (DRC) President Joseph Kabila signed a MoU on the Grand Inga Project, reinforcing infrastructure cooperation between the two countries.<sup>129</sup> Its capacity is estimated at 40 000MG, the hydropower project has the potential to radically change the face of the African energy sector.<sup>130</sup>

On 14 December 2011, during a two-day visit to Maputo, South African President Jacob Zuma signed an agreement on Cooperation of Frequency Bands and an MoU on Cooperation in the field of Communications with his Mozambican counterpart, strengthening South Africa's commitment to support the ICT infrastructure development in Africa as laid out in the NEPAD framework.<sup>131</sup>

On 12 January 2012, South Africa's Minister of Public Enterprises Malusi Gigaba promised USD1.5 billion for the 146-kilometre railway line between South Africa and Swaziland, which will reduce the cost of doing business between the countries. Swaziland will pay the remaining USD500 million. Construction will be completed in 3 years period from 2013 to 2016.<sup>132</sup>

On 9 February 2012, in his State of the Nation Address, South African President Jacob Zuma promised to finance new infrastructure projects in the coming years, which "will position South Africa as a regional trans-shipment hub for Sub-Saharan Africa and deliver on NEPAD's regional integration agenda".<sup>133</sup> On 22 February 2012, South Africa's Finance Minister Pravin Gordhan informed how these projects would be funded. The government would have about R4.5 trillion in consolidated resources available to help fund key infrastructure projects for 3 years.<sup>134</sup>

The expansion of Zambia's Kariba North Bank hydropower, identified as one of NEPAD's seven priority energy infrastructure development projects, is financed by the Development Bank of Southern Africa (DBSA), a Development Finance Institution owned by the

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<sup>128</sup> DBSA announces huge Zimbabwean infrastructure loan, The Infrastructure Consortium on Africa (Tunis) 7 October 2011. Date of Access: 20 December 2011. <http://www.icafrica.org/en/news/infrastructure-news/article/dbsa-announces-huge-zimbabwean-infrastructure-loan-2354/>.

<sup>129</sup> President Jacob Zuma to travel to the DRC on a working visit, Department of International Relations and Cooperation of the Republic of South Africa (Pretoria) 12 November 2011. Date of Access: 20 December 2011. <http://www.dfa.gov.za/docs/2011/drc1110.html>.

<sup>130</sup> President Jacob Zuma to travel to the DRC on a working visit, Department of International Relations and Cooperation of the Republic of South Africa (Pretoria) 12 November 2011. Date of Access: 20 December 2011. <http://www.dfa.gov.za/docs/2011/drc1110.html>.

<sup>131</sup> South Africa and Mozambique agree to elevate Relations, Department of International Relations and Cooperation of the Republic of South Africa (Pretoria) 14 December 2011. Date of Access: 20 December 2011. <http://www.dfa.gov.za/docs/2011/moza1215.html>.

<sup>132</sup> South Africa: Swaziland - New Railway Line to Boost Economies, Sudan Vision Daily 12 January 2012. Date of Access: 21 January 2012. <http://news.sudanvisiondaily.com/details.html?rsnpid=205213>.

<sup>133</sup> Position South Africa as a regional trans-shipment hub for Sub-Saharan Africa and deliver on NEPAD's regional integration agenda, NEPAD 9 February 2012. Date of Access: 19 February 2012. <http://www.nepad.org/fr/regionalintegrationandinfrastructure/news/2613/%E2%80%9Cposition-south-africa-regional-trans-shipment-hub-su>.

<sup>134</sup> South Africa: Infrastructure to drive growth amid global uncertainty, 7<sup>th</sup> Space Interactive 22 February 2012. Date of Access: 1 March 2012. [http://7thspace.com/headlines/406368/south\\_africa\\_infrastructure\\_to\\_drive\\_growth\\_amid\\_global\\_uncertainty.html](http://7thspace.com/headlines/406368/south_africa_infrastructure_to_drive_growth_amid_global_uncertainty.html).

government of South Africa.<sup>135</sup><sup>136</sup> Estimated at USD430 million and set to be completed in 2013, this expansion project will considerably increase the power generating capacity of the hydropower plant complex to help meet increasing demand in the Southern Africa Power Pool.<sup>137</sup> This infrastructure development project is wholly financed and supported by the Government of South Africa.<sup>138</sup>

On 29 August 2011, South African Deputy President Kgalema Motlanthe undertook a working visit to the Republic of Guinea-Bissau where he and Bissauan Prime Minister Carlos Gomes Júnior evaluated progress made towards signing of Trade and Investment Promotion and Protection Agreements and the Memorandum of Understanding on Economic and Technical Cooperation.<sup>139</sup> The two agreements are set to increase South African investment in transport and ICT infrastructure, amongst other provisions.<sup>140</sup>

South Africa has taken measures to support infrastructure projects within the NEPAD framework but no facts of South African measures to support the industrial projects have been registered. Thus, it has been awarded a score of 0.

*Analysts: Tatyana Lanshina and Krystel Montpetit*

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<sup>135</sup> The AU/NEPAD African Action Plan 2010–2015: Advancing Regional and Continental Integration in Africa, The New Partnership for Africa's Development (NEPAD) 17 October 2009. Date of Access: 15 December 2011. <http://www.africapartnershipforum.org/dataoecd/27/32/44326734.pdf>

<sup>136</sup> Hydropower expansion project in Zambia gets USD 105 million financing, Renewbl 6 November 2011. Date of Access: 15 December 2011. <http://www.renewbl.com/2010/11/06/hydropower-expansion-project-in-zambia-gets-usd-105-million-financing.html>.

<sup>137</sup> Hydropower expansion project in Zambia gets USD 105 million financing, Renewbl 6 November 2011. Date of Access: 15 December 2011. <http://www.renewbl.com/2010/11/06/hydropower-expansion-project-in-zambia-gets-usd-105-million-financing.html>.

<sup>138</sup> Hydropower expansion project in Zambia gets USD 105 million financing, Renewbl 6 November 2011. Date of Access: 15 December 2011. <http://www.renewbl.com/2010/11/06/hydropower-expansion-project-in-zambia-gets-usd-105-million-financing.html>.

<sup>139</sup> Deputy President Motlanthe to undertake Working Visit to the Republic of Guinea-Bissau, Department of International Relations and Cooperation of the Republic of South Africa (Pretoria) 25 August 2011. Date of Access: 20 December 2011. <http://www.dfa.gov.za/docs/2011/guin0825.html>.

<sup>140</sup> Deputy President Motlanthe to undertake Working Visit to the Republic of Guinea-Bissau, Department of International Relations and Cooperation of the Republic of South Africa (Pretoria) 25 August 2011. Date of Access: 20 December 2011. <http://www.dfa.gov.za/docs/2011/guin0825.html>

## 5. Trade: Trade Cooperation

### Commitment [#30]:

*“[We have agreed to continue further expanding and deepening] trade [cooperation among our countries].”*

Sanya Declaration

#### Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Brazil		0	
Russia		0	
India			+1
China			+1
South Africa		0	
Average Score		+0.4	

#### Background:

BRICS countries have continually supported free markets and the liberalization of trade. At the first BRIC summit in 2009 in Yekaterinburg, Russia they called upon all parties to “work together to improve the international trade and investment environment”. However, they didn’t make any concrete commitments concerning trade facilitation.<sup>141</sup>

At their second summit BRIC members pledged to “resist all forms of trade protectionism and fight disguised restrictions on trade”.<sup>142</sup>

#### Commitment Features:

In this commitment, BRICS countries have pledged to enhance their cooperation in the sphere of trade. At previous summits two main lines of action were mentioned in this regard. The first one, was to expand trade and therefore, refrain from protectionist measures in bilateral trade between BRICS members. These measures can include barriers to trade in goods and services, export restrictions, or WTO-inconsistent measures to stimulate exports. The second line of action was to take actions aimed at deepening trade or supporting growth in international trade volumes within BRICS countries and expanding trade cooperation into new areas. These actions may include signing bilateral trade agreements between member states, providing governmental support to companies engaged in trade with other BRICS countries, and establishing new institutional mechanisms to enhance trade cooperation.

#### Scoring Guidelines:

-1	Member state fails to refrain from protectionist measures in bilateral trade with BRICS countries AND doesn’t undertake measures aimed at expanding trade with other member states
0	Member state refrains from protectionist measures in bilateral trade with BRICS countries OR undertakes measures aimed at expanding trade with other member states
+1	Member state refrains from protectionist measures in bilateral trade with BRICS countries AND undertakes measures aimed at expanding trade with other member

<sup>141</sup> Joint Statement of the BRIC Countries’ Leaders, President of Russia 16 June 2009. Date of Access: 22 November 2011. <http://archive.kremlin.ru/eng/text/docs/2009/06/217963.shtml>.

<sup>142</sup> Joint Statement of the BRIC Countries’ Leaders, President of Russia 15 April 2010. Date of Access: 22 November 2011. [http://eng.news.kremlin.ru/ref\\_notes/5](http://eng.news.kremlin.ru/ref_notes/5).

**Brazil: 0**

Brazil has partially complied with its commitment to expand and deepen trade cooperation with BRICS countries.

In July 2011 The Brazilian government placed a 1% tax on operations with currency futures as it seeks to contain the appreciation of the Real to protect local manufacturers from foreign competition.<sup>143</sup>

In December 2011, Brazilian government initiated a 30-percentage-point tax increase on cars with less than 65% local content, taking the tax on some imported models to 55%.<sup>144</sup>

On 10 October 2011, Brazilian Foreign Affairs Minister Antonio Patriota said the Foreign Affairs ministry would create a special group to analyze the evolution of trade with China, Brazil's main trading partner, "but with which there are specific controversial points including the auto industry". He also said that the Brazilian government planned to reinforce training of its diplomats in legal aspects of world trade and strengthen the role of embassies in trade promotion.<sup>145</sup>

Brazil has taken measures to promote trade with the BRICS countries but has imposed new protectionist measures and therefore received a score of 0.

*Analyst: Elvira Omarbagaeva*

**Russia: 0**

Russia has partially complied with its commitment on trade cooperation with BRICS countries.

On 23 June 2011, Russian and Chinese central banks signed a new bilateral local currency settlement agreement. According to the agreement the bilateral local currency settlement will be expanded from cross-border trade to general trade and geographic area. According to the Chinese Central Bank "economic entities from both countries will be able to conduct settlements and payments for trade of goods and services with a currency of their choice" (a freely convertible currency, RMB or ruble). The agreement is expected to deepen financial cooperation and promote bilateral trade and investment between China and Russia.<sup>146</sup>

On 30 November 2011, the Russian Ministry of Economic Development organized an expert seminar on trade and economic cooperation in the framework of BRICS aimed inter alia at developing Russian proposals to report on BRICS trade and economic issues which will be presented at the BRICS New Delhi summit.<sup>147</sup> Russian Deputy Minister of Economic Development Andrey Slepnev called for selecting and launching concrete projects of trade and

<sup>143</sup> Brazil's Trade Surplus More Than Doubles in July Over a Year Ago, MercoPress 2 August 2011.

<http://en.mercopress.com/2011/08/02/brazil-s-trade-surplus-more-than-doubles-in-july-over-a-year-ago>

<sup>144</sup> Seeking Protection, The Economist 14 January 2012. <http://www.economist.com/node/21542780>

<sup>145</sup> Mercosur a 'priority' almost a 'sanctuary' for Brazilian trade and diplomacy, MercoPress 11 October 2011.

<http://en.mercopress.com/2011/10/11/mercosur-a-priority-almost-a-sanctuary-for-brazilian-trade-and-diplomacy>

<sup>146</sup> China and Russia Signed New Bilateral Local Currency Settlement Agreement, People's Bank of China 23 June 2011.

[http://www.pbc.gov.cn/publish/english/955/2011/20110630151646500985220/20110630151646500985220\\_.html](http://www.pbc.gov.cn/publish/english/955/2011/20110630151646500985220/20110630151646500985220_.html)

<sup>147</sup> On 30 November 2011 Deputy Minister of Economic Development of the Russian Federation A.A. Slepnev took part in the international seminar on the development of trade and economic cooperation within the framework of BRICS, Ministry of Economic Development of the Russian Federation 2 December 2011.

[http://www.economy.gov.ru/minec/activity/sections/foreignEconomicActivity/doc20111202\\_08](http://www.economy.gov.ru/minec/activity/sections/foreignEconomicActivity/doc20111202_08)

economic cooperation among BRICS countries and invited BRICS partners to invest in Russian special economic zones.<sup>148</sup>

On 22 June 2011, the Customs Union of Belarus, Kazakhstan and Russia decided to impose import duty of 9.9% for certain types of pipes. These duties are not applied to the developing countries included in the Customs Union tariff preference list except Brazil and China.<sup>149</sup>

Russia has taken measures to promote trade with the BRICS countries but has imposed new protectionist measures. Thus, Russia has been awarded a score of 0.

*Analyst: Mark Rakhmangulov*

### **India: +1**

India has fully complied with its commitment on developing trade cooperation within BRICS. Steps to expand bilateral trade with other BRICS members have been taken by Indian authorities.

On 16 June 2011, Indian Minister of Commerce and Industry Shri Anand Sharma and Russian Minister of Economic Development Elvira Nabiullina declared the bilateral trade target of USD20 billion to be reached by the two countries in 2015.<sup>150</sup>

On 29 August 2011, recommendations of five sector-specific working groups on enhancing bilateral trade were presented at the India-South Africa CEOs Forum. Indian Minister of Commerce emphasized that India and South Africa would consider these recommendations to reach a bilateral trade target of USD15 billion by 2014.<sup>151</sup> In 2010-11 the volume of countries' bilateral trade amounted to about USD11.125 million.<sup>152</sup>

At the same time no facts of India's introducing protectionist measures in bilateral trade with other BRICS members were registered during the compliance period. Thus, India received a score of +1.

*Analyst: Andrey Shelepov*

### **China: +1**

China has fully complied with the commitment on trade.

On 12 October 2011, during the official visit of Russian Prime Minister Vladimir Putin to China, the agreement was made to take joint action to optimize trade structure, increase the proportion of electromechanical and high-tech products in bilateral trade volume and achieve the goal of increasing bilateral trade to USD100 billion by 2015 and USD200 billion by 2020.<sup>153</sup>

On 13 February 2012, Chinese Vice Premier Wang Qishan and Brazilian Vice President Michel Temer agreed to further promote the two countries' strategic partnership by continuing to use the

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<sup>148</sup> Summary of the statement by Deputy Minister of Economic Development of the Russian Federation, A.A. Slepnev at the international seminar on the development of trade and economic cooperation within the framework of BRICS, Ministry of Economic Development of the Russian Federation, 30 November 2011. [http://www.economy.gov.ru/wps/wcm/connect/4059ae004946cb2e80aaa25f9eae86bc/tezisi\\_slepnev\\_30112011.doc?MOD=AJPERES&CACHEID=4059ae004946cb2e80aaa25f9eae86bc](http://www.economy.gov.ru/wps/wcm/connect/4059ae004946cb2e80aaa25f9eae86bc/tezisi_slepnev_30112011.doc?MOD=AJPERES&CACHEID=4059ae004946cb2e80aaa25f9eae86bc)

<sup>149</sup> The decision by the EurAsEC Customs Union Commission 22.06.2011 N 706 "On measures to protect economic interests of producers of stainless pipes in the Customs Union". <http://www.referent.ru/1/182854>

<sup>150</sup> India Russia Express Intent for Ceca 9000 Crore Steel Plant to Come Up Near Bellary Our Common Target is to Achieve USD 20 Billion in Trade by 2015: Anand Sharma Co Chairs 2nd Meeting of Inter-Governmental Commission with Russian Deputy Pm, Ministry of Commerce and Industry of India, 16 June 2011. Date of Access: 2 March 2012. [http://commerce.gov.in/PressRelease/pressrelease\\_detail.asp?id=2789](http://commerce.gov.in/PressRelease/pressrelease_detail.asp?id=2789).

<sup>151</sup> India, South Africa set \$15-bn bilateral trade target by 2014, Business Standard 30 August 2011. Date of Access: 18 February 2012. <http://www.business-standard.com/india/news/india-south-africa-set-15-bn-bilateral-trade-target-by-2014/447478/>.

<sup>152</sup> India-South Africa Relations, Ministry of External Affairs of India October 2011. Date of Access: 2 March 2012. <http://mea.gov.in/mystart.php?id=50047459>

<sup>153</sup> China, Russia committed to expanding trade, energy cooperation: joint communiqué, Chinese Government 12 October 2011. Date of access: 12 October 2011. [http://www.gov.cn/misc/2011-10/12/content\\_1967724.htm](http://www.gov.cn/misc/2011-10/12/content_1967724.htm)

committee as a platform to deepen bilateral cooperation in various fields. The two sides vowed to make joint efforts to implement the two countries' Joint Action Plan and set out the formulation of a 10-year cooperation plan on economy and culture.<sup>154</sup>

China has refrained from protectionist measures in bilateral trade with BRICS countries and undertook measures aimed at expanding trade with other member states. Thus China has been awarded a score of +1.

*Analyst Svetlana Nikitina*

### **South Africa: 0**

South Africa has partially complied with its commitment on trade.

On 29 September 2011, South African and Russian officials agreed to increase cooperation in trade at a meeting of the Intergovernmental Committee on Trade and Economic Co-operation between the two countries.<sup>155</sup>

On 18 October 2011, commerce ministers of India, Brazil and South Africa agreed to remove non-trade barriers in bilateral trade. Trade among the three countries is expected to grow to USD25 billion by 2015 compared to about USD20 billion in 2010.<sup>156</sup>

In February 2012, an alleged dumping of Brazilian chicken sparked a war between South Africa and Brazil. According to South Africa's International Trade Administration Commission, chicken products from Brazil were sold in South Africa at prices from 40 to 60% lower than in the country of origin<sup>157</sup>. At the same time the South African government decided to add additional charges of 6 – 63% on imports of Brazilian chicken.<sup>158</sup>

South Africa undertook measures aimed at expanding trade with other BRICS member states. However South Africa failed to fully refrain from protectionist measures in bilateral trade with BRICS countries. Therefore it received a score of 0.

*Analyst: Tatyana Lanshina*

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<sup>154</sup> China, Brazil agree to further boost strategic partnership, Chinese Government 13 February 2012. Date of access: 15 February 2012. [http://english.gov.cn/2012-02/15/content\\_2066869.htm](http://english.gov.cn/2012-02/15/content_2066869.htm)

<sup>155</sup> South Africa, Russia further partnership, SouthAfrica.info 30 September 2011. Date of Access: 18 February 2012. <http://www.southafrica.info/news/international/russia-300911.htm>.

<sup>156</sup> Trade between India, Brazil and South Africa set to grow to \$25 bn by 2015, The Economic Times 19 October 2011. Date of Access: 18 February 2012. [http://articles.economictimes.indiatimes.com/2011-10-19/news/30297859\\_1\\_trade-ministers-trade-data-southern-african-customs-union](http://articles.economictimes.indiatimes.com/2011-10-19/news/30297859_1_trade-ministers-trade-data-southern-african-customs-union).

<sup>157</sup> South Africa: SA Locked in Trade Row With Brazil, AllAfrica 16 February 2012. Date of Access: 18 February 2012. <http://allafrica.com/stories/201202161505.html>.

<sup>158</sup> Brazil Vows to Take Poultry Fight to WTO, The Poultry Site 16 February 2012. <http://www.thepoultrysite.com/poultrynews/24871/brazil-vows-to-take-poultry-fight-to-wto>.