



BRICS
Business Council

2017-2018
THE FIFTH ANNUAL REPORT
BRICS BUSINESS COUNCIL

JOHANNESBURG – SOUTH AFRICA
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GLOSSARY OF ABBREVIATIONS AND TERMS

| | |
|-----------------|---|
| ARC | Africa Regional Centre |
| AU | African Union |
| AWG | Agribusiness Working Group |
| BBC | BRICS Business Council |
| B-BBEE | Broad-Based Black Economic Empowerment |
| BEPS | Base erosion and profit shifting |
| BRICS | Brazil, Russia, India, China, South Africa |
| BRICS RA | BRICS Credit Rating Agency |
| CCPIT | China Council for the Promotion of International Trade |
| CPC | Communist Party of China (also referred to as Chinese Communist Party or CCP) |
| CPI | Consumer price index |
| DEWG | Digital Economy Working Group |
| DTI | Department of Trade and Industry |
| DWG | Deregulation Working Group |
| EAEU | Eurasian Economic Union |
| EGEWG | Energy and Green Economy Working Group |
| EMDC | Emerging markets and developing countries |
| EU | European Union |

| | |
|-----------------|--|
| FDI | Foreign direct investment |
| FICCI | Federation of Indian Chambers of Commerce & Industry |
| FSWG | Financial Services Working Group |
| GDP | Gross domestic product |
| G2G | Government-to-Government |
| ICT | Information and communications technology |
| IMF | International Monetary Fund |
| IMO | International Maritime Organization |
| IWG | Infrastructure Working Group |
| JV | Joint venture |
| Mercosur | A South-American economic organisation comprising Argentina, Brazil, Paraguay, Uruguay and Venezuela |
| merSETA | Manufacturing, Engineering and Related Services Sector Education Training Authority |
| MoU | Memorandum of Understanding |
| MSME | Micro, Small and Medium-Sized Enterprise |
| MWG | Manufacturing Working Group |
| NDB | New Development Bank |

GLOSSARY

| | |
|--------------|--|
| NEPAD | New (Economic) Partnership for Africa's Development |
| NIPS | New International Payment System |
| OECD | Organisation for Economic Co-operation and Development |
| PPP | Public-private partnership |
| RAWG | Regional Aviation Working Group |
| SACAA | South African Civil Aviation Authority |
| SCO | Shanghai Cooperation Organisation |
| SDWG | Skills Development Working Group |
| SEZ | Special Economic Zone |
| SME | Small and Medium-Sized Enterprise |
| SPIEF | St. Petersburg International Economic Forum |
| STI | Science, technology and innovation |
| UK | United Kingdom |
| US | United States |
| WTO | World Trade Organization |
| 4IR | Fourth Industrial Revolution |

FOREWORD



BRICS is the acronym for an association of five major emerging national economies: Brazil, Russia, India, China and South Africa. Every year BRICS member states face new challenges and opportunities for development. The reporting year of 2017 to 2018 is no exception. After several years of slow growth, the global economy began building momentum during 2017. Advanced economies, emerging markets and some developing countries were supported by a broad-based cyclical upturn.

Beneath this welcome news, however, lie some deep uncertainties about the future of the global economy. The scale and speed of economic globalisation, aided by the expansion of innovative technologies, has intensified in recent years, yet specific actions by several advanced economies have brought about negative effects. This is evidenced by rising tariff barriers in the United States, the protracted and seemingly complex withdrawal of Britain from the European Union under Brexit, and rising nationalism and geo-political tensions, driven by unprecedented anxiety and polarisation in the US, Middle East and certain European countries.

Much of the anxiety has coincided with the global economic recovery, bolstered by rising investment activity on the back of the dissipating impact of the 2014 oil price collapse on commodity-exporting, emerging markets and developing economies.

Taken together, these findings reflect several development challenges that BRICS member countries face over the next few years. The difficulties can, in part, be attributed to the historical status of some BRICS member countries as commodity exporters. As a group, we must thus act wisely so as not to let changing

economic dynamics disrupt our enormous potential for growth.

In order to support the BRICS growth potential it is critical that the solutions proposed during the 9th Annual Summit held in Xiamen, China, in September 2017, be implemented: To combine efforts aimed at investing in infrastructure and education, health and other human skills development, prosperity and well-being; to back initiatives to promote product beneficiation and economic diversification; and to liberalise trade that can produce an essential lift to our economies and narrow the ever-widening gap between the wealthy and the marginalised. All these measures will substantially contribute to sustainable economic growth, the reduction of poverty and other strategic tasks.

There has never been a more opportune time for a concerted effort to overcome obstacles to a more inclusive, just, equitable, fair, democratic and representative international economic order.

Since its inception at the 5th BRICS Summit held in Durban, South Africa, in March 2013, the BRICS Business Council has been instrumental in fostering the BRICS spirit of mutual respect and understanding, equality, solidarity, openness, inclusiveness and co-operation, which are an inexhaustible source of strength in forging an open world economy.

Under China's rotating chairmanship, our 4th Annual Report was focused on policies, programmes and recommendations for building on the overarching objectives and shared vision for future development and co-operation that brought us together more than 10 years ago. We committed to a wide array of practical interventions to further strengthen our approach to inclusive development.

Many of the achievements over the last 12 months and ongoing actions to enhance economic, trade and investment ties amongst

the BRICS countries are captured in this report. Through the efforts of various national chapters, we would like to highlight progress achieved on priority items of common interest, including:

1. The Memorandum of Understanding signed with the New Development Bank on closer co-operation;
2. The Joint Declaration of the BRICS Business Council on Regulatory Cooperation on Standards;
3. The e-commerce platform servicing the BRICS countries;
4. The BRICS Experience-Sharing Mechanism for the Digital Economy;
5. The Financial Services Platform serving Small and Medium Enterprises (SMEs);
6. The Investment Guides of the BRICS member countries;
7. The International Alliance of Skills Development for BRICS Countries;
8. Practical co-operation on specific projects;
9. The establishment of the Regional Aviation Working Group;
10. The establishment of the Digital Economy Working Group to boost innovation-led growth;
11. The Declaration on the Establishment of the BRICS Credit Ratings Agency;
12. The development of the New International Payment System Project; and
13. The practical implementation of the Insurance and Reinsurance Support Framework signed in 2017.

It is noteworthy that many of these are an outcome of the strategic shift the Council has introduced during the last five years towards practical co-operation. As this report demonstrates, the strategy has been working successfully. We have made great progress in the development of the Council, supported by its Working Groups and Task Forces, as a pragmatic agent, whose activity is aimed at achieving the BRICS' mission and vision of economic co-operation.

Based on the 13 priority items, the following initiatives have been championed by the Council:

- The MoU promoting the extension of long-term practical collaboration between the Council and the New Development Bank;
- The MoU with the NDB on a Clean Energy Fund in order to further promote green development and a low-carbon economy in the context of sustainable development;
- The Initiative for the Roadmap on Co-operation in Administrative Barriers Elimination;
- The Declaration on the establishment of the BRICS Credit Rating Agency;
- The Declaration on the establishment of the New International Payment System;
- The establishment of an SME Task Team to facilitate SME funding and trade; and

- Strengthening the traditional ties of business and friendship amongst our peoples.

Another important development area is the operationalisation of the Africa Regional Centre (ARC) of the NDB in South Africa. As noted during our 9th Summit, the ARC, acting as the first regional office of the NDB, will demonstrate an increasing commitment by BRICS members towards providing access to capital funds for infrastructure projects in Africa and other developing countries.

We look forward to indicating progress in funding infrastructure and attracting investment into energy, transport, integrated logistics, water and other productive sectors that currently impede our competitiveness in the broader global landscape. To that effect, this report also identifies a wide range of risks and 'bottlenecks' that threaten to derail progress. They include rising protectionism, slowing business activity in advanced economies and administrative barriers to trade.

Our work to overcome these main challenges is considered a central focus of the current Annual Report and is outlined in the Inclusive Growth section and recommendations that follow. Furthermore, vital areas of work of South Africa's chairmanship cover such themes as the facilitation of youth entrepreneurship, the expansion of the digital economy, the promotion of skills development for the Fourth Industrial Revolution and food security.

The Council is deeply committed to playing its role in building a global economy that benefits all people — with policy advice, knowledge sharing, financial support and entrepreneurship.

The next few years will be decisive in marking a new phase in the work of the Council, which will involve the implementation of joint development programmes and strengthening the relationships between the BRICS member states.

The Chairpersons of the BRICS Business Council countries are pleased to present the 2017-2018 5th BRICS Business Council Annual Report to the Heads of State of BRICS countries and look forward to working jointly with all the BBC members, constituents and teams towards the implementation of the recommendations contained herein into the future.

The reports of the Council's Working Groups are included in this report, offering detailed information on their activities and recommendations.

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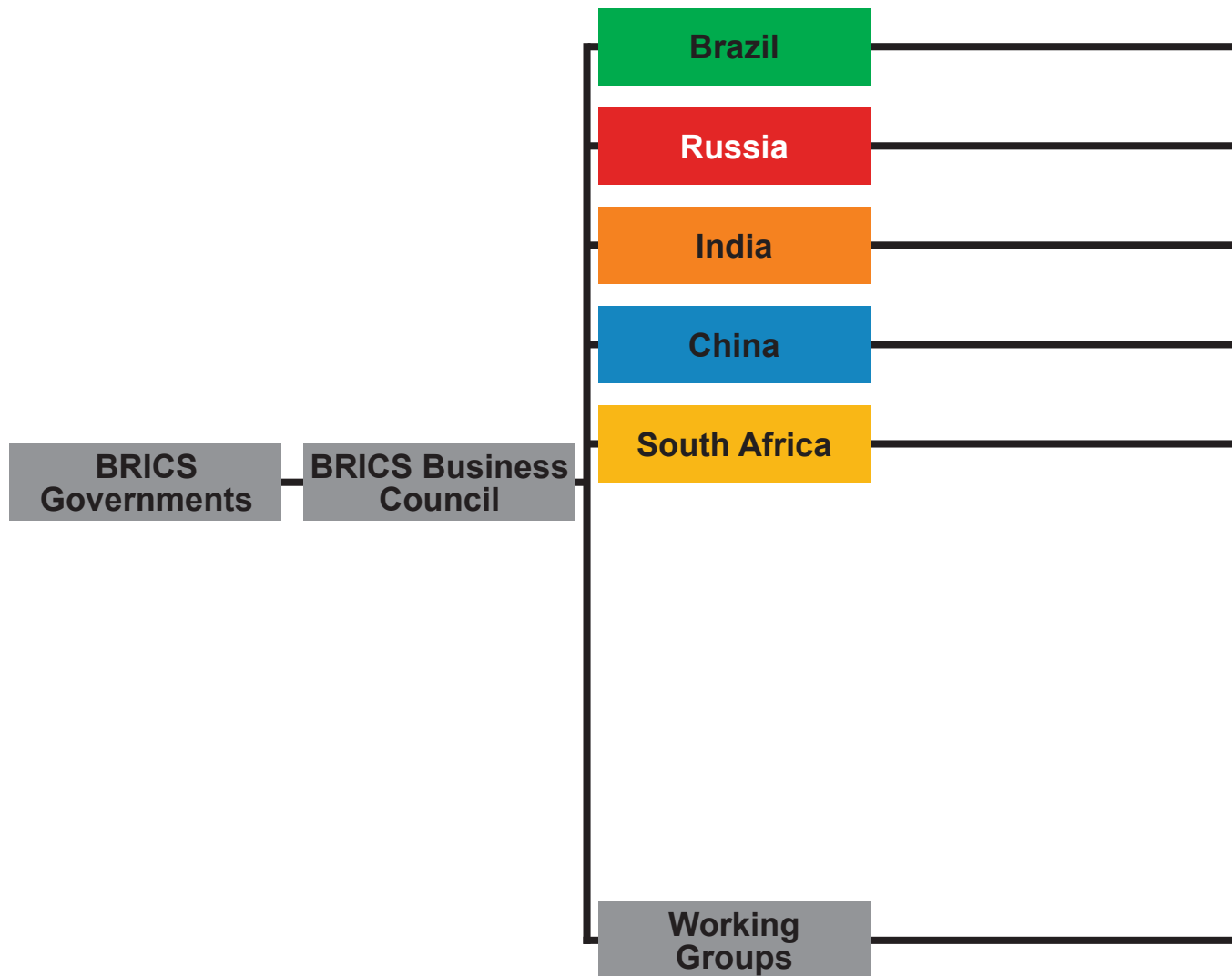
Mr. Onkar Kanwar
Republic of India

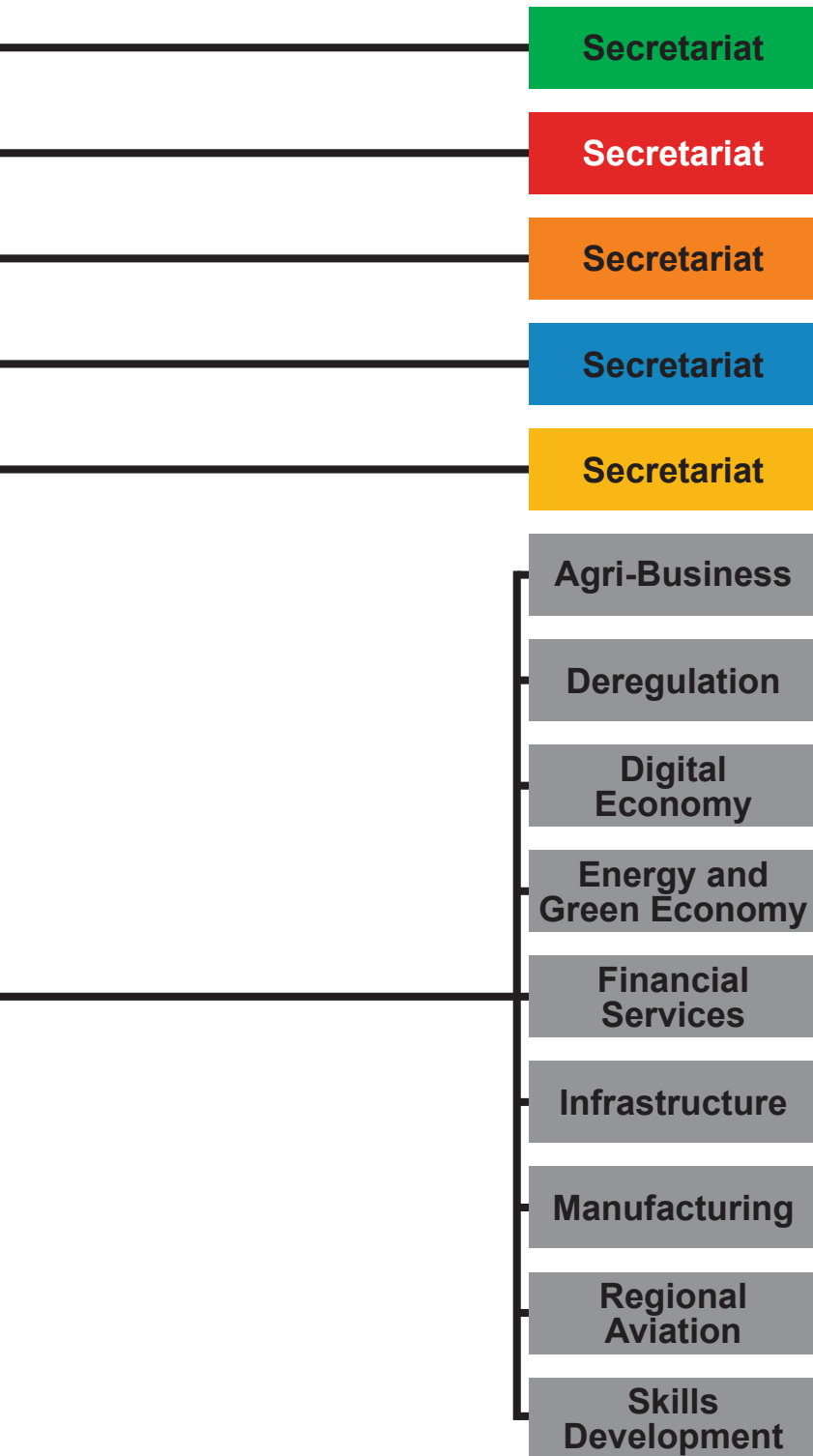
Capt. Xu Lirong
People's Republic of China

Johannesburg, South Africa, 26 July 2018

ABOUT THE BRICS BUSINESS COUNCIL

BRICS BUSINESS COUNCIL ORGANISATION CHART





ABOUT THE BRICS BUSINESS COUNCIL

Overview

Originally established as a pragmatic, 21st-century partnership, the objective of BRICS was to constitute a platform which, in a multipolar world in which economic and political power is rapidly spreading, seeks to pool the influence of its five members and reshape the norms of global governance and trade that have been fashioned by the Atlantic system in the past. BRICS, then, is a coming together of five national sovereignties at a particular geo-political moment to achieve a set of common goals.

Established as BRIC in 2006, the first BRIC Summit was held in Yekaterinburg, Russia, in 2009, with South Africa joining in 2010. The BRICS countries have evolved into a powerful global force that has been reshaping the world economic order through various agencies and new international institutions.

An instrumental platform in this regard is the BRICS Business Council. Established in March 2013 during the 5th BRICS Summit held in Durban, South Africa, as a home for dynamic and diverse communities of business leaders from the five BRICS countries, the Council is the practical expression of the BRICS business agenda and is essential for ensuring its effective implementation.

Through its programmes and institutions, the Council works to foster intra-BRICS trade; facilitate investment; unlock development finance for investment in infrastructure and clean energy projects; promote human development and inclusive growth; and foster co-operation between BRICS nations.

Reflecting its global reach and close ties with its members, the Council has established national chapters in each of the five countries. All members are represented by Chairpersons of the BBC and its Secretariat, which oversees the implementation of policies and programmes that enhance business development within the BRICS group of nations.

In each member country, the Council executes its mandate through nine

Working Groups in the areas of Agribusiness, Deregulation, Digital Economy, Energy and Green Economy, Financial Services, Infrastructure, Manufacturing, Regional Aviation and Skills Development.

The main objectives of the Working Groups are to facilitate interaction and co-operation among the business communities, with a view to better understand market opportunities, build synergies based on their respective competitive strengths, and promote industrial development and sustainable livelihoods.

Drawn from the highest level of business, the activities of the Working Groups are built on the fundamental principle of practical and mutually beneficial business co-operation, which combines the BRICS grouping's top business leaders and stakeholders around a common purpose to strengthen business links and tackle challenges which cannot be addressed in isolation. Each Working Group drives the BRICS business agenda through activities and networks.

What We Do

The BRICS Business Council has five key roles:

- Promote and strengthen business, trade and investment ties among business communities in the BRICS countries;
- Ensure dialogue between business and government;
- Identify bottlenecks to greater economic, trade and investment ties;
- Work closely with the Working Groups to promote trade and investment opportunities; and
- Convene Annual Meetings to review policy work and implementation, and recommend solutions accordingly.

Our Mission

Our overall mission is to advance the common interests of BRICS by creating favourable conditions for business co-operation in pursuit of mutual trade and investment.

Our primary goal is to provide strategic frameworks and programmes for business to work with the Council to shape global, regional and industry agendas.

Giving practical expression to the vision of a more just and equitable, international, economic order underpins all we do.

Policy Work and Key Priorities

In accordance with these goals, we have worked towards the following priority areas over the past year highlighted at the Council's March 2018 Mid-term Meeting:

- Held the inaugural meeting of the Working Group on Regional Aviation;
- Hosted a dialogue with the New Development Bank;
- Adopted the BRICS Digital Economic Development Proposal and endorsed the proposal of setting up a Working Group on the Digital Economy;
- Deliberated on the initiative first proposed at the BBC Annual Meeting 2017, of establishing the BRICS Business Women's Alliance;
- Deliberated on new opportunities for BRICS resulting from the large connectivity projects, which are based on mutual respect, equality, justice, co-operation and mutually beneficial relations;
- Initiated work to strengthen co-operation around funding and infrastructure as well as people-to-people exchanges;
- Expanded areas of co-operation, from conceptualisation to implementation, under China's presidency by concentrating on action items that will translate into practical benefits to our societies, and the generation of trade and investment;
- Signed an MoU between the Council and the NDB to build closer ties with the NDB;
- Examined the economic and market case for the NDB on infrastructure, sustainable development, connectivity, urban development and economic integration;
- Analysed the causes of growing global protectionism in trade;
- Continued to explore more modalities of currency co-operation;
- Continued to highlight the importance of establishing the BRICS Credit Ratings Agency;
- Continuously engaged with the Governments of BRICS countries around greater openness of trade and investment, while taking care of the development priorities of each member country;
- Discussed macro-economic developments and prospects for creating conducive conditions for businesses who engage with each other and create larger economic benefits;
- Continued to highlight trade liberalisation and investment dispensations and the removal of regulatory bottlenecks to facilitate greater trade flows;
- Continued implementing the Strategy for BRICS Economic Partnership and initiatives related to its priority areas such as trade and investment, manufacturing and minerals processing, infrastructure connectivity, financial integration, science, technology and innovation, and Information and Communications Technology (ICT) co-operation, amongst others;
- Discussed the role of BRICS in boosting resilience to climate change;
- Promoted exchanges of good practices and experiences on development and facilitated market interlinkages as well as infrastructure and financial integration to achieve interconnected development;
- Began work towards broad partnerships with EMDCs, and in this context committed to pursue equal-footed and flexible practices and initiatives for dialogue and co-operation with non-BRICS countries, including through BRICS Plus co-operation;
- Proposed and initiated the BRICS Alliance for Skills Development through the Council's Skills Development Working Group;
- Continued to work on the digital economy through establishing an e-commerce platform servicing business from BRICS countries;
- Enhanced co-ordination amongst BRICS members around investment through the

ABOUT THE BRICS BUSINESS COUNCIL

financial services platform serving Small and Medium Enterprises, the Investment Guide of BRICS Countries, and practical co-operation on specific projects; and

- Initiated work on the Roadmap on Cooperation in Administrative Barriers Elimination.

As South Africa took over the rotating presidency of the BRICS Business Council at the Mid-term Meeting on 27 March 2018, these key priorities underscored the fundamental development needs and multilateral consensus of the BRICS Business Council.

The 6th Annual Meeting of the BRICS Business Council was held in Durban, KwaZulu-Natal Province, South Africa, on the 22 and 23 July 2018.

Our Approach to Inclusive Development

Despite a recovery in the global economy during the 2017-2018 reporting period (discussed in the Economic Review section of this report), latest International Monetary Fund research shows that rising inequality poses risks to the strength and durability of economic growth.

World economic growth is concentrated in only a few countries. On the IMF's 2017 projections, the bulk of global economic growth in the next five years will come from only three countries, collectively, accounting for 54 percent of world growth at current exchange rates and 52 percent measured in purchasing power parities in the next decade.

Developing countries in particular are still dealing with unfair trade relations with developed economies and the rest of the world, which have created persistent current account deficits.

To meet the goal of boosting shared prosperity, the BRICS Business Council works with member countries to achieve their development priorities. As an institution with nine Working Groups in five countries, we have a reach that

gives us the ability to amplify the voices of our members by bringing together business leaders with stakeholders to share knowledge and propose sound solutions to existing problems and present-day challenges.

Moreover, through its presidency of BRICS, South Africa will be able to enhance the African and BRICS Plus agendas through its contribution to the development and implementation of ideas that strategically place the African continent and the Global South on a sustainable and inclusive development path.

The Xiamen Declaration in 2017 drew attention to the importance of branching out BRICS' work to include an open and diversified network of development partnerships on the international stage. The 'BRICS Plus' co-operation approach builds on South-South co-operation, implementing the 2030 Agenda for Sustainable Development, large connectivity projects and global governance to get more emerging market and developing countries involved in our concerted endeavours for co-operation and mutual benefits.

The BRICS Business Council Annual Report

The BRICS Business Council Annual Report is presented once a year to the Heads of State of BRICS countries at the BRICS Summit.

In 2018, it was presented to the Heads of State at the BRICS Summit on 26 July in Johannesburg, South Africa. The Annual Report is intended to assess progress during the reporting period, identify policy challenges facing BRICS member countries individually and collectively, outline policy responses needed at global and country levels, and recommend action steps to support policy implementation.

Unless otherwise stated, throughout the report the term "BBC" (or "Council") refers to the collective work of the BRICS Business Council chapters and their Working Groups.

EXECUTIVE SUMMARY



The focus of the South African Chapter during its chair of BRICS for the second time has been on the implementation of past, key recommendations as well as three key areas: Youth entrepreneurship, the promotion of skills development for the Fourth Industrial Revolution and food security. A significant achievement is the signed MoU between the Council and the NDB to build closer ties with the NDB around project funding and Working Group collaboration. Accompanied by the operationalisation of the Africa Regional Centre of the NDB in South Africa, this MoU greatly facilitates sustainable economic growth and poverty reduction as well as improving food security.

With regard to the areas mentioned above the Council has achieved much in the last year. A Digital Economy Working Group and a Regional Aviation Working Group have been established. The BRICS Digital Economy Development Initiative, in particular, provides a platform for the working group to promote the positive developments of digital technology, including addressing the issue of inequality and benefitting the broader population. This proposal was adopted by all five chapters of the Council at our Mid-term Meeting in March. The Council has also made significant progress on the New International Payment System project and has issued updated BRICS country investment guides. This work complements the Council's endorsement and proposal of a

BRICS Credit Rating Agency, which would optimise investment decisions in these countries by offering an emerging-markets-focused credit evaluation framework.

There also remain ongoing discussions across the BRICS Business Council. In particular, the process of facilitating the creation of a BRICS Seed Bank has begun but is not yet finalised.

Although significant progress has been made in these areas and in furthering collaboration between the BRICS there remain many opportunities for further collaboration and integration. This was pointed out in the Xiamen Declaration in 2017 and serves to keep the Council mindful of the importance of further co-operation and integration between its member countries.

The nine Working Groups of the Council have also been actively collaborating with one another and each of their sectors nationally and internationally with numerous events in the past year.

EXECUTIVE SUMMARY

In pursuit of realising more opportunities for greater economic, trade and investment ties between BRICS member countries the Council proposes that BRICS governments consider the following key recommendations of its Working Groups:

- The NDB should create a dedicated task team to liaise with the Council;
- Promoting large-scale, infrastructure projects, including HSR “Eurasia” Beijing – Moscow – EU countries and the development of the North–South corridor in Africa, should be prioritised;
- An MoU should be drafted and signed between BRICS countries to foster regional aviation;
- Discussions surrounding a BRICS Seed Bank should be continued;
- Extensively promoting collaborations between tech companies originating in BRICS countries;
- Supporting the contextualised career development project incorporating an indigenous career development approach and methodology for the development of adaptable skills; and
- Adopting a collaborative, experience-sharing approach to developing new financing instruments appropriate for the specific needs of youth in the BRICS countries.

Complementing the aforementioned suggestions, the following documents were signed and adopted at the BRICS Business Council Annual Meeting 2018 in Durban, South Africa:

- Memorandum for Supporting Forest Certification as a Tool to Promote SFM and Certified Products Trade amongst BRICS Countries;
- Declaration on the Establishment and implementation of the New International Payment System (NIPS);
- Declaration on the Establishment of the BRICS Credit Rating Agency;
- Initiative for the Roadmap on Cooperation in Administrative Barriers Elimination.

The following BRICS Business Council Annual Report further details the activity and suggestions of the Council.

SUMMARY OF KEY RECOMMENDATIONS FROM WORKING GROUPS TO BRICS GOVERNMENTS

AGRIBUSINESS WORKING GROUP

BRICS Seed Bank

The development of a BRICS Seed Bank would contribute towards promoting economic empowerment in the agribusiness sector in the BRICS countries. The BRICS Seed Bank would be used for back-up storage and preservation of a wide variety of plant and animal species, which provide material for food, fibre, medicine, and other socio-economic uses. The diverse variety is crucial to sustain current production systems, improve peoples' diets and maintain life support systems essential for the livelihoods in all BRICS countries.

The BRICS Seed Bank further represents a strategy for, or a collective approach to, the maintenance of genetic diversity in crop/plant species which also serves as a back-up for self-sufficiency in planting material by stabilising the seed supply system in cases of crop failure.

The BRICS Seed Bank would operate and manage storage facilities to help preserve drought and climate change mitigating characteristics of traditional varieties, while at the same time serving as base material for farmers to select special lines to meet their changing needs. They also play a key role in improving market outlets through enabling the Agribusiness sector in the BRICS countries to produce crops of known quality and stabilising prices over changing situations.

BRICS Technologies Exchange e-Platform

The BRICS Technologies Exchange e-Platform would be used to share

best agricultural business models, technologies and machinery for increasing in the growth rates of the agricultural sector, improving production efficiency, reducing the impact of weather and climate conditions, and reducing the environmental load.

The BRICS Technologies Exchange e-Platform would be developed as a website (or a database), or utilising the existing platform, to share best agricultural practices and technologies, including machinery and equipment. It is assumed that companies will be able to send a request for necessary technology.

The BRICS Technologies Exchange e-Platform will expand access of businesses, including of SMEs, to the modern technologies, machinery and information by accelerating the process of technologies exchange of BRICS countries.

DEREGULATION WORKING GROUP

Visa Facilitation

It is suggested that consultations among the BRICS countries' relevant authorities should take place on the following key issues:

- Long-term, multiple-entry visas for bonafide frequent business travellers;
- Further simplification of visa procedures among the BRICS countries for short-term

KEY RECOMMENDATIONS

tourism and other non-business purposes;

- Streamlining the procedures of mutual granting by the BRICS countries for each other's nationals for study and work permits;
- Harmonising professional standards and mutual recognition of the BRICS countries' qualification licenses.

Cooperation in Administrative Barrier Elimination

The following areas of cooperation are tabled for inclusion in the Roadmap on Cooperation in Administrative Barriers Elimination:

- The BRICS countries should initiate joint capacity-building and knowledge-sharing projects on national good practices pursuant to reducing time and costs of procedures for doing business, including starting a business, obtaining investment approval, dealing with construction permits, getting electricity, registering property, getting credit, paying taxes, trading across borders, enforcing contracts, resolving insolvency and other relevant procedures;
- Relevant bodies (government agencies, business communities or other organisations) in the BRICS countries should be mandated to assess the current situation of trade facilitation of goods in a respective country (with particular attention to trade with other BRICS countries) while taking the rules established in the Trade Facilitation Agreement as a benchmark with the goal of promoting awareness of exporters and importers as well as facilitating best practice sharing;
- Additionally, the same bodies should be mandated to strengthen the BRICS countries' dialogue and policy exchanges on trade in services and support discussions on a potential agreement on trade facilitation in services under the WTO framework;
- Communication between the BRICS countries' customs

authorities should be further enhanced, including issues of streamlining import/export procedures, lifting excessive documentary requirements, reducing non-tariff measures that hinder trade, advancing the introduction of single windows and paperless and electronic customs clearance systems, mutual recognition of Authorised Economic Operators, exchange of information and data on trade and law enforcement, commodity classification and codes unification, anti-counterfeit measures and other relevant issues;

- Dialogue channels should be set up in the BRICS countries to ensure that the comments of foreign investors and foreign enterprises on the overall business environment in the host country, as well as on the policies of market entry, investment facilitation and investment promotion are clearly articulated. To that end, a "one-stop service" form of communication between foreign investors, foreign invested enterprises and governmental agencies and service providers should be promoted;
- Communication between the BRICS countries' Micro-, Small- and Medium-Sized Enterprises (MSMEs) support organisations should be launched on issues of national good practices of SMMEs promotion, expanding SMMEs' access to finance and strengthening SMMEs' integration into global value chains while considering the feasibility of a potential BRICS SMMEs Cooperation Agreement and other relevant issues.

To meet the technological requirements of economic growth in the 21st century and contribute to the emergence of the BRICS countries originating champions of evolving and fundamentally new hi-tech products and markets spurred by the digital economy and Fourth Industrial Revolution, it is suggested that:

- A dialogue of the BRICS countries' technological standardisation bodies, with contributions from the major technological companies, should be set up with the goal of discussing possible ways of harmonising the existing and emerging technological standards among the BRICS countries. It is also suggested that there be available means of support for the development of BRICS-originating technological standards for fundamentally new hi-tech products

and markets as globally prevailing standards;

- Communication between the BRICS countries’ relevant regulatory authorities should be established on issues of mutual concern around the recent national regulatory developments caused by developments in technology and the emergence of new hi-tech products and markets;
- Exchange of information between the BRICS countries’ relevant government agencies and development institutions should be further enhanced in terms of effective national policies and programmes for the promotion of innovation and technology transfer as well as for talent identification and development; and
- Collaborations between tech companies originating in BRICS countries, both start-ups and well-established tech market players, should be extensively promoted.

For the purpose of the effective implementation of the Initiative with tangible results, it is suggested that, as part of the outcomes of South Africa’s BRICS Presidency:

- The BRICS Roadmap on Cooperation in Administrative Barriers Elimination should be elaborated and incorporated into the BRICS Action Agenda on Economic and Trade Cooperation;
- “Liaison bodies” (relevant government agencies, business communities or other relevant organisations) should be mandated at the national level as a “single window” for collecting stakeholders’ opinions and contributions that might be utilised in the BRICS countries’ joint activities for administrative barriers elimination;
- A Memorandum of Understanding should be agreed on between designated national “liaison bodies” and the New Development Bank that would be aimed at financing the BRICS countries’ joint capacity-building and knowledge-sharing projects on administrative barriers elimination; and
- Regular consultations on

administrative barriers elimination (to inform subsequent decision-making at the ministerial and executive levels) should be launched at the level of the BRICS Contact Group on Economic and Trade Issues, with contributions from designated national “liaison bodies” and other relevant public and private sector national stakeholders; it is suggested that progress be reviewed and publicly presented annually.

DIGITAL ECONOMY WORKING GROUP

To harness technologies and strengthen efforts aimed at alleviating poverty and unemployment, enhancing international competitiveness and ensuring high-quality inclusive growth among BRICS countries, practical co-operation is encouraged to promote the growth of the digital economy, enhance the complementarity of industries and foster innovative economic development based on advanced technology and skills. With that goal in mind, it is recommended that BRICS countries:

- Seize the opportunity to enhance the exchange of both people and ideas and jointly promote the development of the digital economy;
- Consider joint projects aimed at enhancing private and public investment in network infrastructure to promote digital inter-connectivity;
- Promote broadband network coverage, improve service capabilities and quality, and jointly explore ways to expand high-speed Internet access and connectivity at affordable prices so as to thus provide strong and robust hardware support for digital economic development;
- Take further steps to narrow the digital divide, strengthen capacity-building and improve people’s digital literacy of citizens and business units to adapt to changes caused by the digital economy;
- Encourage both the private and the public sectors to invest in education and skills development systems so that people can adapt to the labour market changes caused by the digital economy;
- Promote Internet applications integration to support entrepreneurship and digital transformation;

KEY RECOMMENDATIONS

- Strengthen co-operation amongst e-commerce businesses and institutions to facilitate cross-border trading;
 - Strengthen linkages between information technology and industry amongst BRICS countries and stimulate the full potential of ICTs, including the Internet technologies, big data, cloud computing, sharing economy platforms, and digital decisions for healthcare and education;
 - Take full account of the issue of network and information security, strengthening data protection of intellectual rights, individual rights and information;
 - Strengthen dialogue between government, enterprises, experts and research for building harmonious environments for the digital economy;
 - Strengthen support to MSMEs in the digital economy to ensure their innovative potential as drivers of the development of digital technologies is fully explored; and
 - Support digital infrastructure development in remote areas of BRICS member countries to expand the outreach of Digital Economy.
- Have clear policy objectives to provide investor confidence;
 - Review policy on an ongoing and proactive basis to ensure that policy frameworks lead the required change;
 - Enable energy transitions through appropriate market structures and market rules;
 - Ensure standards are harmonised across BRICS countries where relevant, to enable the roll out of new technologies;
 - Identify key development zones where complimentary technologies such as gas and renewables can be co-developed for mutual benefit;
 - Simplify approval processes with a “one-stop shop” approach and concise, environmental approval processes;
 - Enable inter-country projects by ensuring that policy and regulatory requirements are harmonised and do not add to the cost of implementation; and
 - Support regional planning efforts so that supply and demand can be managed at a regional level and enable cross border projects and the optimal use of energy sources.

ENERGY AND GREEN ECONOMY WORKING GROUP

In order to support the development of energy projects and infrastructure, provide access to all our citizens as well as reduce emissions through the promotion of cleaner energy technologies and energy efficiency, a central repository of energy data should be established for the BRICS and other developing countries. Key proposals to policy makers and regulators include the following:

- Develop integrated policy and regulatory frameworks that take into account the new energy landscape, are holistic and consider changing skills requirements, funding models, and research and development (R&D) requirements;

The BRICS Business Council country chapters have agreed to consider the formation of a BRICS Energy Agency. The framework being developed will provide guidance to the Council to develop a roadmap for the establishment of a BRICS Energy Agency in consultation with the BRICS Governments.

FINANCIAL SERVICES WORKING GROUP

To advance the partnership between the BBC and NDB, achieve the goal of a solid co-operation working mechanism and step up practical bilateral co-operation, the FSWG recommends the following:

- The FSWG work continuously to bolster dialogue between the BBC and NDB, pursue the advisory role and observer status of the BBC in the NDB, and exploit the unique resources of the BBC in industrial and commercial circles to offer advisory services to the NDB;

- The NDB designate a dedicated team in charge of engaging the BBC: A regular communications mechanism is to be introduced so that the two sides can have contact free from the influence of such factors as personnel replacement and presidency rotation to continue turning all MoU suggestions into realities;
 - The FSWG to fully expand the partnership between the BBC and NDB in terms of financing, project investment and information sharing, assisting the NDB shift the focus of its support from government credit to the private sector, and guiding commercial banks of its member-states to cement their ties with the NDB by several means such as project recommendation, co-financing and interbank financing;
 - The BBC is to sum up all industrial Working Groups' financing demands with the NDB, make recommendations to the NDB on a regular basis, and request the NDB to handle these demands as top priorities;
 - The FSWG to engage the NDB on the possibility of creating a sustainable, development-oriented energy fund with a view to providing new energy projects carried out by BBC members with a comprehensive financial services package.
- The South African FSWG introduced the work plan of the FSWG during South Africa's rotating presidency, which includes the following:
- Continue with the work chaired by the Chinese FSWG;
 - Implement the MoU between the Council and NDB on Strategic Cooperation, BRICS Insurance Support System, Green Finance, the BRICS Credit Rating Agency and the New International Payment Card System;
 - Establish a research platform of BRICS' financial institutions and set up a cross-region and cross-industry research system;
- Develop a work plan to implement the Xiamen Declaration;
 - Improve and broaden the trade and investment co-operation mechanism and scope to enhance BRICS economic complementarity and diversification in BRICS countries;
 - Enhance BRICS financial co-operation and encourage co-operation on Public Private Partnerships;
 - Facilitate financial market integration;
 - Promote technological innovation and forge synergy among BRICS countries to address the development challenges;
 - Commit to BRICS industrial co-operation, seize the opportunities brought about by the new industrial revolution and expedite the respective industrialisation processes;
 - Emphasise the importance of an open and resilient financial system to sustainable growth and development;
 - Commit to a rules-based, transparent, non-discriminatory, open and inclusive multilateral trading system to ensure trading and labour rules are aligned to the WTO and fellow BRICS countries;
 - Implement the outcomes of G20 summits and call upon the G20 to further enhance macro-economic policy co-ordination to reflect the interests and priorities of emerging and developing economies;
 - Reaffirm the commitment to achieving a fair and modern global tax system; and
 - Introduce green-bonds learnings to grow access to green bonds by BRICS countries.
- New initiatives by South Africa include the following recommendations:
- Boost the BRICS economic partnership;
 - Boost women and youth empowerment;
 - Enhance co-operation with the NDB;
 - Put forward enterprise development initiatives that will result in growing SMEs and contribute towards job creation.

KEY RECOMMENDATIONS

New International Payment System (NIPS)

Most BRICS countries have separate national payment systems while their cross-border bank card transactions mainly rely on such international networks as Visa, MasterCard, and American Express. As a result, they are unable to make fully independent transfers and settlements conforming to their political and economic needs. Valuing the importance of a stable and predictable financial environment for sustainable growth and inclusive development of cross-border co-operation, we welcome the initiative of the South African Business Council Chapter to lay the foundation for the New International Payment System, using the latest achievements of the digital economy and the BRICS Plus formula.

Key recommendations

We call on the monetary authorities of our countries to support this private sector driven development on the best PPP principles. The following is recommended:

- The existing bank card network of BRICS should be built into the NIPS by integrating and co-ordinating technical standards and business rules, upgrading out-of-date technologies, connecting tele-communication lines and using new ways for settlements, which allow for bypassing the unreliable operation centres for conventional reserve currencies;
- Further expansion of BRICS national currencies in international commercial turnover should be accompanied by the construction of an adequate mechanism for their convertibility in accordance with the real business demands;
- The NIPS development plan providing the creation of a switch cloud platform for cross-border settlements in digital format, including blockchain technology, should be developed. The Indian FSWG suggested that card (RuPay) and mobile Bharat Interface for Money (BHIM) application/Unified Payments Interface (UPI) platform;

— based products be included for the whole range of cross-border consumer transactions rather than just limiting payments to a card-based system;

- Those proposals are being considered on a competitive basis along with other advanced mobile platforms and payment protocols available from project participants to develop NIPS standard products and procedures. Amongst the alternatives, to be considered by the joint management company, there is HandyBank mobile platform as well as Joys and UNISTREAM payment systems; and
- Facilitate the creation of a single gateway with an open architecture to enable the task of seamless integration into the overall network of local, currency-based, national payment systems.

BRICS Credit Ratings Agency

The following has been recommended:

- Enable easier access to cross-border funding with an appropriate and relevant methodology for credit evaluation and an independent, relevant and emerging (and frontier) markets-informed view;
- Provide credit ratings mainly to foreign-currency fixed income loans of entities in BRICS and other countries. It may also rate local currency issuances of Multi-lateral institutions (like NDB, ADB, AIIB, etc.);
- Gather and disseminate, including on a commercial basis, macro-economic and sectoral research and insights on emerging markets;
- Adopt the issuer-pay business model since it is well-tested and globally accepted;
- Be a supra-national institution with well-diversified ownership, by and large, equally distributed amongst the BRICS countries;
- Have at least 51% of the shareholding by private institutions within BRICS countries. No single institution, whether private or national, shall own more than 9.99% of the voting capital of the BRICS RA;
- Be governed by the host country regulations, supported by the regulators in each of the BRICS nations signing an 'Endorsement

Document' accepting the governing regulations and enabling its enforceability across the BRICS nations; and

- Be commercially viable, with an expected initial capital investment of between US\$ 35-50 million, and expected breakeven in its fifth year of operations.

Infrastructure development remains the driving force of the economic growth of BRICS economies. It is critical that the BRICS FSWG members continue to deliberate and discuss ways of resolving the fresh challenges that each BRICS country presently faces. Some of the possible suggestions for these challenges are as follows:

- Strengthen the group's engagement with the NDB and encourage the NDB to offer various financial instruments to facilitate infra-financing in BRICS nations. The FSWG could work with the NDB to develop a list of such instruments for consideration by the NDB;
- The FSWG members should continue to co-ordinate with the NDB in line with the agenda carved out under the BBC-NDB MoU, and the group should share a list of infrastructure projects in the BRICS region with the NDB;
- The NDB can work with commercial banks in the five countries to extend funding support to the private sector; BRICS countries can co-invest and co-operate in infrastructure financing, especially to support the private sector's involvement in that area; and
- BRICS countries should share their experience in developing their domestic financial markets to facilitate infrastructure financing, which could serve as success stories for the rest of the members within the group.

Suggestions to enhance credit flow to SMEs include addressing the specific financing issues faced by SMEs, and expanding the range of financing options

that could suitably meet the diverse financing needs of SMEs would be critical to enhance the flow of credit to this sector and foster their growth.

Some of the steps required in this direction include:

- *Addressing information asymmetry through increasing financial literacy among SMEs*

This could be achieved by imparting relevant knowledge about financial techniques and improving the financial skills of SMEs in addition to encouraging MSMEs to undertake performance rating assessments that can increase their chances of obtaining required finance from formal sources while strengthening their overall performance.

- *Exploring alternative financing options for SMEs*

Globally, various alternative financing options and instruments have been developed to meet the varying financing needs of SMEs. It is important to assess the suitability of these options for SMEs in emerging countries, including BRICS, while exploring ways to bring about some innovative financing solutions in line with emerging market and regulatory developments.

- *Tapping the role of Fintech for SME financing*

Fintech companies hold enormous potential to become a major source of SME financing. The need of the hour, therefore, is to increase awareness about this source of finance and improve the digital and financial literacy of MSMEs. It is also important to provide a conducive business environment for Fintech companies, allowing them to grow and innovate, which could be beneficial for both the fintech community as well as the MSMEs.

- Keeping in mind that most of the above-mentioned suggestions are applicable in all the five countries, BRICS FSWG members should further deliberate on these solutions along with other possible ways to increase MSMEs' access to finance.

- A joint collaborative approach could be taken to develop new financing instruments suitable to the specific needs of MSMEs in these five countries as well as other emerging nations.

KEY RECOMMENDATIONS

- Considering that many initiatives have already been taken in BRICS countries to increase credit flow to the MSME sector, it would be pertinent to share the experiences of each of the countries in this regard, which could serve as a great source of learning for others in the bloc.
- The proposed electronic platform by the Russian FSWG to connect the SMEs of the five BRICS countries could be joined by the financial institutions of these countries sharing information related to various financing options available for MSMEs in their respective countries while allowing these firms to access this range of instruments.
- The NDB should consider support of SME development and entrepreneurship.
- Chinese FSWG organised a great event of Match-Making for BRICS SMEs in Tianjin, China. They benefited not only from the development of business markets, but also the communication of information and experience. Besides financing support, FSWGs will provide more communication opportunities to SMEs.

These efforts could be instrumental in easing the difficulty of SMEs in accessing formal credit, thereby improving their overall growth prospects.

On co-operation between the NDB and BBC, the following is recommended:

- The five national Secretariats should take the lead in organising the implementation of co-operation and co-ordinating member institutions to carry out strategic co-operation between Council and NDB. It should also co-ordinate day-to-day communication with NDB on behalf of Council;
- As the NDB sets up more regional branches in BRICS countries and their surrounding areas in the future, the other four Chapters of Council should establish a direct relationship with corresponding branches of the

NDB and take the initiative to seek co-operation;

- The Financial Services Working Group should actively collaborate with the Secretariats and recommend financial experts from the five countries to form an expert group to provide the NDB with professional financial services. The Financial Expert Panel (“FEP”) is designed to serve as a bridge between the Council and the NDB, carrying out working contacts with NDB-nominated staff on behalf of the Council;
- It is further proposed that a Project Facilitation Fund be created (under the supervision of the country experts) for projects to be tabled with NDB
- Meetings between Council and NDB should be held every six months; these interactive activities of Council and NDB as well as the achievements should be regularly summarised in the Annual Reports of Council every working year.

INFRASTRUCTURE WORKING GROUP

It is recommended that innovation in infrastructure be undertaken through the following interventions:

- Create a BRICS Infrastructure Portal to provide status updates on projects identified in the relevant regional physical integration plans of the BRICS regions. This was launched in July 2018 in South Africa;
- Continue to press ahead with key projects already under co-operation and get them implemented as soon as possible;
- To develop a Roadmap on Cooperation between BBC and NDB in order to highlight recommendations on support of specific projects that are being implemented or promoted in co-operation amongst the BRICS countries;
- Prioritise promotion of large-scale infrastructure projects, including HSR “Eurasia” Beijing – Moscow – EU countries, development of North – South corridor in Africa and other initiatives;
- BRICS Business Council acknowledges that HSR Moscow–Kazan, a pilot part of the HSR Eurasia project, is socially and economically important for the balanced

and sustainable development of the Eurasian domain and thus strongly recommends that the Heads of States continue the support of its implementation;

- Continue implementation of joint infra-structure projects in BRICS countries while promoting further initiatives;
- Promote joint logistics projects with the participation of the countries beyond BRICS;
- Broaden co-operation in the field of educational programmes and joint training programmes to support human capital development, including short-term exchanges between technical experts, project managers, etc.;
- Jointly conduct R&D studies on advanced technologies in infrastructure sectors of mutual interest which contribute to the development of sustainable infrastructure facilities;
- Establish project platforms to promote communication and co-operation in high technology area
- Encourage the expansion of trade and investment in high value-added products related to infrastructure
- Promote dialogue and communications in emerging industries, and advance trade and investment in industries that are technology-intensive, knowledge-intensive, or capital-intensive
- Facilitate Small Contractors Cooperation (SCC)
- Apply project models to project life-cycle prediction and assessment, diversify financial support from multilateral institutions such as the NDB, and explore the possibility of setting up a task team for mutual recognition of standards and skills training; the Public-Private Partnership (PPP) approach is also a good choice, but to make the PPPs successful, governments concerned should identify the projects suitable for such an approach, engage the most qualified partner, institute

the right process, and allocate risks to the parties best able to manage them; if these conditions are met, all stakeholders can expect a fair share of the benefits;

- Explore infrastructural co-operation in shipping and logistics and strengthen co-operation in global shipping regulation;
- Expand infrastructural co-operation outside the BRICS circle;
- Promote infrastructure projects in Africa necessary for boosting the competitiveness of the African landlocked countries and their active inclusion in global trade;
- Taking into account the social importance of transport it is reasonable to admit a further development of G2G co-operation among the BRICS countries as a crucial factor for promotion of infrastructure development projects on their territory and in other countries of Africa (including state funding and risk-mitigating support).

MANUFACTURING WORKING GROUP

Key recommendations for the development of the BRICS manufacturing industries include the following:

- Enhance trade facilitation and trade equality as well as reduce restrictive trade policies to promote global trade development;
- Set up a BRICS Centre for Manufacturing Technology in order to promote cross-border joint venture facilitation, in particular, there is a need to work on the architecture and structure. a proposal for the Centre for Manufacturing Technology should be prepared by members and presented to the concerned authorities within the next six months;
- Emphasise mutually beneficial policies, strengthen co-operation with local enterprises in BRICS countries, reduce technical barriers to trade, and enhance mutual benefits;
- Create flexible multilateral co-operation and co-ordination mechanisms;
- Promote international co-operation in BRICS countries;

KEY RECOMMENDATIONS

- Further develop the support of the NDB in the development of the manufacturing industry;
- Strengthen exchange and communication between BRICS enterprises;
- Enhance the communication of scientific and technological co-operation;
- Collaborate to improve the share of manufacturing in the GDP of member-countries;
- Invest in re-skilling given the advancements made in technology, such as industry 4.0;
- Create a Single Window Platform for the exchange of information;
- Broaden the base of trade both within BRICS countries and across manufacturing sectors. Efforts are to be continued by members for enhancing exports of value-added products and not just raw materials to create more employment and earn more foreign trade;
- Work with officials of the NDB to ensure that the projects prepared by BRICS business people are in line with the prescribed norms of the NDB;
- Ensure that the NDB functions as a first-class assurance bank for trade among its members. There is a need for a more collaborative approach with the NDB to minimise the currency risk among BRICS members and facilitate intra-BRICS trade; and
- Ensure members share strategy papers for identified priority sectors for increasing trade and exports in BRICS countries.

Development of Complimentarity/ Strategic Alliances

The MWG will build a Strategic Hub with the intent of facilitating communication,

interaction and co-operation between members in respect of the following:

- Beneficiation of raw materials found in member-countries — this will have the effect of reducing supply chain costs and reducing the environmental impact;
- Transfer of skills, advanced manufacturing skills and best practices between member-countries in close co-operation with the Skills Development Working Group, concentrating on those skills involved in the beneficiation of raw materials and other identified areas requiring additional skills training;
- Building strategic alliances/co-operatives between members in various industries, such as the pharmaceutical and tech industries, thereby allowing members to share specialist knowledge or core competency skills for the mutual development of manufacturing industries in member-countries;
- Enabling joint ventures between member-country companies;
- Enabling the exchange of pharmaceutical product dossiers between member-country companies;
- Highlighting manufacturing equipment and technological know-how that is available in member-countries for the beneficiation of raw materials and the general advancement of manufacturing capabilities as well as the economic organisation of production between members using the benefits of economies of scale within BRICS;
- Enabling licensing agreements for the use of active pharmaceutical ingredients in member-countries;
- Identifying complementarity of capacity constraints and capacity bottlenecks, thus improving synergy between member-countries
- Collaboration on manufacturing projects between members with shared investment risk;

- The development of a strategy as the basis for new, manufacturing-based economic ventures;
- The identification of equity investment opportunities in member-countries; and
- The identification of joint research and development opportunities.

REGIONAL AVIATION WORKING GROUP

The following measures are proposed by member-countries for 2018:

- Develop a joint agenda for the Working Group, focusing on a portfolio of projects to foster regional aviation in the following areas of co-operation:
 - > Public policies and best practices in regional connectivity,
 - > Regional airports and heliports,
 - > Airport infrastructure management and air navigation services,
 - > Technical co-operation between regulatory agencies, and
 - > Innovation, environment and sustainability;
- Involve government agencies/R&D centres and work with BRICS nations towards an MoU to foster regional aviation and collaborate in the areas of co-operation described above;
- Explore opportunities for collaboration with the NDB to support projects in aviation infrastructure;
- Focusing on a few projects rather than many poorly executed ones;
- Have 5-6 projects with high impact to avoid spreading the group thinly;
- Make one country the lead for each project;
- Encourage co-operation amongst BRICS countries’ air carriers to enhance transportation efficiency and increase the number of direct flights;

- Get G2G engagement facilitated under the aegis of the BRICS Business Council; have representatives from governments as part of the aviation sub-group;
- Create an eco-system to make flying affordable within the BRICS countries;
- Promote the entire aviation sector chain in a harmonised manner covering cargo, maintenance, repair, overhaul, general aviation, aerospace manufacturing and skills development;
- Have industry association engagements between BRICS countries;
- Identify an institute in each country that can exchange ways to develop skills and establish a BRICS aviation skill development institute in one of the BRICS countries;
- Work on a project dealing with how to directly connect air cargo movement between the BRICS countries. Inputs can also be taken from other working groups such as manufacturing, agribusiness and infrastructure as they have relevant synergies;
- Identify best practices in MRO operations and collaborate on aircraft maintenance between BRICS countries;
- Have study tours to each country; and
- Work on aviation market forecasting and analysis together.

Initiatives under consideration include the following:

- Develop Free Trade Zones for cargo hubs in BRICS countries;
- Develop open sky policies within the BRICS countries to increase passengers and conclude a Memorandum of an Agreement (MOA) in the future;
- Establish opportunities for commercial aircraft industries in areas of research and development; design, engineering and qualification; production in support of OEMs & Tier 1s; and joint and/or co-operative development of platforms;

- Showcase aviation technologies at aviation events in BRICS countries while exploring business opportunities;
- Increase access to competitive funding and capital for the aviation sector for BRICS members;
- Co-operate on jet fuel supply and storage to reduce costs;
- Co-operate on aviation insurance to reduce costs;
- Establish a BRICS Aviation Bank and BRICS Aviation Insurance Company;
- Establish jet fuel depots and storage facilities within the BRICS countries;
- Establish an Aviation Institute or School of Excellence for BRICS countries.

SKILLS DEVELOPMENT WORKING GROUP

4IR Skills Development

Support for 4IR skills to be delivered in several ways including, but not limited to, the following:

- Facilitate jobs of the future research in South Africa, thereby allowing the identification of future skills required and allowing a “leapfrogging” of specific skills gaps;
- Facilitate the development of curricula for jobs of the future in conjunction with BRICS Business Council Working Groups;
- Facilitate the development of technical skills via participation in BRICS Skills Challenges;
- Establish a Skills Fund that will facilitate local and regional skills development for NDB-funded and other BRICS projects;
- Participation in, and facilitation of BRICS Skills of the Future Challenges; and
- Provide regional facilitation of skills development for BRICS projects.

PART

01

**ECONOMIC
REVIEW**

1.1. ECONOMIC GROWTH

When the leaders of the BRICS countries met at the 9th Annual Summit in Xiamen, China, in September 2017, they did so against a backdrop of development challenges posed by the downturn in the global economy. The global financial meltdown in 2008 tipped the global economy into a protracted crisis that first affected the advanced economies, subsequently influencing (through a collapse of commodity prices) the emerging markets and developing economies (EMDEs).

2018 marked a turning point for the global economy. World Bank and IMF data released in January and April 2018, respectively, suggest regional recoveries have been uneven, slow, cyclical and broad-based, with growth increasing in more than half of the world's economies.

Global GDP growth picked up from 2.4 percent in 2016 to 3 percent in 2017, spurred by a rebound in global investment growth which accounted for three quarters of the acceleration in global GDP growth from 2016 to 2017. This was supported by favourable financing costs, rising profits and renewed investor confidence across both advanced economies as well as emerging market and developing economies. The recovery is providing a substantial boost to global trade, aided (until April 2018 when the US started raising tariffs) by generally liberal trade and investment policies and a recovery in commodity markets for the first time since the sharp collapse in oil prices in 2014.

In advanced economies, growth in 2017 accelerated to 2.3 percent, driven by a

pick-up in capital expenditure and strengthening external demand. Growth amongst EMDEs (including BRICS economies) averaged 4.3 percent in 2017, reflecting the recovery in commodity exports. The improvement in economic activity amongst commodity exporters is a key trend in some BRICS economies. Supported by deepening macro-economic stability, Russia's economy continued its recovery in 2017. Growth momentum picked up in the first quarter of 2018.

Until mid-2016, the world's largest emerging and developing economies were negatively affected not only by an overall weakness in commodity markets but also by China's devaluation of the yuan in 2015 and, more recently, the transitional impact of India's moves to demonetise some of its major banknotes. Between 2008 and 2014, when the price of oil fell sharply, BRICS countries went from accounting for 11 percent of the world's GDP to more than 40 percent (approximately USD 16.58 billion). For the first time in nearly three years the BRICS economies (excluding South Africa) grew through the first half of 2017. Four of the BRICS nations – Brazil (1.6%), Russia (1.5%), India (6.7% for 2017-18) and China (6.1%) – registered positive growth, albeit at very different rates, through the first half of 2017 and continued to do so for the balance of the year. Since early 2018, South Africa (1.8%) too experienced a moderate recovery.

The IMF's World Economic Outlook report (January 2018) indicates that the outlook in China improved in 2017 thanks to policy support; Brazil's 2016 recession ended, with a return to positive growth in 2017; Russia's GDP growth showed positive dynamics in

2017, owing amongst other things to higher oil prices, South Africa saw a modest recovery after a recession; and economic activity in India in 2017 remained resilient.

Collectively, BRICS countries have a GDP of USD 18.5 trillion, or 22.8 percent of the share of global GDP.

Indications are that the recovery will continue across the board for the balance of 2018, with positive growth forecasted for all five BRICS markets through 2021. Overall, the five BRICS economies will account for nearly 40 percent of GDP growth through 2021. This growth trajectory will, in turn, drive income growth and the expansion of the middle class that plays an important role in shaping demand. A crucial role in the formation of this trend will play innovative development, an increase of educational level, and demographic factors.

In view of this ambitious goal the BRICS economies, face the challenge of implementing structural reforms, such as diversifying their exports away from unprocessed commodities and raw agricultural products; improving education and health systems; boosting value-added exports; and implementing business climate reforms. All these efforts will be critical to a sustainable growth path, alleviating poverty and, if accompanied by a rising number of skilled workers, to reducing inequality.

1.2. REGIONAL HIGHLIGHTS 2017-2018

In September 2017, the BRICS Annual Summit Xiamen Declaration called on BRICS countries “to stay focused on promoting results-oriented economic cooperation, and expand converging interests in trade and investment, currency and finance, connectivity, sustainable development, innovation and industrial co-operation.”

The broad-based growth of BRICS economies during the reporting year indicates the increasing maturity of the co-operation mechanism. However, the five countries are expanding at very different rates. As the current-year performance, along with the longer-term forecasts, suggests there is a clear distinction between the five economies’ current trajectory drivers.

In broad terms, the growth trajectories are a result of two drivers within the BRICS grouping: Those economies that took advantage of globalisation’s march by integrating themselves into global supply chains (primarily China and India) and those that took advantage of globalisation to sell their abundant natural resources (primarily Brazil, Russia and South Africa).

Therefore, the return to growth for Brazil, Russia and South Africa has much to do with a recovery in world commodity prices whereas China and India are buoyed by strengthening demand for manufacturing and services exports.

1.2.1. Spotlight: BRICS Economies

Brazil

After eight quarters of recession, Brazil’s economy started to recover in 2017, albeit slowly, feeding expectations of reasonable performance in 2018. From a GDP growth of 1 percent in 2017, IMF forecasts for 2018 are between 2.5% and 3.0%.

Brazil’s exports have risen by 20 percent to date versus the same period in 2016, with a recorded trade surplus of between USD 65 billion and USD 70 billion in 2017, up from USD 60 billion in 2015-2016. Coupled with a surge in consumer spending on the back of lower interest rates, an inflation rate that has been brought under control within Central Bank limits and the increase in economic activity between 2016 and 2017, Brazil appears to have emerged out of its three-year recession.

Within the BRICS group, Brazil rose mainly on the back of its vast natural wealth. Brazil sells commodities such as soybeans (and is the second-largest producer of soybeans in the world, after the US), iron ore and crude oil primarily to China and in global markets. Combining that financial windfall with innovative social programmes helped lift 29 million Brazilians from poverty between 2003 and 2014 and significantly reduced inequality. The Gini co-efficient fell by 6.6 percentage points in the same period, from 58.1 down to 51.5.

While the income level of the poorest 40 percent of the population rose on average by 7.1 percent (in real terms) between 2003 and 2014, compared to a 4.4 percent income growth for the population, poverty and inequality reduction rates appear to have stagnated since 2015.

In terms of foreign policy Brazil is seeking to enhance its global trading power with BRICS and other countries. Aside from seeking new trade deals, the Trade and Industry Ministry is providing assistance to small and medium-sized firms looking to expand sales abroad, centralising export authorisations through an electronic portal. Data showing the number of companies exporting from Brazil reaching a record in September 2017 is evidence proving that the strategy is working.

Russia

The rebound in global growth, with a noticeable increase in capital inflows to emerging economies, notably China and India, provided positive tailwinds for Russia's economy in 2017.

Russia's GDP is expected to expand by 1.7 percent in 2018, according to IMF forecasts, unchanged from its growth rate in 2017.

Supported by higher oil prices and macro-economic stabilisation, energy export revenues more than compensated for the significant growth in imports that accompanied a stronger ruble and recovery in domestic demand. Non-oil exports and exports of services also expanded in the first half of 2017, supported by recovering external demand and higher prices for other commodities. Non-public services, particularly ICT, grew robustly. Helped by a bumper harvest, agricultural growth was also notable.

In the first eight months of 2017, the government's fiscal stance improved, helped by higher revenues and tight expenditures. Monetary policy remained prudent and consistent with the inflation-targeting framework. A combination of relatively tight monetary policy and tight fiscal policy, together with some one-off factors, led the Central Bank to undershoot the CPI inflation end-year target as early as July 2017. Annual consumer inflation had reached 3.9 percent y/y in July and stayed below the end-year target in July-October 2017.

Unemployment declined slightly in the first half of 2017, while low inflation and a recovering economy allowed real wages to increase.

India

India has exhibited a renewed impetus for reform in the aftermath of the global financial crisis. Reforms have been designed and successfully implemented in several areas: A new inflation targeting framework has been implemented, energy subsidy reforms have decisively reduced the level of subsidies, the level of fiscal deficit has been contained, fiscal deficit frameworks have been reinstated, fiscal federalism has been strengthened and the quality of fiscal expenditure has improved. The impact of some of these reforms is evident in a significant improvement in macro-economic stability.

Since the early 1990s, when reforms began, growth rates have been higher and more stable, the economy has become more modern and globally integrated, macro-economic stability has improved and the average citizen is both better educated and lives longer. In addition, the business environment and governance standards have improved considerably.

There were short-term disruptions caused by the economy's adjustment to demonetisation and the newly introduced goods and services tax (GST) (an important indirect tax reform that softened the recovery). At present, there are indications that the economy has bottomed out, and economic activity in the current year should revert to the trend growth rate of about 7.5 percent.

There have been continuous efforts to improve the business environment, to ease inflows of FDI, and to improve credit behaviour through the introduction and strengthening of an insolvency and bankruptcy framework.

China

With a population of 1.3 billion, China is increasingly playing an important and influential role in the development of the global economy. Having experienced a long period of sustained economic and social development, China has been the largest contributor to world growth since the global financial crisis of 2008.

GDP growth has averaged nearly 10 percent a year, the fastest sustained expansion by a major economy in history and has lifted more than 800 million people out of poverty over the past two decades. China reached many of the Millennium Development Goals (MDGs) by 2015 and made a major contribution to the achievement of the MDGs globally.

Although China's GDP growth has gradually slowed since 2012, it remained strong in 2017, reaching 6.8 percent. This reflects the continued fiscal effects of structural reforms, as well as a stronger-than-expected recovery of exports amid tightly enforced production cuts and strengthening foreign demand.

New guidelines to further promote fair competition were also announced in the weeks following the 19th Congress of the Communist Party of China held in October 2017. These include

measures to lift caps on foreign ownership of financial institutions and facilitate structural reforms, with the drivers of economic activity shifting away from administrative trade barriers to more open investment.

On the external side, the recovery in global trade has been an important factor supporting economic activity in China in 2017. GDP growth is projected to decline from 6.8 percent in 2017 to 6.4 percent in 2018 and 6.3 percent in 2019 as policies tighten. Key downside risks to the outlook stem from financial sector vulnerabilities and the implications for Chinese exports of protectionist policies in advanced economies.

Nevertheless, favourable economic conditions make this a particularly opportune time to reduce macro-economic vulnerabilities and pursue reforms that target "better quality, more efficient, fairer, and more sustainable development," as emphasised by President Xi during the 19th Party Congress in October.

China's 12th Five-Year Plan (2011-2015) and the newly approved 13th Five-Year Plan (2016-2020) forcefully address these issues. They highlight the development of services and measures to address environmental and social imbalances, setting targets to reduce pollution, increase energy efficiency, improve access to education and healthcare, and expand social protection.

South Africa

A stable transition to a new government; prudent fiscal, monetary and financial policies; and transformative measures to address the country's growth and employment challenges helped the South African economy restore investor confidence. The strong upward revision for the first quarter of 2017 avoided a technical recession (two consecutive quarterly contractions in GDP) that had previously been recorded.

Primary sectors were the main drivers of growth, particularly agriculture and mining. Momentum in other sectors has been weak. This means that South Africa is diverging from global growth. This is largely because the country's main exports continue to be unprocessed commodities. Although there

was heightened policy uncertainty around the third Mining Charter released in early 2017, which advocates more far-reaching transformation of ownership patterns, mining was a major contributor to growth on the back of rising commodity prices in 2017. Coal prices rebounded because China cut its production in 2017. But demand for coal is expected to drop as China shifts to domestic services and the world moves towards greener technologies. Similarly, the economy benefited from South Africa's high-quality iron reserves. Iron ore prices were buoyant in 2017, given supply shortfalls in Brazil, but are projected to decline from 2018 onwards.

Moreover, growth was still principally led by agriculture. Rebounding from the drought, the sector grew by 17.7 percent in 2017, following a contraction of 6.4 percent in 2015 and 10.2 percent in 2016 due to drought. This recovery contributed 0.4 percentage points to headline GDP. Coupled with the 1.9 percent increase in imports in 2017, net exports reduced headline GDP growth for the year.

Manufacturing contracted by 0.2 percent in 2017. The sector gained momentum towards the end of the year, accelerating its performance from a decline of 4.1 percent in the first quarter of 2017 to 4.3 percent growth in the fourth quarter. According to StatsSA data, this strong performance in the last quarter was driven by food and beverages, petroleum, chemical products, rubber and plastics, as well as various metals products and machinery.

The IMF has forecast GDP growth to average 1.1 percent in 2018 (from 0.8 percent in 2017). As a commodity exporter, stronger growth will depend on external factors such as demand from China and firming commodity prices.

Solutions are needed to foster inclusive development, which in practice means attracting investment and improving

access to decent work for lower-income communities so they can fully participate in the economy. A credible path to sustainably redress inequalities is needed to reduce policy uncertainty and strengthen the social compact on which the government plans to build consensus with business, labour and civil society.

A silver lining in this very challenging social, political and economic environment is the evolving nature of inequality in South Africa, upon which policy interventions could further build. Previously, inequality was largely determined by race and geographical origin (reflecting the country's legacy of exclusion). While race remains a central determinant of inequality, income inequality is now increasingly being determined by jobs status: Employed versus unemployed, skilled versus unskilled.

Relaxing the skills constraint, investing in technological upgrades and integrating South Africa into BRICS and continental value chains will play a critical role in expanding its growth momentum.

1.3. INTRA-BRICS TRADE AND CO-OPERATION

An important goal of the BRICS treaty is to stimulate inclusive and sustainable economic growth among member-countries through measures that facilitate progress towards trade liberalisation and strengthen inter-BRICS collaboration and regional economic integration.

Since its establishment in 2013, an increased presence of the BRICS Business Council in member-countries has helped the Council to work more effectively with and provide more timely services to its constituencies in those countries. Successive BRICS Business

geographic distance between some BRICS countries, the combined value of intra-BRICS trade is noteworthy.

The overall contribution of all BRICS countries in global import and export value amounted to USD 2 339 billion and USD 2 902 billion, respectively, in the 2016-2017 reporting year. They contributed 14.6 percent to global imports and 18.2 percent to global exports, recording an aggregate trade surplus during the reporting period.

The table below indicates the total import and export values for BRICS countries in 2016-2017.

TABLE 1: GLOBAL BRICS TRADE (IMPORT AND EXPORT VALUES 2016-2018)

| Country | Import Value | Export Value | Import Ranking | Export Ranking |
|--------------|---------------------|---------------------|-----------------------|-----------------------|
| Brazil | USD 137552 million | USD 185235 million | 4 (BRICS), 30 (World) | 4 (BRICS), 27 (World) |
| Russia | USD 182261 million | USD 285491 million | 3 (BRICS), 25 (World) | 2 (BRICS), 17 (World) |
| India | USD 384355 million | USD 275851 million | 2 (BRICS), 14 (World) | 3 (BRICS), 20 (World) |
| China | USD 1587920 million | USD 2097637 million | 1 (BRICS), 2 (World) | 1 (BRICS), 1 (World) |
| South Africa | USD 74744 million | USD 74110 million | 5 (BRICS), 38 (World) | 5 (BRICS), 38 (World) |

*Source: Export Genius 2018, Department of Commerce, Government of India

Council Annual Reports have noted the growing contribution of trade liberalisation and integration to bilateral trade amongst BRICS economies. The reports affirmed the positive impact of economic co-operation on the growth of BRICS economies and the world's economic development.

The following section highlights the state of trade between BRICS economies, followed by a summary of efforts to promote inclusive economic growth within the BRICS group.

1.3.1. Overview of Intra-BRICS Trade

Collectively, BRICS countries have a GDP of USD 18.5 trillion, or 22.8 percent of the share of global GDP. Despite the

China stood as the largest trading country among BRICS nations and in the world, both in terms of imports and in terms of exports. China accounted for 40 percent, India for 27 percent, Russia for 16 percent, Brazil for 10 percent, and South Africa for 7 percent of trade.

1.3.2. Spotlight: Bilateral Imports and Exports

India and Russia

India-Russia trade relations pre-date BRICS, having acquired significance in 2000 when both countries signed the "Declaration on the India-Russia Strategic Partnership" during the visit of Russian President, Vladimir Putin, to India. In 2016 a joint statement, entitled "Partnership for Global Peace and Stability," was issued by Indian Prime Minister, Narendra Modi,

and President Putin. It resulted in 10 co-operation agreements in areas including Space, Trade & Investment, Defence, Railways and Hydrocarbons.

India's imports from Russia rose to USD 4 776 million in 2016-2017 from 2015's USD 4 526 million. The table below shows India-Russia trade over the last five years.

TABLE 2: INDIA-RUSSIA TRADE (IMPORT AND EXPORT VALUES 2013-2017)

| India's Imports from Russia | | India's Exports to Russia | |
|-----------------------------|---------------------|---------------------------|---------------------|
| Year | Value (USD million) | Year | Value (USD million) |
| 2013 | 3781.6 | 2013 | 2186.3 |
| 2014 | 4260.8 | 2014 | 2151.5 |
| 2015 | 4526.5 | 2015 | 1608.2 |
| 2016 | 4776.8 | 2016 | 1816.3 |

Source: DGCI&S, India

Bilateral trade between India and Russia is concentrated in key value chain sectors, including electronics, machinery, automobile, pharmaceuticals, chemicals, precious stones, fertilisers, petroleum products, coal, industrial metals, and high-end tea and coffee products.

India and Russia have signed an agreement to expand energy trade including gas, oil and nuclear. Recently, both countries agreed to streamline their bilateral trade in diamonds through reductions in tariffs and regulations. Russia has agreed to build more than 20 nuclear reactors in India over the next 20 years.

Gems and jewellery are India's major imports from Russia, followed by petroleum, fertilisers, iron & steel, and paper products. India imported pearls and precious stones in 2016-2017 with a recorded value of USD 2 024 million. India's main exports to Russia in 2016-2017 were pharmaceutical products with a total value of USD 335 million.

Russia and China

The bilateral trade relationship between Russia and China has grown rapidly since 2012, as both countries have committed to boosting economic co-operation. Since 2012, Russia

has been reducing its imports from China on the back of a declining import value. Russia's total imports from China amounted to USD 38 086 million in 2016-2017, down from USD 51 767 million in 2012.

Russia's total exports to China amounted to USD 28 081 million in 2016, also declining greatly from 2012's USD 35 766 million.

Machinery is Russia's largest share of imports from China, followed by electronics, plastics and textiles. Mineral fuels are Russia's top exports to China, followed by wood, machinery and fish. The export value of Russian machinery was USD 11 098 million and mineral fuels was USD 17 862 million in 2016-2017.

The table below summarises Russia-China trade statistics over the past five years.

TABLE 3: RUSSIA-CHINA TRADE (IMPORT AND EXPORT VALUES 2012-2017)

| Russia's Imports from China | | Russia's Exports to Russia | |
|-----------------------------|---------------------|----------------------------|---------------------|
| Year | Value (USD million) | Year | Value (USD million) |
| 2012 | 51767 | 2012 | 35766 |
| 2013 | 53173 | 2013 | 35625 |
| 2014 | 50853 | 2014 | 37414 |
| 2015 | 35199 | 2015 | 28334 |
| 2016 | 38086 | 2016 | 28021 |

Source: Export Genius 2018

Bilateral trade between Russia and China in the energy industry has been robust, characterised by strong co-operation between the two countries since the inauguration of BRICS. The relationship between the two countries is mutually beneficial: Russia's economy is largely driven by exporting natural resources, while China's fast-growing economy is dependent on energy imports.

On May 22, 2017, China-Russia Commercial Aircraft International Co., Ltd. (CRAIC), a joint venture (JV) of the Commercial Aircraft Corporation of China, Ltd. (COMAC) and United Aircraft Corporation (UAC), was founded in Shanghai, China. The JV is mainly responsible for operating the joint development project of next-generation, long-range, wide-body aircraft.

In 2017, China CAMC Engineering Co., Ltd. (CAMCE) actively sought co-operation

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opportunities in a dozen potential projects, including a natural gas processing plant in Amur, a paper pulp mill in Siberia, a new paper pulp mill in Segezha and the Moscow Industrial Park of Russian Technologies. On July 4, CAMCE and the Segezha Group concluded a strategic co-operation agreement. On November 1, it signed a work roadmap with the Segezha Group during Russian President Dmitri Medvedev's visit to China. In Kazan last September, the Russian machine tool industry park project of China National Machine Tool Sales and Technical Service Corporation (CNMTC) affiliated to Sinomach was placed on the agenda of the regular meeting between Chinese and Russian prime ministers.

It is acknowledged, that effective transport arteries are equally important for sustainable and balanced operation of both the commodity and financial markets. Regarding connections on the Eurasian continent it is necessary to highlight that currently more and more experts consider speed as a key factor of their efficiency. In this regard high-speed railways are considered as one of prospective ways to transport not only passengers, but goods.

One of such projects on the territory of Russia, envisaging implementation of a concept of mixed passenger and freight HSR, should be the construction of a 770-km-long high-speed railway section Moscow – Kazan. This new railway line is a pilot part of a large-scale project on formation of the Freight and Passenger High-Speed Railway Corridor "Eurasia" Beijing – Moscow – EU countries.

It is envisaged that formation of the new corridor will create conditions for development of high-speed freight transit on the Eurasian destination and will catalyse the skyrocketing trade increase among the countries of the continent.

India and China

Trade relations between India and China are driven in part by their increasingly leading roles in the world's economic affairs. China is India's largest trading partner. India's imports from China were worth USD 61 286 million and

India's exports to China were worth USD 10 196 million in 2016-2017. China is one of the world's largest manufacturers and exporters of electronic machinery, and its largest export market in 2016-2017 was India.

India's second- and third-largest imports from China are plant machinery and organic chemicals respectively. Cotton was India's largest export product to China in 2016-2017. India's trade deficit with China amounted to USD 51 billion in 2016-2017, as reflected in the table below.

**TABLE 4: INDIA-CHINA TRADE
(IMPORT AND EXPORT VALUES 2012-2017)**

| India's Imports from China | | India's Exports to China | |
|----------------------------|---------------------|--------------------------|---------------------|
| Year | Value (USD million) | Year | Value (USD million) |
| 2012-13 | 52248 | 2012-13 | 13534 |
| 2013-14 | 51034 | 2013-14 | 14824 |
| 2014-15 | 60413 | 2014-15 | 11934 |
| 2015-16 | 61702 | 2015-16 | 9028 |
| 2016-17 | 61286 | 2016-17 | 10196 |
| 2017-18 | 76271 | 2017-18 | 13336 |

Department of Commerce, Government of India

As presidency organisations of the BRICS Business Council, COSCO Shipping and Apollo Tyres have co-operated with each other within the Council over the years, establishing deep mutual trust and a profound friendship. Taking advantage of the Council platform, they have proactively explored opportunities for practical partnership and established a joint venture, significantly increasing investment in the country.

In recent years, COSCO Shipping, in particular, has significantly increased investments in India. Today it has 16 services calling in India covering seven major ports in the eastern and western parts of the country. Over the past few years, the company has added substantially more capacity to its Southeast Asia (India) service and accelerated the layout of routes with ports of call in India. For example, from 2015 to 2018, the Far East – Southeast Asia (India) service had a sharp capacity increase of more than 400 percent. In terms of cargo sources, the container volume of COSCO Shipping in India hit 129 000 TEU and 257 000 TEU in 2016 and 2017, a year-on-year rise of 92 percent

and 99 percent, respectively. In the first five months of 2018, it completed a container volume of 179 000 TEU in the country, up by 94 percent from the previous year.

China and Brazil

China's trade relations with Brazil are different from that of other BRICS members like India and Russia. China is the largest developing country in the world, while Brazil is the largest developing nation in the Western Hemisphere. Brazil's vast natural resources like soybeans and iron ore are key to China's economy.

Trade statistics between Brazil and China recorded for 2012-2017 are shown in the table below.

TABLE 5: BRAZIL-CHINA TRADE (IMPORT AND EXPORT VALUES 2012-2017)

| China's Imports from Brazil | | China's Exports to Brazil | |
|-----------------------------|---------------------|----------------------------------|---------------------|
| HS Code / Product | Value (USD million) | HS Code / Product | Value (USD million) |
| 12 (Oil seeds) | 15551 | 85 (Electrical machinery) | 5690 |
| 26 (Ores, Slag & ash) | 13339 | 84 (Machinery) | 2982 |
| 27 (Mineral Fuels) | 6041 | 29 (Organic Chemicals) | 1681 |
| 47 (Pulp of Wood) | 2594 | 90 (Optical & Medical Equipment) | 1121 |
| 02 (Meat) | 2004 | 39 (Plastics) | 757 |

Source: Export Genius 2018

The recorded value of China's exports to Brazil declined from 2015's USD 27 412 million to USD 21 976 million in 2016. Brazil has become increasingly important to China due to political and economic factors.

Relying on abundant sea, land and cable resources in 70 countries and regions worldwide, China Unicom offers global customers quality network connection and communications services. In October 2017, China Unicom Operations Limited officially started business in São Paulo, Brazil. It was not only the first branch of China Unicom Global Limited, but also yet another subsidiary founded by China Unicom in a BRICS country after Russia. With the establishment of the Brazilian

branch, the number of China Unicom's overseas branches has reached 31, covering the six continents of Asia, Europe, North America, South America, Africa and Oceania.

At present, the total bandwidth of China Unicom's international sea, land and cable resources has exceeded 20T and the figure has been on the increase every year. The South Atlantic Inter Link (SAIL) co-invested by China Unicom and Cameroon Telecommunications is in the implementation stage. With a total length of 6 000 km, SAIL directly links Fortaleza, Brazil and Kribi, Cameroon. Upon completion, it will become a submarine cable routing with the largest transmission capacity and minimum delay between Africa and South America, providing a new connection channel between South America and Africa and between Europe and Asia, thus giving a big boost to the development of global companies in South America.

India and Brazil

Brazil is one India's most important trading partners in the entire LAC (Latin America and Caribbean) region. India-Brazil bilateral trade has considerably increased in the last two decades. However, the global drop in commodity prices and the economic recession in Brazil in 2015-2016 affected Brazil's overall trade. The negative impact was felt in bilateral trade which came down in value to USD 7.91 billion and USD 5.64 billion in 2015 and 2016, respectively.

TABLE 6: INDIA-BRAZIL (IMPORT AND EXPORT VALUES 2013-2017)

| | India's Imports from Brazil (USD billion) | India's Exports to Brazil (USD billion) |
|------|---|---|
| 2013 | 3.13 | 6.36 |
| 2014 | 4.79 | 6.63 |
| 2015 | 3.62 | 4.29 |
| 2016 | 3.16 | 2.48 |
| 2017 | 4.66 | 2.94 |

Source: UN Comtrade

However, with the modest recovery in the Brazilian economy in 2017, bilateral trade between India and Brazil rose to USD 7.6 billion. Indian exports to Brazil and imports from Brazil stood at USD 2.94 billion and USD 4.66 billion, respectively, with India running a trade deficit of USD 1.72 billion.

Amongst the list of Brazil's largest trading partners, India rose to the 10th position in 2017 (from the 11th position in 2016).

India and Brazil enjoy deep ties between their businesses and communities, along with social and cultural ties. India has received a total of USD24 million in FDI inflows from Brazil between April 2000 and March 2017. Several sectors have seen investments between India and Brazil. While Brazilian companies have invested in automobiles, IT, mining, energy, biofuels, and footwear sectors in India, Indian companies have invested in such sectors as IT, pharmaceuticals, energy, agribusiness, mining, engineering and automobile manufacturing in Brazil.

South Africa and BRICS Members

South Africa enjoyed strong, growing trade and investment ties with BRICS members, particularly China and India, during 2017 according to the country's Department of Trade and Industry (DTI).

South Africa has considerable, non-energy mineral wealth. In a report commissioned by the US-based Citigroup bank, South Africa was ranked the world's richest country in terms of mineral reserves, worth an estimated USD 2.5 trillion. South Africa is the world's largest producer of platinum, chrome, vanadium and manganese, the third-largest gold-miner, as well as offering highly sophisticated, mining-related, professional services, contributing significantly to the BRICS resource pool.

Bilateral investment activities between South Africa and the BRICS members have grown since South Africa's admission into the group. In 2015-2016, intra-BRICS investments amounted to ZAR 55.4 billion (approx. USD 40 billion). South Africa received ZAR 34.5 billion (approx. USD2 5 billion) from investors in BRICS countries while making investments valued at ZAR

22.6 billion (approx. USD 1.6 million). China has been South Africa's top-ranking export destination as well as import supplier since joining BRICS in 2010.

Investment flows between South Africa and BRICS during 2017 amounted to ZAR 3.63 billion (approx. USD 2.62 million), with the bulk of FDI driven by the following collaborations:

- Joint ventures between the companies from BRICS countries;
- Exchange of Pharmaceutical Product Dossiers between South African and Indian companies which are updated to comply with the Medicine Control Council;
- South African companies are importing Plant and Machinery, with the technology and know-how from India and China and considering expanding co-operation in this field with the other BRICS countries;
- A licensing agreement for the use of active pharmaceutical ingredients in local pharmaceutical products; and
- Sharing latest factory design and layout technology between South African and Brazilian companies.

South Africa and Russia

Total investments in South Africa by Russia during January 2016-January 2018 amounted to ZAR 869 27 million (approx. USD 62.7 million), with the bulk (67.3 percent) of these investments accounted for in the Financial Services sector.

According to data from FDI Monitor, South Africa's investments in Russia during the 2013-2017 period included four projects, two of which were in manufacturing.

Nearly 84 percent of South African investments in Russia were in manufacturing. Investment flows between South Africa and Russia amounted to ZAR2 243 billion (approx. USD 161.8 million) during 2013-2017, with South Africa incurring an investment deficit of ZAR504 46 million (approx. USD 36.3 million).

South Africa and Brazil

Brazilian investments in South Africa during 2017 centred around financial services, which involved business services as their main activities. Three investments into South Africa were recorded, with none of these

investments involving manufacturing activities.

Two investments were made by South Africa into the Brazilian economy during the 2013-2017 period, amounting to 10 percent of Brazil's FDI flows into South Africa. Investments into the economy were mainly in the communications sector (in value terms).

Total investment flows between the two countries amounted to ZAR684 93 million (approx. USD 49.4 million). South Africa recorded an FDI surplus of ZAR 559.2 million. The widening of the scope and the deepening of the Common Southern Market (Mercosur) Trade Preference Agreement between Mercosur and the South Africa Customs Union (SACU) would be beneficial to the bilateral trade.

South Africa and India

India's investment flows into South Africa during the 2013-2017 period saw 25 FDI projects being undertaken by the country, totalling just over ZAR 14.7 billion (approx. USD1 06 billion). Three manufacturing projects were undertaken during 2015 and 2016, with the bulk of these projects contributing 19.7 percent to the overall invested amounts. These investments were in a wide variety of sectors, with the software and IT services sector accounting for the highest number of invested projects. However, the bulk of FDI flows were directed towards the renewable energy sector.

During the 2013-2017 period, South Africa invested in 10 FDI projects in India, with an aggregate value of ZAR 17.98 billion (approx. USD 129 7 million). Most of these projects (3 each) were in the textiles sector, specifically furniture and homeware, and the financial services sector. Most FDI activities related to sales, marketing and support services. Total investment flows between the two countries amounted to ZAR 16 505 billion (approx. USD1.19 billion) during the period, with South Africa running an FDI inflow surplus of ZAR 12.9 billion (approx. USD930 6 million).

South Africa and China

China is traditionally South Africa's largest trading partner. During the period from 2012-2017, China invested in 34 projects in South Africa to the value of ZAR 50.3 billion (approx. USD 3.62 billion). China was the largest investor in South Africa among the BRICS member countries and the largest in the country's manufacturing sector. A total of 15 projects were manufacturing activities. BAIC International was the largest investor during this period. Most of these projects were new investments, with Royal Porcelain Roof and Floor Tile Manufacturing undertaking the largest expansionary project during this period.

South Africa's FDI flows into China amounted to ZAR 9.78 billion (approx. USD 705.5 million) during the 2013-2017 period. They consisted of five projects. Imperial was South Africa's most active company in the country, with investments totalling over ZAR5 17 billion (approx. USD 373 million) during the period. South African companies invested in two projects that involved manufacturing activities, one of which was an expansion of an existing plant and the other, a new project.

Total FDI flows between the two countries during the period amounted to ZAR 60.08 billion (approx. USD4 38 billion), with South Africa registering an FDI flow surplus of ZAR40 5 billion (approx. USD 2.9 billion) during this period.

1.3.3. Policy Implications

As the world economy regains momentum, the increased flow of goods and capital amongst BRICS countries has brought new dynamics to economic relations with the rest of the world, complementing as well as competing with partners.

Nevertheless, while the potential benefits from a growing global economy are enormous, the shift in the global economic environment throws up challenges and uncertainties for emerging economies like BRICS.

At the 9th BRICS Summit in 2017, the Xiamen Declaration noted concern over trade and income inequality as an issue of global importance. Massive imbalances caused by the consequences of technological disruptions and looming trade protectionism in the US and Britain pose challenges for the BRICS economies and calls for policies that advance inclusive growth — with a focus on equitable ways to invest and distribute wealth.

Noting these challenges, the Xiamen Declaration observed that intra-BRICS investment flows are far below potential. Currently, only 5.7 percent of the group's outbound investment and less than 5 percent of total trade takes place among the five partners. We also noted that much of the trade is in low-end products or commodities, leading to trade imbalances and low-quality jobs.

Apart from an appreciable rise in aggregate per capita income, inclusive growth in general should lead to a decline in poverty, reduction in inequality, an expansion of productive employment and sustained improvement in human development such as education, health and nutrition.

Enhancing the scale and quality of intra-BRICS economic co-operation assumes importance in this very context. The Xiamen Declaration advocated policies to "firmly oppose inward-looking economies," affirming that the group "recommit[s] to our existing pledge for a rollback of protectionist measures" and advancing economic co-operation and strengthening intra-BRICS trade. These wide-ranging measures are a crucial step towards strengthening the BBC's role in supporting a rules-based, transparent, non-discriminatory, open and inclusive development path.

This goal calls for well-sequenced and tailored economic and structural reforms to boost productivity and investment, policy measures to narrow wage and gender labour force participation gaps, and active support for those afflicted by shifts in technology or trade.

1.3.4. Promoting Inclusive Growth

This review follows several initiatives that were part of the reforms growing out of the development challenges we face, namely how to enhance the process of globalisation to the broad

benefit of all players in the global economy, address trade imbalances, and widen our trade basket to include more value-added products given the level of complementarities our economies share. A progressive co-wwoperation mechanism amongst BRICS economies across key economic areas is vital to support the growth and development agenda in each of the countries.

To achieve our strategic goal of sustainable, inclusive and dynamic growth, our leaders prioritised areas for co-operation between the member-nations and with the rest of the world. The priority areas, identified in the Strategy for a BRICS Economic Partnership, include:

- Trade and investment;
- Manufacturing and minerals processing;
- Energy;
- Agricultural co-operation;
- Science;
- Technology and innovation;
- Financial co-operation;
- Connectivity (institutional, physical and people-to-people connectivity);
- Infrastructure development;
- ICT co-operation.

Some of the important strategies and policies recommended by the BRICS Business Council for an inclusive growth path include:

Financial Framework for Sustainable Development to collaborate on climate change technology, climate finance adaptation measures and other sustainable development areas.

Local Capital Markets Development through the New Development Bank

to unlock capital markets in BRICS countries for development financing, develop deep and vibrant local bond markets in BRICS countries and provide governments and corporates with an alternative and cost-effective source of debt funding, especially for green economy projects.

BRICS Angels Network which can help talented young entrepreneurs across BRICS countries create an eco-system of start-ups, thereby fostering entrepreneurship and promoting innovation among the BRICS economies.

BRICS Trade Settlement in Local Currencies to promote common interests and objectives of BRICS countries on trade, business, investment and manufacturing ties, expand the scope and scale of pricing in local currency for intra-BRICS transactions and develop the necessary infrastructure to support such payments.

BRICS Co-operation in Infrastructure by exchanging ideas on infrastructure development projects and best practices in this field, providing conditions for promotion of joint projects on a mutually beneficial basis, searching for efficient funding and expanding cooperation with the New Development Bank and other specialised financial institutions.

BRICS Co-operation in Agribusiness by sharing best practices related to sustainable agriculture production, productivity, environment protection and food

security as well as contributing towards research activities in these areas.

BRICS Co-operation in Energy to build a common, strategic, long-term view about the future of the energy sector, a productive business environment among the BRICS countries, facilitate knowledge transfer and corporate partnerships related to energy within the development mandate of BRICS countries, and accelerate R&D in renewable energy.

BRICS Co-operation in Skills Development to increase bilateral and multilateral co-operation in skills development for Industry 4.0 and other future skills that will facilitate economic growth, collaborate in order to innovate and develop cost-effective, learning tools and to develop a standard qualification framework to facilitate skills development, raise skills standards and develop curriculums for new technologies and emerging skills.

BRICS Co-operation in Manufacturing to promote and increase value-added trade and manufacturing amongst BRICS countries.

BRICS Trade Facilitation Network to facilitate trade as well as advance co-operation initiatives, including the provision of technical assistance to developing countries.

BRICS Rating Agency that takes into account emerging market realities that could eventually provide a more thorough and complete credit rating analysis of companies in the BRICS countries.

New International Payment Card System for BRICS to promote settlements of international transactions in national currencies.

PART

02

**REVIEW OF KEY
DELIVERABLES**

2.1. HIGHLIGHTS OF BUSINESS PROMOTION EVENTS 2017-2018

2.1.1. Bilateral Co-operation

Brazil-India Bilateral Co-operation Events

– Federation of Indian Chambers of Commerce & Industry (FICCI), in association with the Ministry of Commerce & Industry and the Government of India, organised an India Pavilion at HOSPITALAR 2018 in São Paulo, Brazil, from 22-25 May 2018. 47 Indian companies from the medical equipment, medical services, surgical equipment, medicines, and medicine packaging sectors participated in the exhibition. The key objective was to showcase India's strength in the sector in the Latin American market and specifically Brazil.

India-Russia Bilateral Co-operation Events

– FICCI, in association with the Ministry of Commerce & Industry and the Government of India, organised an India Pavilion during the 49th edition of Textillegprom (International Textile Trade Exhibition) from 29 August to 1 September 2017, in Moscow, Russia, under the Market Access Initiative Scheme of the Government of India. 100 Indian companies participated and had detailed business meetings during the exhibition. The event showcased all major product groups needed for textiles and garments. India's substantive participation at the Textillegprom fair was of special significance since Textillegprom is considered one of the most important exhibitions for the textiles and garment industry in Russia and the Commonwealth of Independent States (CIS) Region.

– FICCI, at the behest of the Department of Industrial Policy and Promotion

(DIPP), the Ministry of Commerce & Industry and the Ministry of External Affairs, co-ordinated the first ever Indian Business Delegation to the third edition of the Eastern Economic Forum from 6-7 September 2017, at Vladivostok, Russia. Then FICCI President, Pankaj Patel, led the 23-member delegation representing agriculture, banking, gems & jewellery, pharma, power and renewable energy sectors. India's Minister of External Affairs, Sushma Swaraj, represented the Government of India at the forum.

– On 6 September 2017, FICCI, in association with Roscongress and the Embassy of India, organised the India-Russia Business Dialogue. The dialogue was chaired by the Minister of External Affairs accompanied by Sergei Cheremin, Minister of the Moscow Government, the Head of Moscow's Department for External Economic and International Relations and Alexander Osipov, First Deputy Minister for the Development of the Russian Far East. During this visit, Mrs. Swaraj officially launched the 'Russia Desk,' which will facilitate investments by Russia into the Indian market.

– FICCI hosted a seven-member, multi-sectoral, business delegation from the Rostov region of Russia, headed by Yuriy Schekaturin, Director, Export Support Center of the Rostov Region, on 21 September 2017 in New Delhi, India. Over 25 business people from India participated in the Forum. The Forum was followed by a B2B session.

– FICCI hosted a six-member multi-sectoral business delegation from the Vologda region of Russia on 6 December 2017 in New Delhi, India. The interaction was organised to promote India as a viable trade and investment market for Russian companies.

– FICCI organised a business interaction with Alexey Gruzdev, Deputy Minister of

Economic Development of the Russian Federation, on 19 March 2018 at the FICCI. Mr Gruzdev was accompanied by a 15-member, business delegation led by V. Makarov, President, RUSSOFT. Grigory Lavrukhin, Minister of Economic Development, Tula Region, Russian Federation, was also present at the meeting. An MoU was signed on the sidelines of the interaction between GEOSCAN and Akis Tech Ltd. for co-operation on aerial mapping and 3D models of cities and regions.

Russia-India Co-operation at G2G Level Events

- Russian Foreign Minister, Sergey Lavrov, visited India for the 15th RIC (Russia, India, China) Foreign Ministerial Meeting on 11 December 2017. The ministers exchanged views on various matters of national and regional security, economic and trade co-operation as well as sustainability issues.
- A Co-Chairs meeting of the India-Russia Inter-Governmental Commission on Trade, Economic, Scientific, Technological and Cultural Cooperation (IRIGC-TEC) was held in New Delhi, India on 23 December 2017. The Indian delegation was led by External Affairs Minister, Sushma Swaraj, while Deputy Prime Minister of the Russian Federation, Dmitry Rogozin, represented the Russian side. The Co-Chairs reviewed the current state of Indo-Russian relations with special emphasis on economic matters. Some of the concrete outcomes of the Co-Chairs meeting included:
 - > Raising the level of the Joint Working Group on Trade and Economic Cooperation to Deputy Minister/Commerce Secretary level and creating a mechanism to discuss and remove barriers to trade, if any;
 - > Creation of a Working Group on agriculture;
 - > Creation of a Working Group on pharmaceuticals;
 - > Agreement to actively promote inter-regional co-operation that has significant untapped potential;
 - > Decision to expedite the implementation of the Green Corridor for the exchange of pre-arrival data between customs administrations of the two countries.
- Gajender Singh Shekhawat, India's Union Minister of State for Agriculture, and Sergey Beletskiy, Deputy Minister, Ministry of Agriculture, Russia, addressed the India-Russia Agriculture Business Summit 2018 held at PUSA on 13 February 2018 in New Delhi.
- At the invitation of H.E. Vladimir Putin, President of the Russian Federation, Indian Prime Minister, H.E. Narendra Modi, visited Russia on 21 May 2018 for an informal Summit with President Putin in the city of Sochi. Prime Minister Modi and President Putin agreed to institute a Strategic Economic Dialogue between the National Institution for Transforming India (NITI) Aayog of India and the Ministry of Economic Development of the Russian Federation to identify greater synergies in trade and investment.

India-China Bilateral Co-operation Events

- FICCI hosted a business delegation from Shandong province, China. The delegation was led by Liu Xiaojiang, Deputy Chairman of CCPIT Shandong Sub-council. The delegation comprised companies from the textiles and garment and rubber and tyre sectors. From the Indian side, representatives from the rubber and tyre associations (ATMA & Rubber Association) participated in this meeting. FICCI also facilitated B2B meetings for the Chinese companies with their Indian counterparts.

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- On the sidelines of the visit of the Commerce Minister of the China to India, Zhong Shan, FICCI organised the India–China Trade Cooperation Seminar on 24 March 2018 in New Delhi, India. The seminar was hosted in partnership with the Trade Development Bureau of the Ministry of Commerce, China, and the Chinese embassy in India. Purchase Agreements /MoUs worth over USD3 billion were signed between Indian and Chinese companies which would contribute towards reducing India’s trade deficit with China.
- As part of the Outreach programmes of the External Publicity and Public Diplomacy Division of the Ministry of External Affairs to enhance awareness and understanding of contemporary India and its heritage among foreign countries, 10 senior journalists/editors from China visited India from 2-7 April 2018. FICCI hosted the members of the Chinese media delegation.
- In order to advance intra-BRICS business co-operation, Apollo Logisolutions started to communicate with COSCO SHIPPING (Southeast Asia) on potential co-operation in 2016. In June 2017, COSCO SHIPPING (Southeast Asia) conducted a survey on Apollo Logisolutions to explore collaboration in warehousing, logistics and transportation. In September 2017, Capt. Xu Lirong, Chairman of COSCO SHIPPING and Chairman of the Chinese Chapter of BRICS Business Council, met with Onkar Kanwar, Chairman of Apollo Tyres and Chairman of the Indian Chapter of BRICS Business Council, during the 2017 Annual Meeting in Shanghai.
- The two sides forged a consensus on establishing a joint venture in India and carrying out integrated logistics co-operation. After the meeting, COSCO SHIPPING (Southeast Asia) and Apollo Logisolutions founded a joint venture, which offers COSCO SHIPPING one-stop services in India from empty container storage to transportation so as to lower operating costs and better serve global clients. The JV was a co-operation project directly facilitated by the BRICS Business

Council. The partnership forged between the chair organisations of the national chapters of China and India will lay a solid foundation for the two groups to expand logistics co-operation and provide global clients with better total logistics services while setting an example for practical co-operation between BRICS business communities.

India-China Engagements at G2G Level

- The 11th India-China Joint Economic Group on Economic Relations and Trade, Science and Technology took place on 26 March 2018 in New Delhi. The dialogue was intended to address the widening trade deficit with China and was between Indian Minister of Commerce and Industry, Suresh Prabhu, and Chinese Commerce Minister, Zhong Shan.
- The 5th India-China Strategic Economic Dialogue between NITI Aayog and the National Development and Reform Commission (NDRC), China, was held in Beijing, China on 14 April 2018. The Indian side was led by Dr. Rajiv Kumar, Vice-Chairman, NITI Aayog, and the Chinese side was led by He Lifeng, Chairman of the Development and Reform Commission, China. The Ambassador of India to China, Gautam Bambawale, was also at the Dialogue. The Vice Chairman of NITI Aayog called for increasing the number of working groups within the dialogue mechanism from the current five (infrastructure, hi-tech, energy, resource conservation and policy coordination) to seven (including pharmaceuticals and culture) so that India may better access the Chinese market where Indian movies and pharmaceutical are in great demand.
- Chinese President Xi Jinping sought to open a “new chapter” in India-China ties as he hosted Prime Minister Narendra Modi at an informal summit in Wuhan, China, in April 2018. The aim of the summit was to discuss overarching issues of bilateral and global importance. It was also intended to elaborate on the respective visions and priorities of both leaders for national development in the current context.

South Africa-India Bilateral Co-operation Events

- FICCI, in partnership with the High Commission of South Africa, organised an interaction on “Emerging Business Opportunities in South Africa” with Ben

Joubert, Deputy High Commissioner of South Africa to India, on 22 September 2017. The objective of the session was to provide glimpses to the audience of business opportunities in South Africa and highlight the upcoming projects.

- The Indian Mission in South Africa, in partnership with the Department of Industrial Policy and Promotion (DIPP) and the Government of India, organised the India-South Africa Business Summit from 29-30 April 2018 at the Sandton Convention Centre, Johannesburg, South Africa. As a partner to the Government of India at this important initiative, FICCI organised a high-powered, business delegation to participate in this Summit. The Summit was addressed by Suresh Prabhu, Minister of Commerce & Industry, the Government of India, and Rob Davies, Minister of Trade and Industry, the Government of South Africa. The Summit brought together business leaders, government officials and institutional partners to explore business opportunities in the new economic scenario and maximise the potential of the economic and commercial partnership between India and South Africa on the occasion of the 25th year of the establishment of diplomatic relations between the two countries. The Summit also witnessed the signing of an MoU between Invest SA and Invest India, thereby strengthening a rapidly growing economic and trade partnership between the two strategic partner countries.
- With the support of the Ministry of Commerce and Industry and the Government of India, FICCI hosted the India Pavilion at the 8th edition of Africa Health from 29-31 May 2018 at the Gallagher Convention Centre in Johannesburg, South Africa. The 8th Edition of Africa Health 2018 hosted more than 553 exhibiting brands. The FICCI took a large delegation of Indian companies to the event. The companies showcased the latest healthcare technologies, products, equipment and services, and got an opportunity to network with more

than 10 000 healthcare professional visitors and representatives of 68 participating countries.

South Africa-India Engagements at G2G Level

- To commemorate the 20th anniversary of India-South Africa co-operation in Science & Technology, the Minister of Science & Technology and Earth Sciences, Dr. Harsh Vardhan, accompanied by a delegation of senior officers and scientists, visited South Africa from 4-6 October 2017. During the visit, he held a bilateral meeting with South African Minister of Science & Technology, Grace Naledi Mandisa Pandor. Eight new projects on astronomy have been launched to help augment the Square Kilometre Array (SKA) radio telescope project led by South Africa in which Indian scientists are contributing in several design work packages. A multi-institutional project on HIV Vaccine Research Collaboration has also been initiated and a Gandhi-Mandela Grassroots Innovation Programme, aimed at sharing open source technologies and IPR protection of traditional knowledge systems, has been launched. The visit opened a new chapter of co-operation in Science and Technology, Astronomy, Astrophysics, grassroots innovation in science and technology, renewable energy and the blue economy.
- The 1st India-South Africa JWG meeting on ICT was held on 27 November 2017 at Electronics Niketan, Ministry of Electronics & Information Technology.

2.1.2. Additional Events

- A meeting on energy saving and energy efficiency was convened by China's National Development and Reform Commission on 5 June 2017, in order to implement the consensus reached by BRICS leaders on energy conservation cooperation and promote

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intra-BRICS co-operation on energy efficiency. During the meeting, BRICS countries reviewed and exchanged progress on their energy conservation and policy implementation efforts, discussed key energy efficiency cooperation projects, shared best energy efficiency technologies and practices, and explored the possibility of establishing an energy saving and energy efficiency database so as to further implement the Memorandum of Mutual Understanding in Energy Saving and Energy Efficiency amongst the Ministries and Governmental Agencies of BRICS, Responsible for Energy and Energy Efficiency signed in Moscow, Russia, in 2015.

- The 8th Clean Energy Ministerial meeting (CEM8) was held from 6-8 June 2017, in Beijing, China. It was attended by delegates from CEM's 24 member-states (including the five BRICS countries), an observer state (the Netherlands), and international organisations such as the International Energy Agency, the International Renewable Energy Agency, the United Nations Environment Programme and the United Nations Industrial Development Organisation as well as private sector leaders and entrepreneurs. CEM8 announced 31 new CEM initiatives and campaigns in the fields of energy demand and energy systems and integration, covering electric vehicles, advanced power plant flexibility, sustainable cities and eco-towns and the role of buildings in urban energy systems. At the side event of CEM8 energy ministers of the five BRICS countries agreed to discuss the possibility of establishing the BRICS Energy Research Cooperation Platform to promote joint research into energy co-operation.
- A one-day Energy Dialogue organised by the EGEWG was held during the BRICS Summit in South Africa. The overall aim of the event was to deliver a platform for meaningful dialogue across member-countries, locally and within the region on key energy and green economy issues. It also aims to bring together various players in the energy space, including the NBD, so that on-the-ground projects

and investments can be initiated and implemented.

- The 2017 China-Africa Industrial Capacity Cooperation Exposition was held in Nairobi, Kenya, from 13-16 December 2017. The event attracted about 60 Chinese enterprises, including State Grid, China Communications Construction (CCCC), China National Complete Plant Import & Export Corporation (Complant) and China National Nuclear Corporation (CNNC) and fully showcased Chinese high-quality products and advanced technologies in the fields of infrastructure, communications, machinery, manufacturing and agro-product processing. Amongst them, a number of information and communications technology (ICT) enterprises, represented by China Unicom and China Telecom, also participated in the exhibition to display their world-leading ICT products and offer solutions to accelerate the improvement of telecommunications infrastructure in Africa. Additionally, a series of demonstrative projects, such as the Mombasa–Nairobi Railway, demonstrated fruitful results in promoting connectivity in Africa.
- The Boao Forum for Asia (BFA) Annual Conference 2018 was held in Boao, Hainan Province, China, from April 8-11, 2018. The theme of this year's conference was "An Open and Innovative Asia for a World of Greater Prosperity." More than 60 parallel sessions (or roundtables) were held during the four-day event. Over 2 000 delegates from 63 countries and regions had in-depth discussions on keywords such as "Globalisation", "An Open Asia", "Innovation", and "Structural Reform." During the conference, COSCO SHIPPING hosted the parallel session, "The Future of Logistics". Representatives and stakeholders from the global logistics supply chain as well as upstream and downstream stakeholders had an extensive discussion on the changing logistics industry and reached consensus on jointly promoting the prosperity of the global economy and trade. Vice President of the New Development Bank, Leslie Maasdorp, and entrepreneurs from BRICS countries were invited to the event.
- The SA IWG co-hosted the Africa Investor Conference with the AFDB, in November 2017 in Johannesburg, South Africa.

- The Infrastructure Web Portal Project was launched on 11 July 2018, Esselenpark, Johannesburg, South Africa by the SA IWG.
- The Russian IWG organised the Moscow festive events in April 2018 on the occasion of the 100th Anniversary of the Railway Research Institute (VNIIZhT) in which representatives from BRICS countries took part.
- Within the framework of the St. Petersburg International Economic Forum (SPIEF), the largest annual forum in Russia, the traditional BRICS session was organised by the Russian Chapter of the Council in May 2018. The theme of the session was “New Areas of BRICS Trade, Economic and Investment Cooperation within BRICS under South Africa’s Chairmanship.” Topics for discussion included the possibilities and prospects for initiating a new level of industrial and technological co-operation and identifying factors that are hindering efforts towards this objective. Discussion was focused on the current key initiatives supported by BRICS and prospective support that the New Development Bank can provide for projects being implemented within the BRICS economies and with their participation.
- A seminar on co-operation between the BRICS countries for Promoting Special Economic Zones was held on 31 May 2018, in Polokwane, Limpopo, South Africa.
- A meeting on the BRICS Credit Rating Agency in association with the Africa Peer Review Mechanism and African Union was held on 11 June 2018 in Mbombela, Mpumalanga, South Africa.
- A meeting of the FSWG on the New International Payment Card System was held on the sidelines of the St. Petersburg International Economic Forum (SPIEF) from 24-26 May 2018, in St. Petersburg, Russia.
- A meeting on the BRICS Insurance Support System was held on the side-
- lines of the 8th Africa Insurance & Re-insurance Conference in Kenya, from 20-21 June 2018, in Nairobi, Kenya.
- The FSWG held a dialogue under the theme, “New areas of BRICS Trade, Economic and Investment Cooperation within BRICS under South Africa’s Chairmanship” on 24 May 2018.
- The FSWG held a dialogue on co-operation between the BRICS countries for promoting Special Economic Zones on 31 May 2018, in Polokwane, Limpopo, South Africa.
- BRICS Update and Africa Outreach event held in Limpopo South Africa, from 17-19 June 2018.
- The Brazilian Section of the BRICS Business Council held a dialogue between the Brazilian private sector and the New Development Bank in May 2018. The dialogue with the Vice-President and Chief Risk Officer of the bank was an opportunity for Brazilian entrepreneurs to become familiar with the NDB strategy.
- On June 2018, the Brazilian Section of the BRICS Business Council held several meetings of the working groups with representatives of the Brazilian government. The meetings were focused on the Council’s agenda where public-private co-operation is required.
- During 2017, the SDWG held the first BRICS Skills Challenge focusing on technical skills for the future. With competitors and observers from Russia, India, China and South Africa, the 2017 competition focused on manufacturing-related skills, including:
 - > Welding at the Chinese Arc Cup in June 2017, with participants from four BRICS countries (Russia, India, China and South Africa);
 - > Youth Maker;
 - > Machinery and Electricity Skills;
 - > 3D Printing and Intelligent Manufacturing; and
 - > Intelligent Manufacturing Challenge.
- On 16 May 2018 the AWG held discussions in Beijing with the Energy & Green Economy Working Group on the July BRICS Summit, to be held in South Africa, as well as progress and challenges on a BRICS Seedbank and AgriParks. An MoU supporting Forest Certification to

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promote sustainable forest management in BRICS countries was also discussed.

- The Moscow World Farmers Organisation Conference was convened by the Russia AWG from 28-31 May 2018, under the theme “Towards a farmers-driven climate change.” The discussion hinged on enhancing farmers’ fair access to the food chain in a context where farmers are confronted with substantial concentration of the industry, especially downstream value chains, the dominance of a few large firms on both the distribution side and the input side of the agrifood chain, and concern in the farming community that world markets are not functioning in a fair and balanced way. The AWG and World Farmers Organisation also expressed concern that globalisation is reducing the role of farmers to that of producers of raw materials by converting them into subcontractors of food companies and retail chains. They agreed that in the interests of both efficiency and equity, the agrifood system must operate in an open, fair and balanced manner, with maximum confidence between the various partners in the chain. Governments have a key role in regulating the agrifood system to ensure that transparency exists and the system functions in a way that is consistent with the aspirations of consumers and citizens.
- On 26 May 2018, a seminar under the theme, “Digitalisation – Unblocking new opportunities in Agro-industry,” focussed on how the latest internet technologies are rapidly changing the landscape for traditional industries and how the state can play a role in a context where the agro-industry relies on traditional practices and focuses on the social wellbeing of people in rural areas in South Africa.
- The 7th Meeting of BRICS Ministers of Agriculture and Agrarian Development was successfully held on June 16, 2017, in Nanjing, Jiangsu Province, China. Chaired by Chinese Minister of Agriculture, Han Changfu, the meeting gathered nine delegations from the Ministries of Agriculture of the five BRICS countries including China, Brazil, Russia, India and South Africa, as well as international organisations including the Food and Agriculture Organization of the United Nations (FAO), the World Food Programme (WFP), the International Fund for Agricultural Development (IFAD) and the NDB. The meeting had in-depth discussions under the theme “BRICS: Innovating and Sharing to Power Agriculture,” and approved the outcome documents such as the Joint Declaration of the 7th Meeting of BRICS Ministers of Agriculture and Action Plan 2017-2020 for Agricultural Cooperation of BRICS Countries, reaching broad consensus on promoting BRICS agricultural co-operation and sustainable agricultural development worldwide.
- The Russia AWG participated in the St. Petersburg International Economic Forum from 24-26 May 2018. Under the theme, *Building an economy of Trust: State Support as an Effective Tool for Securing Leadership in Innovation*, the discussion addressed how factors constraining the development of the innovative economy could be eliminated and how opportunities for expanded international cooperation might lead to the formation of new technology markets. Among the new innovations, delegates exchanged ideas on:
 - > Digitalisation as a tool to unlock new opportunities in agriculture
 - > equipment;
 - > infrastructure; and
 - > people (investments in education).
- It was agreed that synergy of natural resources and technology is the key to the prosperity of agriculture, and small farmers in particular.
- The IP Quorum 2018 International Strategic Forum on Intellectual Property Forum was held in Svetlogorsk, Kaliningrad, Russia, from 11-12 April 2018. The theme of the forum was “Intellectual Property - A New Leading Player in the Global Market and Digital Economy: Strategies, Trends and Industries.” More than 500 industry experts from over 30 countries discussed a range of topics. Twelve special sessions were held to discuss the major trends and market outlook of intellectual property, the results and prospects of global anti-piracy campaigns, and Russian and European experiences in data protection. The

most important topic was the establishment of a global intellectual property market to grow the digital economy.

- On 25 May 2018, the State Support as an Effective Tool for securing Leadership in Innovation dialogue was held. The purpose was to discuss priority areas of national innovation policy and what instruments of state support for innovation and high-tech production should be employed given that the development of innovative technologies plays a key role in increasing national competitiveness in the global market.
- The 4th World Internet Conference was held in Wuzhen, Zhejiang Province, China, from 3-5 December 2017. The theme of the conference was “Developing the Digital Economy for Openness and Shared Benefits—Building a Community of Common Future in Cyberspace.” Chinese President Xi Jinping sent a congratulatory letter to the conference. The event attracted more than 1 200 representatives from government departments, research institutes and business communities of a dozen countries, including China and India.
- FICCI, in collaboration with Ministry of Electronics & IT (Meity) and with support of International Chamber of Commerce (ICC), Paris, France organized the first India Internet Conference, on 5 - 6 April 2017, at FICCI, Federation House in New Delhi. The primary objective of the conference was to aim at utilising Information and Communication Technologies (ICT) as an essential tool for transforming India to a “New India” and for achieving the UN Sustainable Development Goals 2030.
- India hosted the 5th Global Conference on Cyber Space (GCCS) on 23 - 24 November 2017 in New Delhi, India, one of the world’s largest conference on Cyber Space and related issues. Themed “Cyber4All: An Inclusive, Sustainable, Developmental, Safe and Secure Cyberspace”, the GCCS 2017 was inaugurated by the Honourable Prime Minister of India Mr. Narendra Modi. For the first time, the two-day conference saw the participation of around 2 000 delegates including senior Government officials, industry leaders, academia and civil society from over 100 countries. Ministry of Electronics & IT (Meity) led the organisation of the event on behalf of the Government of India.
- The 30th Russian International Exhibition for Information and Communications Technology (Sviaz 2018) was held from 24-27 April 2018, at the Expo Centre Fairgrounds. As the most professional and largest ICT exhibition in Russia and the CIS, it provided a display platform for world-leading communications and network manufacturers and service providers. The themes and highlights of the exhibition included basic communication, network technology service, intelligent interconnection between communication and life, in-vehicle satellite navigation, mobile equipment and payment, smart cities and the Internet of Things. The event attracted more than 320 companies from 20 countries, including Russia, China, India, Turkey, the United States and Germany.
- Within the framework of the X International IT-forum with BRICS and SCO participation, the BRICS roundtable on digital economy development was organised with the purpose of highlighting the crucial points of digital economy development in BRICS countries and to draw the agenda of DEWG future activities.
- The Brazil-China Information and Communication Industry Forum 2017 was held on 5 October 2017, in São Paulo, Brazil. More than 120 experts and representatives had an exchange of views on technical R&D, investment, financing and capacity co-operation between Brazil and China in areas of information and communications, the Internet and smart cities.
- The 19th China Mining Congress was held on 23 September 2017, at the Tianjin Meijiang Conference & Exhibition Center. Mining companies from Russia, India and South Africa participated in the event.
- The 10th China International Steel Congress was held on 17 May 2018. Sponsored by the China Iron and Steel Industry Association and organised by

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the Metallurgical Council of CCPIT and the Metallurgical Center for International Exchange & Cooperation, the event was kicked off in Beijing, China. Brazil's CBMM and India's Tata Steel attended the meeting.

- In May 2017, Sinomach organised Chinese enterprises to attend the METALLOBRABOTKA and built a pavilion for Chinese machine tools, thus becoming the largest Chinese exhibition organiser. The scale of the Chinese pavilion was unprecedented at this exhibition.
- The 2018 SEZ Investment Roadshow — Republic of South Africa and People's Republic of China was held on 28 May 2018, in Shanghai, China. Sponsored by China's National Development and Reform Commission and South Africa's Department of Trade and Industry and organised by the Bank of China, the event served as a prime platform for companies and financial institutions from the two countries to expand investment and capacity co-operation.
- With the support of Russian Chapter of the Council the 4th Small Business Forum of the SCO and BRICS Regions was organised in October 2018 in Ufa, Russia. The forum centred on the following matters:
 - > Conditions of development and support of small business in regions of the countries of SCO and BRICS;
 - > Barrier-free co-operation;
 - > Financial, legal and infrastructure support of small business;
 - > Strengthening of positions of the export-oriented entities (logistics, certification, customs procedures); and
 - > Tourism development and questions concerning the development of franchise, youth entrepreneurship, and new digital technologies.
- The Visa Facilitation Agreement between China and Brazil was signed in September 2017 during the Brazilian presidential visit to China. The visit, held before the 9th BRICS Summit, reflects the bilateral commitment to strengthen their Global Strategic Partnership. The Brazilian President also presented the Brazilian reform agenda and investment opportunities to Chinese entrepreneurs during a seminar.

2.2. INTRA-BRICS CO-OPERATION INITIATIVES SINCE 2017

A core function of the BRICS Business Council's nine Working Groups is providing multilaterally consistent support to BRICS member countries, including their agribusiness, de-regulation, digital economy, energy and green economy, financial services, infrastructure, manufacturing, regional aviation and skills development. This is done comprehensively in consultations with stakeholders to build closer co-operation and foster regional integration. This section of the report covers the activities of the Working Groups over the past year.

2.2.1. Agribusiness Working Group

Overview

Agriculture in both developed and developing countries is a fundamental pillar of economies, not only for its role in meeting basic needs but also its growing role as one of the key drivers of inclusive and sustainable development.

With rapid population growth in BRICS countries, growing middle classes, rising living standards, a lack of technologies and mechanisation in the agriculture sector, along with rapid urbanisation and the impact of climate change and water shortages, the demand for agricultural-based products is increasing apace.

In this context, an awareness of environmental protection requires stricter rules concerning the effective and preservative use of land and natural resources such as water and soil. Increasing productivity and diversifying land output to expand the product chain by adopting sustainable technologies and attracting investment is therefore crucial.

During the Indian presidency in 2016, the BRICS Business Council Agribusiness Working Group addressed several important issues, including:

- Skills development in agriculture, livestock, fisheries and allied activities;
- Sharing best agriculture practices;
- Developing a strategy for ensuring food security;
- Innovation and technology frontiers;
- Climate change and sustainable development in agriculture; and
- Ease of doing business within the BRICS countries.

During China's rotating presidency in 2017, the AWG organised discussions and information exchanges to assess the extent to which these priorities had been met. Through the AWG, the BBC has since expanded its agriculture economic co-operation effort to BRICS countries that have either seen large fluctuations in their terms of trade recently or have found themselves wanting in respect of expertise, capacity and sustainable forest management policies and practices. This harmonises their policy frameworks with BRICS and strengthens prospects for food security across the BRICS group.

In the 2017-2018 reporting year, the BBC's cooperation and development efforts in the Agri-business sector focussed on addressing the critical needs of member countries, namely, eliminating trade barriers, promoting sustainable food production and forest management, enhancing agricultural productivity and capacity, and harnessing big data. This includes supporting members in the core areas of forest certification

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systems, the protection of fragile ecosystems, and other aspects of sustainability.

Review of Key Developments

Highlights: BRICS Technologies Exchange e-Platform

The Russian AWG chapter proposed creating a website (or database), or utilising the existing platform of approved suppliers of agricultural products and agricultural machinery of BRICS countries, as an effective way to solve the problems of agricultural economic co-operation amongst BRICS countries. The website will also be a platform to share best agricultural practices and technologies and play an important role in food security, agricultural productivity enhancement, poverty relief and multilateral trade.

For food safety, food deficiency, poverty eradication and agricultural productivity improvement, new data platforms for new products, new technologies and new machinery will be built to promote agri-product trade and technical exchanges. A more detailed programme will be worked out and discussed by the AWG.

It is assumed that after successful implementation on agribusiness, platform could be transferred to other sectors.

The results of discussion over a range of topics, such as the mutual recognition of forest certification systems amongst BRICS countries, will be submitted to the five countries for opinion and an MoU will be proposed.

2.2.2. Deregulation Working Group

Overview

The positive turnaround in global growth since 2017 has been constrained by regulatory barriers to trade and investment. This trend has contributed to stagnating incomes in many advanced economies and has added to the political backlash against globalisation. Within the BRICS group of economies, the BBC Mid-term Meeting in March 2018 reaffirmed the need to focus on advancing structural reforms and continuing to reap the gains from open

trade and investment flows and movement of people while implement-ing policies that address inclusiveness. A critical focus of BRICS' capacity for trade among member countries, therefore, continues to be support for institutional and economic deregulation.

Concerns about the effectiveness of efforts to boost global growth in a context of rising protectionism in the world were at the centre of DWG discussions on economic and regulatory policies during 2017-2018. At the 2018 Mid-term Meeting, the DWG noted that BRICS countries contribute significantly to the overall world economy, arguing that room exists for effective policies and interventions for the removal of administrative barriers to open and free trade.

DWG chapters noted that the policy challenge for BRICS countries has generally shifted from handling investment flows in an economic downturn to dealing with administrative issues in a global growth cycle while continuing to manage the challenges of protectionism. They took positive note of the continued gradual trend within BRICS towards greater liberalisation and supported follow-up work on deregulation, especially the role of trade and visa facilitation measures to advance co-operation.

Review of Key Developments

Highlights: Visa Facilitation

The BRICS Business Council continues to maintain visa facilitation as a key item for action, considering that South Africa currently extends a 10-year visa for bonafide business persons for short-term business purposes. Russia currently offers a 90 days entry without visa while the Chinese chapter continues to maintain discussions with the Chinese authorities to ascertain developments regarding the relaxation of visa requirements for businesspersons within BRICS. The Chinese chapter is of the view that while the "BRICS Business Travel Card" remains a good initiative, implementation across all BRICS countries is deemed to be premature at this stage.

Highlights: Implementation of the Single Policy Window in Brazil

To connect and streamline more than 20 different government agencies involved in trade in Brazil, the DWG has worked towards implementing a single window programme.

In 2017, the entire exportation process in Brazil was streamlined. The importation process will similarly be rationalised and streamlined in 2018. By the end of the year, a brand new digital export and import process is expected to positively impact the trade facilitation agenda.

The second single window being implemented by the Brazilian government is the authorised economic operator programme. Established in 2016, the programme is fully operational. The DWG is seeking mutual recognition agreements with interested parties.

The Brazilian section of the Council propose similar agreements with the BRICS countries to significantly improve trade. These could be bilateral agreements or a multipolar-lateral agreement.

It is estimated that, on average, the new system could unlock 10 percent in export and import value by eliminating administrative barriers to trade.

Highlights: Visa Facilitation in Brazil

Brazil introduced a visa-free status agreement with Russia and South Africa of up to 90 days for business travellers entering Brazil. Brazil has a 5-year visa-free agreement with India and China. The Chinese agreement was concluded in 2017. Brazil is working towards a more facilitative visa arrangement with all the BRICS countries, including entry facilitation and a BRICS business travel card. The DWG has finalised the feasibility study, which has been submitted to the Secretariat of the Council for consideration.

Highlights: Recent Developments in the Ease of Doing Business in Russia

The World Bank's Doing Business ranking assesses Russia based on data from the cities of Moscow and St. Petersburg, both of them showing good performance in terms of services provision for companies. Russia's major focus is replicating the progress and good practices of Moscow and St. Petersburg in addition to other regions of Russia in the rest of the country.

The findings from the 2018 edition of Russia's National Investment Climate Index, based on surveys of more than 400 thousand entrepreneurs and presented at the St. Petersburg International Economic Forum in May, show that Russian regions are becoming more equal in terms of the conduciveness of their business environments. 78 (out of 85) regions of Russia have shown an improved aggregate score in the 2018 edition of Russia's National Investment Climate Index.

Highlights: Recent Developments in Trade and Investment Facilitation in Russia

The DWG notes the following developments in trade and investment facilitation in the Eurasian Economic Union (complied with by Russia), namely:

- Entry into force in December 2017 of the Eurasian Economic Union's common customs code, which has effectively reduced the standard customs clearance time for goods entering the customs space of the Eurasian Economic Union by a factor of six;
- The conclusion of talks on a comprehensive trade and economic co-operation agreement between the Eurasian Economic Union and China;
- The continuation of the Eurasian Economic Union's trade talks of various trade liberalisation levels with more than 20 countries;
- The launch of talks on a free trade area agreement between the Eurasian Economic Union and Serbia;
- An announcement of plans to launch talks on a free trade area agreement between the Eurasian Economic Union and India, the Eurasian Economic Union and Ecuador.

Highlights: Ranking of States on the Ease of Doing Business in India

A great deal of work by India's Central Government towards improving the investment climate has been undertaken. Several steps have been taken to simplify procedures and enhance the ease of doing business. Several measures have also been introduced by the various state governments to simplify the administrative procedures and improve the business environment at the state level.

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One of the focus areas of the Central Government has been to ensure that a competitive spirit among the states is cultivated. To that end, India's Department of Industrial Policy and Promotion has initiated a ranking of states on the ease of doing business. The results since the implementation of the ranking have been positive. Most states are running their own investment promotion boards/agencies. They are implementing their own roadshows and are competing for improving the business environment at the state level and attracting more investments. This is a healthy sign for the overall economic growth of the Indian economy.

There have been improvements at the Central Government level, too, evidenced by the relaxation of investment ceilings and easing restrictions on foreign investments. A single window system is being implemented through an e-Biz Portal to ease doing business for local as well as foreign enterprises.

On a comparative basis, India has jumped almost 42 places since 2014-2015 in terms of the ease of doing business. In 2017, the country jumped about 30 places and now occupies the 100th position. The aim of the Government is to move India into the top 50 countries in terms of ease of doing business. One of the latest developments that will further enhance the ease of doing business is the introduction of a goods and services tax regime in India aimed at creating a common national market. This is a vast improvement over the multiple taxes and GST that alone subsumed almost 17 taxes. It is now easier for businesses to trade and invest. The transparency of the process, enabled by digital technology, should also help the country to improve formalisation of the economy.

Highlights: National Trade Facilitation Action Plan in India

India has prepared a National Trade Facilitation Action Plan to be completed by 2020. A committee on trade facilitation, chaired by India's central Cabinet Secretary, includes the active involvement of the Revenue Secretary and the Commerce Secretary.

A three-year roadmap has been laid out that entails interventions to reduce cargo times, introduce greater transparency and help improve trade and investments. The promotion of digital customs to reduce paper work is also a priority focus.

Highlights: Visa Facilitation Measures in India

The Indian Government has also undertaken a series of steps to ease the visa regime in the country. This is in line with the objective of enhancing the ease of doing business and promoting tourism. At present, the e-visa facility is available to nationals of 163 countries (including Brazil, Russia, China and South Africa). Furthermore, the number of e-visa categories has also been streamlined to include tourist, business and medical visas. The stay duration on e-visas has been increased from 30 days to 60 days with double entry on E-Tourist and E-Business visa and triple entry on E-Medical visas.

Highlights: Opening South Africa's Borders to Africa

A major focus of South Africa's trade facilitation agenda is easing border controls to enable Africans to more freely do business. As a key player in the African continent, South Africa plans to use its presidency to drive this common understanding and hasten its Africa Outreach programme.

Highlights: Ten-year Visa-Free Commitment for Doing Business in South Africa

South Africa has signalled its commitment to a 10-year visa for foreign businesses. The Government has extended this commitment to the BRICS countries, with the caveat that despite the advanced level of its trading partners, more open co-operation would be constrained without an enabling environment to do business.

2.2.3. Digital Economy Working Group

Overview

Recognising that technological advances and digitisation are now a globally pervasive phenomenon increasingly defining the structure of the economy, the establishment of the Digital Economy Working Group at the 2018 Mid-term Meeting has been a result of a dynamic work-in-progress over the past year. The DEWG flowed from the

work done by the Deregulation Working Group, as noted in the 4th Annual BBC Annual Report.

The purpose is to share technological developments in each BRICS country. In Russia, the national programme for the development of the digital economy was presented by the Government in 2017. The programme aims to double the share of the digital economy in GDP and ensure 100 percent broadband internet penetration and digital literacy. The programme prioritises technologies of the Internet of Things, Blockchain, big data, artificial intelligence, virtual and augmented reality, neuro-technologies, as well as the deployment of a nationwide 5G network and other critical digital infrastructure. Consultations through the reporting year were ongoing to identify the role of the private sector in implementing the programme and sourcing finance.

Digitalisation is one of the key priority areas for the Indian Government. To transform India into a digitally empowered and knowledge-based economy, the Government has undertaken various initiatives under the Digital India Scheme, a flagship programme of the Government of India launched on 1 July 2015. The initiatives under this programme centre around three key areas: Digital Infrastructure as a Core Utility to Every Citizen, Governance and Services on Demand, and Digital Empowerment of Citizens.

On 20 February 2017, a Ministerial Working Group led by the Ministry of Science, Technology, Innovation and Communications was established in Brazil. The group was tasked with developing the Brazilian Digital Strategy. The group has worked on guidelines designed to boost the digital economy and define the basis and role of the Digital Economy. The development of the strategy provides an opportunity to enhance the country's growth through digital transformation. Brazil presented its National Internet of Things Plan in the second half of 2017. The plan aims to address the impact on society, the regulatory environment and instruments of tax reduction, infrastructure and connectivity, innovation and eco-

systems as well as the training of professionals in areas of investment, financing and internationalisation.

Review of Key Developments

Highlights: Launch of Digital Economy Working Group

Less than a year after reaching consensus at the 2017 Xiamen Summit in China to establish a Digital Economy Working Group, work has been well under way towards formally constituting the group at the BRICS Business Council 5th Annual Meeting in July 2018. Deepening theoretical research, exchanges and co-operation in the digital economy amongst BRICS business communities and contributing to practical project co-operation in digital economic infrastructure, innovation, governance and industry are some of the aims of the Working Group. BRICS member-countries agreed that the initiative was timely and necessary to urge BRICS business communities to grasp opportunities, step up exchanges and co-operation, jointly promote the innovative development of the digital economy, and improve the overall competitiveness of the five BRICS countries.

Highlights: Release of BRICS Digital Economy Development Proposal

The digital economy continues to be an increasingly important driving force for global economic growth. Its potential role in accelerating economic development and achieving inclusive and sustainable growth is widely recognised. The rapid growth of the digital economy and pace at which innovations are shaping the structure and complexity of the global economy is now a pervasive part of all economic sectors.

To strengthen efforts aimed at alleviating poverty and unemployment, promoting social inclusion, enhancing international competitiveness, and ensuring high-quality inclusive growth among the BRICS countries, practical co-operation is encouraged to promote the growth of the digital economy, enhance the complementarity of industries, and foster innovative economic development based on advanced technology and skills.

The BRICS Digital Economy Development Initiative provides a platform for the working group to promote the positive developments

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of digital technology, including addressing the issue of inequality and benefiting the broader population.

Digital inclusion today has become key to social and economic inclusiveness by providing access to finance, health-care and education. E-commerce is the driving force behind the digital economy. It is envisaged that, in the future, most government services will be delivered electronically, digital infrastructure will be expanded to all parts of countries, and technology will be used innovatively to expand the reach of economic and social services. The group will help address several issues, including administrative constraints, data safety, and digital economy talent training.

Recognising that the digital economy has become an important driver of the world economy, the consensus of the Xiamen Summit in 2017 and mandate of the BBC leadership will be implemented at the BBC Annual Meeting on the sidelines of 10th BRICS Summit in July 2018.

The BRICS Digital Economy Development Proposal was tabled at the BRICS Business Council 2018 Mid-term Meeting on 27 March 2018, in Shanghai, China, and was endorsed by all the five chapters of the Council.

2.2.4. Energy and the Green Economy Working Group

Overview

The BRICS Business Council's 4th Annual Report noted that world energy markets continued to evolve, with primary energy consumption growing by just 1 percent during 2017 and oil remaining the world's leading fuel, accounting for a third of consumption. According to the BP Statistical Review of World Energy 2017, BRICS combined recorded an increase of 1.6 percent in primary energy consumption and 36.7 percent of the world's total. China and India represented the largest increments in oil consumption while Russia saw the largest drop in natural gas consumption. Global coal consumption fell by 53 million tonnes of oil equivalent (mtoe), and its share of global primary energy consumption dropped to 28.1

percent, the lowest since 2004. South Africa, the world's seventh-largest coal producer, accounted for 95 percent of Africa's, and 3.9 percent, of global coal production.

In a context of rising demand, diminishing fossil fuel supply and concerns about climate change, the objectives of the BBC's Energy & Green Economy Working Group (EGEWG) are twofold: First, to advance clean energy in BRICS countries through the promotion of relevant programmes and projects with the aim of harmonising a sustainable energy source across the BRICS group and second, to set up a clean energy fund within the NDB to promote clean energy project finance.

The EGEWG has primary responsibility for conducting the BBC's activities and its engagement with external stakeholders. The clean energy and green economy strategy has developed over time. Under the Chinese Presidency in 2017, the EGEWG continued to focus on the United Nation's (UN's) sustainable energy for all (SE4ALL) goal, one of the 17 SDGs; carried forward the discussions and activities initiated by the Russian Chapter in 2015, and continued by the Indian Chapter in 2016; and discussed important new avenues of collaboration among the BRICS member-countries.

When the Chinese chapter handed over the presidency of the EGEWG to the South African chapter at the BBC Mid-term Meeting in March 2018, the South African chapter committed to build on the achievements of its Chinese counterparts and continue with the implementation of key items carried forward from previous presidencies.

Review of Key Developments

Highlights: Energy Dialogue

A one-day Energy Event was held during the time of the BRICS Summit meetings in South Africa. The overall aim of the event was to deliver a platform for meaningful dialogue across members, locally and within the region, on key energy and green economy issues. Given that energy is a critical enabler of economic growth, the topics covered aimed to create integration for linked outcomes between participants. It also aimed to bring together various players in the energy space, including the

NBD, so that on the ground-level, projects and investments can be initiated and implemented.

Highlights: Joint Declaration on Regulatory Co-operation on Standards

In its March 2018 Mid-term review of achievements over the past 12 months, the EGEWG noted the conclusion of the Joint Declaration on Regulatory Cooperation on Standards signed at the BBC Annual Meeting in 2017.

Highlights: Progress Towards Clean Energy Fund Initiative

At a time of significant global risks and vulnerabilities in energy supply and sustainability, the EGEWG's efforts in the clean energy sector aim to address two critical needs of member-countries: The promotion of clean energy project funding and the harmonisation of funding criteria across BRICS countries. This includes supporting BRICS members in the core areas of financial regulation and supervision, project management, and other aspects of financial stability.

Work on a Clean Energy Fund has continued and a MoU with the NDB has been proposed. A clean energy fund within the NDB would strive to promote clean energy project financing. The Chinese chapter approached the NDB in February 2018 on behalf of the EGEWG for a preliminary discussion. The response from the NDB was positive and the NDB would like to explore a fund with the EGEWG at follow-up meetings. The EGEWG will continue to work on this programme in the coming year as a priority focus area under the South African Presidency.

Highlights: BRICS Energy Centre

The work on a BRICS Energy Centre of Excellence establishment and promoting the exchange of energy data, best practices, regulatory frameworks, national policies and practices, and conducting conferences and exhibitions is continued.

Highlights: Customer of the Future

The energy customer and market are fundamentally shifting globally. This is being driven by several technological, social, political and economic drivers.

The energy sector is therefore undergoing transformative as well as incremental change. The need for energy is not changing, but the way in which it is produced, transmitted and consumed is. New, lower carbon generation sources are emerging at competitive prices, distributed generation is starting to reduce the need for large centrally located electricity generation and customers are now needing not just electricity, but energy and smart services — all of this in a more efficient manner.

The EGEWG has begun to assess the impact these changes are having on BRICS countries, taking into consideration the economic status of the BRICS countries and the need to ensure access to affordable energy services to all of our citizens. Of importance is the link between the innovation required by the digital energy economy as a very strong driver of this change and work around the Fourth Industrial Revolution. A set of case studies on this topic has been developed and analysed. The analysis has developed some key proposals to policy makers and regulators, which are being considered by the EGEWG for deliberation.

Highlights: Regional Inter-Country Connectedness

One of the BRICS opportunities identified at its inception was that of leveraging BRICS learnings, projects and investments by taking regional approaches. Energy systems are rarely stand-alone, given the various primary energy resource locations, demand and growth centres, and level of infrastructure development.

Taking a regional or inter-country approach to energy planning and development can enable the optimal utilisation of resources, related economic development and job creation by providing access to energy and infrastructure development and reducing local environmental impacts and greenhouse gas emissions. It also allows the leveraging of bigger markets to develop local content and business growth. By bundling similar projects together with a common objective, such as the electrification of off-grid communities, a greater scale of change can be achieved. In addition, there are the benefits of

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economies of scale and efficiency in terms of project development and execution costs, risk management, skills development and, ultimately, the cost of implementation.

Regional integration and interconnectedness of infrastructure are also critical to managing energy resilience, especially in the face of a changing climate. Being able to wield power in times of drought, infrastructure failure and capacity constraints bring benefits to all countries whilst protecting security of supply.

The EGEWG has provided case studies of where regional approaches have been taken and interconnected energy systems have been implemented. The case studies and analyses will be included in an Energy Portal as proposed under the BRICS Energy Agency Declaration, which is in the process of being drafted.

2.2.5. Financial Services Working Group

Overview

The Financial Services Working Group serves as a facilitator of co-operation and an incubator for economic development within the BRICS group of nations. The FSWG is meant to help member-countries access funds, tackle funding problems, stabilise their economies and install co-operative frameworks for inclusive and sustainable economic development. This facilitative role is at the core of FSWG activities. A key objective of recent lending reforms has therefore been to complement the role of the NDB with additional tools for co-operation and inclusive development.

Over the past year, the FSWG has moved speedily to translate words into actions. The FSWG's development efforts have focused on the following areas: A co-operation Guarantee Mechanism between the BBC and NDB; progress of the BRICS Rating Agency Expert Group deliberations; progress of infrastructure projects; progress of sovereign, private and public-private partnership projects; and progress in discussions for unifying technical standards and business rules for payment systems across BRICS countries.

Review of Key Developments

Highlights: Establishment of a BRICS Insurance and Reinsurance collaboration Framework

Though a mechanism has been established for co-operation between export credit agencies (ECA) of the BRICS countries, there is no influential or fixed platform for co-operation and communication between commercial insurance agencies. The five countries have deliberated on the topic of insurance co-operation within the Business Council.

In 2017, the Financial Services Working Group of the Chinese Chapter made the proposal of inviting leading insurance and reinsurance companies from the five countries to establish a BRICS insurance support framework. This proposal received a positive response from other BRICS countries who actively recommended their companies join the effort. Organised by the Chinese side, representative companies from the five countries, in the principle of equality and mutually beneficial co-operation, innovatively introduced their insurance and reinsurance companies, established a multi-lateral international co-operation platform and built an insurance co-operation support framework to ensure the overseas interests of BRICS enterprises expanding business in other BRICS countries. According to the mechanism design, an enterprise will buy "investment, with reinsurance offered by a reinsurance company of the country where the enterprise is located. It will lower the insurance cost and threshold for enterprises and provide more convenient and efficient overseas risk protection for cross-border investment and operation". Based on the consensus reached by the five countries, an insurance company and a reinsurance company from each country signed the *Cooperation Agreement on the BRICS Insurance and Reinsurance Collaboration and Support Framework* on behalf of their country.

Soon after the framework was established, BRICS insurance and reinsurance companies established partnerships and achieved business results. Russia rapidly offered market analysis and business information that had not been made public before and invited Chinese representative companies to set up branches in Russia to enhance business co-operation and amortisation efficiency; Brazil actively helped these companies obtain the qualification to run

businesses in the country; India carried out business co-operation with these companies, which contributed to a premium increase in real terms; and South Africa focused on further contractual co-operation with these companies on businesses related to Chinese interests operated in the country and other facultative reinsurance business.

This proposal offered business practices for co-operation between commercial insurers and reinsurers within the BRICS countries, filled the gap of insurance co-operation among BRICS financial firms, and encouraged business communities to engage in cross-border investment and operation.

In September 2017, an MoU on Insurance and Reinsurance Collaboration in Support of Multilateral Investment and Business Co-operation in the BRICS Countries was concluded amongst companies representing BRICS member-countries. The South African BRICS Business Council FSWG was also a signatory to this MoU.

The main purpose of the MoU is to explore insurance and reinsurance business opportunities arising from trade with BRICS nations. This would, inter alia, entail sharing unclassified information about insurance and reinsurance business opportunities amongst the BRICS nations.

Because no agreement had been reached between the South African chapter and any local company at the time of signing the MoU, the South African Chapter of the BRICS Business Council provisionally signed the MoU for South African Insurance companies on an understanding that the Council would finalise its engagements with South African insurance companies and advise other BRICS countries accordingly. To give effect to the MoU from a South African

perspective, a need was identified for a local, primary underwriting and ceding company. The FSWG chapters agreed that the local company would need to have a strong local presence and balance sheet as well as a good international rating. They would also preferably be a state-owned company.

As there is currently no local company that meets the above-mentioned criteria holistically, it was proposed that a joint venture be formed between Santam and a black-owned/empowered local company and/or consortium that will be mandated by the South African BRICS BBC for that purpose. It was also proposed that a joint venture be formed between Old Mutual and a black-owned/empowered local company and/or consortium that will be mandated by the South African BBC for that purpose.

A process of engaging Insurance companies in South Africa was started by the FSWG, with Santam as the first possible signatory. An invitation was also extended to Old Mutual to sign on behalf of the country on insurance. Santam has responded and further meetings have been scheduled.

Highlights: 2018 Dialogue with the New Development Bank

The FSWG's role in advancing co-operation between the BRICS Business Council and the NDB is evidenced by the implementation of the MoU signed between the two parties, the development of detailed working procedures under the MoU framework and the establishment of more open lines of communication. Over the last two years, the FSWG has been instrumental in the NDB's implementation of a range of sustainable infrastructure projects, including those on renewable energy, environmental improvement, and water supply and roads in rural areas.

Highlights: BBC Co-operation with the NDB

The BRICS Business Council has consistently and unanimously advocated the promotion of communication and co-operation with the NDB as an integral part of its development work. Since its establishment, the NDB has

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collaborated with the BRICS countries, evidenced by substantial progress on bank governance and operations, project selection, and the provision of financial services for BRICS countries with a view to facilitating their infrastructure and sustainability projects.

These project interventions are key to intensifying the NDB's partnership with business in the BRICS countries. The BBC's 3rd Annual report offered recommendations to the BRICS, saying "the BRICS Business Council will be effectively engaged as an advisory council to the New Development Bank (NDB). The NDB should consider providing observer status to the chairpersons of the BRICS Business Council".

At the BBC New Delhi Mid-term Meeting in March 2017, the China FSWG submitted a draft MoU on BBC and NDB, intended to solicit the opinions of other FSWGs. Discussions were subsequently held amongst the FSWG chapters. Following negotiations between the China FSWG and the NDB, an MoU on strategic co-operation was signed in September 2017.

The objective is to promote co-operation between the BRICS Business Council and the New Development Bank with regards to various areas and create a long-standing guarantee mechanism so that future communication between the two parties will not be affected by the rotation of presidencies, personnel changes and other factors and the stable and efficient long-term cooperation can be established. The five national Secretariats will take the lead in organising the implementation of co-operation and coordinating member institutions to carry out strategic cooperation between the Council and NDB. It will also coordinate day-to-day communication with the NDB on behalf of the Council.

As the NDB will set up more regional branches in the BRICS countries and their surrounding areas in the future, the other four Chapters of Council should establish a direct relationship with corresponding branches of the

NDB and take the initiative to seek co-operation.

The Financial Services Working Group will actively collaborate with the Secretariats and recommend financial experts from the five countries to form an expert group to provide the NDB with professional financial services. The Financial Expert Panel (FEP) is designed to serve as a bridge between the Council and the NDB, carrying out working contacts with NDB-nominated staff on behalf of the Council.

It is further proposed that a Project Facilitation Fund be created (under the supervision of the country experts) for projects to be tabled with NDB.

Meetings between the Council and NDB are to be held every six months and these interactive activities of the Council and NDB, as well as the achievements, are to be regularly summarised in the Annual Reports of the Council every working year.

According to the MoU, the BBC and NDB accept their primary goal as the establishment of a strategic partnership and outline the scope for their areas of co-operation, which includes the following five aspects: Economic and financial research, activities in local markets of BRICS countries, knowledge exchange, financial institutions co-operation, and human resources development.

To implement the MoU, the Chinese FSWG proposed and drafted the Work Procedure of the Collaboration between the BBC and NDB, which stipulates the division of tasks between the Council and FSWGs and solidifies regular interaction with the NDB. The Work Procedure also establishes a financial expert panel of the Council to assist the Secretariat in engaging with the NDB. The procedure has been reviewed by the FSWGs of the five BRICS countries and the Secretariat has solicited the opinions of the councils of the five countries. Each FSWG nominated or are in the process of nominating two financial expert candidates.

The NDB Expert Panel comprises two experts from every chapter, as indicated in the table below:

TABLE 7: EXPERT PANEL MEMBERS

| Country | Expert 1 | Organisation | Expert 2 | Organisation |
|--------------|----------------------------------|---|--------------------------|--|
| Brazil | Paulo Eduardo da Silva Guimaraes | Banco do Brasil S.A | Luiz Antonio Martins | Banco do Brasil S.A |
| Russia | Pavel Ovsienko | Bank for Development and Foreign Economic Affairs (Vnesheconombank) | Oleg M Preksin | Eurasian Economic Cooperation Organization |
| India | H K Jena | State Bank of India | TBA | TBA |
| China | Yan Bing | Bank of China Ltd. | Chu Furong | Bank of China Ltd. |
| South Africa | Mandla Maleka | Eskom Treasury | Tintswalo Priza Mantsena | MasterCard |

Highlights: Africa Regional Centre

The NDB regional centres in Africa and Brazil are expected to be operational soon in support of local projects. South Africa will present some investment projects from state-owned entities to the NDB that could contribute to South African —and African — economic development. It will complete the project information required by the NDB. It is hoped that the NDB can give full play to its Africa Regional Centre, pay more attention to the projects in South Africa and the African continent, provide lending services to these projects, and shorten the timeframe to make decisions. The NDB is also endeavouring to improve the local risk evaluation mechanism and studying the local market environment.

Highlights: BRICS Credit Rating Agency

The concept of a BRICS Credit Rating Agency to be formed by the BRICS countries was first mooted during the BRICS Summit in 2015 held in Ufa in Bashkortostan, Russia. The concept was then widely deliberated upon by the BRICS Business Council. In 2016, under India's Chairmanship, the EXIM Bank of India appointed CRISIL Ltd — India's leading credit rating agency — to develop a research paper studying the modalities of such an alternative rating agency. The key findings of the research paper were deliberated by BRICS leaders, development banks, financial market participants and regulators at various forums, including the BRICS Summit held in Goa, India,

in October 2016, where a need to take this concept forward was agreed.

The Goa Declaration, which was endorsed by leaders of the five BRICS nations, proposed the formation of an Expert Group to examine the feasibility of setting up the BRICS RA based on market principles. Accordingly, an Expert Group was formed under the aegis of the FSWG comprising 23 members with a wealth of experience in this area and representing the five BRICS countries. Representatives from the NDB also participated in the discussions of the Expert Group and shared their views.

Subsequently, the Terms of Reference, detailing key aspects for deliberation for the study, were adopted by the Expert Group. The Group has been mandated to assess the need of the BRICS RA, scope of services to be offered by the BRICS RA, identify the optimal ownership structure and regulatory framework for the BRICS RA, and devise a broad implementation plan for setting it up.

The Group conducted extensive discussions during January to March 2018 on the country of establishment; the regulatory framework; and the governing charter relating to capital, governance and credit rating operations of the RA as well as the rights, exemptions, immunities and privileges that the RA should be subject to, similar to the case of other multilateral agencies' establishment documents.

Over the past year, the Expert Group studied the viability of the RA, the business model and scope of services, ownership structure,

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governance and management structure, regulatory framework, and possible country to host the RA. A draft report on the findings and interim recommendations was tabled by the Expert Group to the BRICS FSWG in March 2018.

At the Mid-term Meeting held in March 2018, the FSWG agreed that the following actions should be undertaken:

- The RA Expert Group should hold further discussions to reach consensus on the most viable model for the CRA;
- Relevant proposals, including the viability of the Rating Agency, should be submitted to relevant government authorities of respective countries for research and consultation; and
- The Expert Group should reach consensus on the jurisdiction for the CRA.

Deliberations and discussions were held on the above by the Expert Group between March and June 2018.

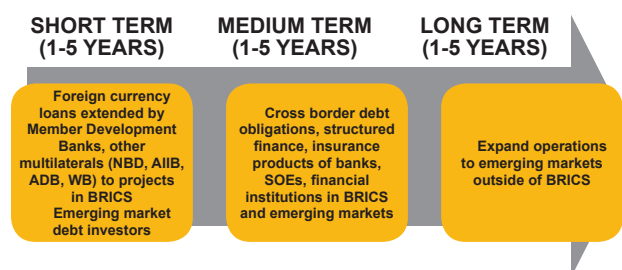
The final recommendations were tabled by the Expert Group in June 2018. The below paragraphs summarise some of the key aspects of the Expert Group report.

The proposed rating agency will aid the BRICS nations' efforts to raise funds from capital markets and develop their bond markets to meet their immense funding requirements, especially in core sectors such as infrastructure. The BRICS RA will offer an emerging-markets-focused credit evaluation framework that will enable investors to evaluate and compare the credit risk of projects across emerging markets, thereby optimising investment decisions in these countries.

Global funds (insurance, pension and private capital) have a strong interest in investing in emerging markets. Similarly, multilateral development banks (World Bank, ADB, NDB, AIIB, etc.) are deeply invested in emerging markets. Such large investors will significantly benefit from the emerging-markets-focused credit evaluation offered by the pro-posed BRICS RA and, in a way, supplement (or replace) their internal credit evaluation models.

Large investors across emerging economies welcome the idea of a BRICS Credit Rating Agency. In the global investor survey undertaken by the Russia chapter across 24 countries in 2016, 73 percent supported the idea of a BRICS Rating Agency. However, investors believe that the credibility of the BRICS RA will depend on its analytical independence, ability to provide differentiation of risk across emerging market borrowers and regulatory accreditation in its areas of operations, especially in a market dominated by large global RAs and strong local RAs in most of the BRICS nations.

BRICS RA will be a supra-national institution and will essentially rate foreign-currency fixed income, cross-border products of entities of BRICS and other countries. It may also rate local currency issuances of multilateral institutions (like NDB, ADB, AIIB, etc). While the BRICS RA may also have capabilities to assign credit ratings to sovereigns, the management of the BRICS RA (once set-up) can take a call as to when (short-, medium- or long-term) to offer this as a commercial service.



In addition, macro-economic research services on emerging markets are envisaged as complimentary to the ratings services envisaged for the BRICS RA. Hence, these may also be provided by the entity, including on a commercial basis to users within the BRICS nations to start with. This will not only improve financial viability, but also help in establishing the credibility of the new institution faster with a franchise of deep macro-economic insights.

In the longer term, BRICS RA could also rate local currency debt by local issuers in other emerging and frontier markets — especially where the credit rating market is not / under developed. This will not only help the BRICS RA in expanding to newer markets, but also help improve the financial viability.

It is recommended that the BRICS RA adopt the issuer-pay business model since it is well-tested and globally accepted.

The Group recommends that the RA has a well-diversified shareholding, equally distributed between the five BRICS nations. A single shareholder/entity will not have a stake above 9.99 percent. The RA can set up its own independent team or enter into a technical collaboration with single/multiple established credit rating agencies from the BRICS nations for technical support. This will ensure technical capabilities, investor acceptability and a quicker outreach to the market.

This is essential to showcase independence from government influence, which will be crucial to build credibility with, and acceptance by global investors. On the governance and operational aspects, private sector efficiencies can be derived to ensure commercialisation on market-based principles.

- *At least 51% private ownership*
Comprising private financial and non-financial institutions from each country, registered private credit rating agencies, and multilateral agencies such as NDB, AIIB, etc. No entity will have a stake of more than 9.99%, and the entire private ownership to be, by and large, equally distributed amongst institutions from each of the BRICS nations.
- *Not more than 49% government ownership*
Either directly, or indirectly through public sector entities, like EXIM Bank and other development financial institutions. Again, no single government entity will have more than 9.99% shareholding, and entire government ownership should be equally distributed amongst the BRICS nations.

Given the diversified ownership of the proposed BRICS RA, a single promoter-shareholder to drive the establishment and commercialisation of the BRICS RA is not envisaged. It is suggested that one lead shareholder (preferably a private financial

institution) be identified by each of the BRICS nations. These lead shareholders will together act as the 'Promoter Group' of the BRICS RA, and carry out all activities related to set-up and formation of the new rating agency.

In addition, the new rating agency will need the support of 'Technical Advisors' in its initial stages. It is suggested that a network of well-established credit rating agencies registered in each of the BRICS nations be formed, to act as the Technical Advisors to the BRICS RA. This network of rating agencies (acting together as Technical Advisors) will provide valuable insights to the BRICS RA on the market insights, regulations, prevailing credit evaluation frameworks, as well as facilitate interactions with the regulators, financial institutions and other agencies to ensure a faster establishment and a smoother start-up for the new rating agency.

The BRICS Leadership is requested to encourage the formation of the network of established credit rating agencies in each of the BRICS nations, as an initial first step to build cooperation — this will facilitate deeper understanding of credit markets and unique risk and business practices. In addition to providing technical advice to the proposed BRICS RA, the network of rating agencies can also provide support to issuers and investors in the BRICS countries in accessing cross-border capital from amongst BRICS nations (on a bilateral or multilateral basis).

A comparative analysis of credit ratings regulatory frameworks of all BRICS nations was undertaken to identify the most suitable regulations and jurisdictions for the BRICS RA. In this analysis, 18 indicators across 4 key parameters were analysed. These parameters covered information availability, transparency, restrictions on ownership and shareholding, market acceptance, reliability and independence and ease of establishing operations. The most suitable jurisdiction is still under discussion.

Irrespective of the jurisdiction, it is recommended that an 'Endorsement Document' be signed by the respective regulators in each BRICS country, to provide Acceptance of BRICS RA ratings (for cross-border transactions) by capital market regulators and also ECAI acceptance by Central Banks for calculation of risk-weights based on BRICS RA ratings. This will facilitate ease of establishing the BRICS

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RA, and a more widespread use of its ratings. The Endorsement document will comply with IOSCO principles and provide a framework for mutual co-operation that enable enforceability of regulations across BRICS nations.

The BRICS RA will require support from the BRICS Governments in encouraging and nudging investors in the respective countries to seek ratings from the new entity. In addition, government support will be required in garnering regulatory accreditations through an 'Endorsement Document', and recognition as an Empanelled Credit Rating Agency (ECAI) with the BRICS central banks. This will allow financial institutions to utilise BRICS RA ratings for their capital risk weight computations.

In addition, the BRICS Governments should actively encourage established credit ratings agencies in their respective countries to form a network amongst themselves, as detailed earlier.

Based on preliminary estimates the BRICS RA will require an investment of USD 35-50 million (dependent on the country where it is hosted) over the first 4 years to cover establishment costs, regulatory fees and losses. Overall, the BRICS RA is expected to break-even in the fifth year of operations, generating cumulative losses of at least USD 20 million in the first four years. The return on equity (ROE) in the steady state is expected to be in the high-teens, and close to 20 percent. Detailed financial projections should be taken up, after the host country has been decided.

Finally, the Expert Group hoped that the BRICS countries could support and encourage investors to utilise BRICS RA ratings and facilitate regulatory approval and accreditations. The submission of the final report of the Expert Group was received in early July 2018.

PROPOSED RECOMMENDATIONS

| Description | Progress |
|------------------------------|---|
| Operating model | BRICS RA will provide credit ratings and macroeconomic and sectoral research services, on commercial market-based principles. The rating agency will adopt the well-tested and globally accepted issuer-pay business model. |
| Scope of operation | The BRICS RA shall develop capabilities to rate and evaluate foreign-currency cross-border fixed and variable income products and securities of entities of the BRICS and other countries. It may also rate local currency issuances of Multi-lateral institutions. The BRICS RA may also, at its discretion, develop capabilities to assign credit ratings to sovereigns. |
| Research capacity | The BRICS RA shall complementary to its core activities of rating credit securities and products also gather and disseminate, including on a commercial basis, macro-economic and sectoral research and insights on emerging markets. |
| Ownership model | The BRICS RA shall be a supra-national institution with at least 51% of the shareholding by private institutions within the BRICS countries (comprising private financial institutions from each country, registered private credit rating agencies, and multilateral agencies such as New Development Bank, AIIB, etc). The ownership of BRICS RA would ideally have, by and large, equal share among the BRICS countries, with no single institution, whether private or national, owning more than 9.99% of the voting capital of the BRICS RA. |
| Jurisdiction and Regulations | The BRICS RA shall be established in a jurisdiction which has well established and conducive regulations governing credit rating agencies. Most preferably, it shall be established in one of the BRICS countries, as suggested by the Expert Group in its report, and the leaders of BRICS government are requested to decide on the host country based on mutual consent, after internal deliberations at the highest level. In any case, the regulators in each of the BRICS nations will sign an 'Endorsement Document' accepting the governing regulations and enabling its enforceability across the BRICS nations. |
| Seed funding / Capital | USD 35-50m (dependent on host country) |
| Final approval required | That the BBC recommend to the BRICS Leadership/Central Government authorities that a BRICS Credit Rating Agency be established. |

Highlights: New International Payment System (NIPS)

Facilitating the growth of mutually beneficial co-operation in the BRICS economic space, the efficiency, security and reliability of cross-border payment infrastructure and environment is of paramount importance. FSWG members agreed that the improvement of the existing international payments order with the use of modern digital technologies can provide impetus for the BRICS Plus collaboration and sustainable economic development and guarantee the security of financial transactions.

Most BRICS countries have separate national payment systems while their cross-border bank card transactions mainly rely on such international networks as Visa, MasterCard and American Express. As a result, they are unable to make independent transfers and settlements conforming to their political and economic needs.

The FSWG agreed that “the existing bank card network of BRICS should be built into a new international payment card system (NIPCS) by integrating and co-ordinating technical standards and business rules, upgrading out-of-date technologies, and connecting telecommunication lines.”

Based on the initial proposals from the Russian side for the NIPCS launch on a digital platform, as well as on the clear mandate received from the colleagues following the discussion on this Project at the Council’s March 2018 Mid-term Meeting in Shanghai, the FSWG South African Chapter has upgraded the original concept, giving priority to the establishment of the New International Payment System (NIPS). At the same time, the task of ensuring mutual “reversibility” and unhindered acceptance of national payment cards of the BRICS countries remains an integral part of the new initiative, being practically supported by relevant business structures.

Everybody agreed on the suggestion to use the new ways for settlements, which allows for bypassing the unreliable operation centres for conventional reserve currencies. Further expansion of BRICS

national currencies in international commercial turnover should be accompanied by the construction of an adequate mechanism for their convertibility in accordance with the real business demands.

The FSWG has since adopted the NIPS development plan providing the creation of a switch cloud platform for cross-border settlements in digital format, including blockchain technology. The Indian FSWG Chapter suggested that RuPay card and mobile BHIM UPI-based products be included for the whole range of cross-border consumer transactions rather than just limiting payments to a card-based system.

Chinese Union Pay would like to share experience in its digital solutions like QuickPass App and Token system, which could be applied to bilateral and multilateral co-operation. Those proposals are being considered on a competitive basis along with other advanced mobile platforms and payment protocols available from Project participants to develop NIPS standard products and procedures. Among the alternatives, to be considered by the joint management company, there is HandyBank mobile platform, as well as Joys, UNISTREAM or other appropriate payment systems. In any case the financial risks, like money laundering, shall be taken into account. And the task of seamless integration into the overall network of local currency based national payment systems is being solved through the creation of a single gateway with an open architecture.

The support of the NIPS initiative by the leaders of five BRICS countries will open the way for constructive public-private partnership on the Project and for the best co-operation plan. That plan is supposed to be finalised at the time of South Africa’s rotational BRICS presidency and the project team expects the respective steps from the South African Chapter. A joint venture management company will be formed to operationalise the NIPS and to launch it by the 2019 Mid-term Meeting in South Africa, with full support of the BRICS countries. Member-countries committed to support this initiative in its entirety.

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Highlights: Other Initiatives

Insurance and Reinsurance

Support Framework System

The Indian FSWG hoped that the Expert Group could share the latest development of the project and expected the South African FSWG to continue to implement relevant work. Further, the members from India of the BRICS Insurance Support Framework have suggested that the group examines details on the important proposal for formation of a 'Reinsurance Pool' in the sphere of insurance and reinsurance co-operation amongst BRICS nation and which is a key area of potential co-operation.

Green finance in BRICS countries

BRICS countries collectively have a renewable energy target of approximately 1 250 GW between 2020 and 2030 at a total estimated cost of USD 975 billion as per a study conducted by the Institute for Energy Economics and Financial Analysis (IEEFA). China accounts for the majority of the required investment (USD 622 billion) followed by India (USD 157 billion) and Brazil (USD 120 billion). Together, BRICS countries face a USD 51 billion annual funding shortfall to meet projected demand for new clean energy.

Green bonds have emerged as an important and key instrument in mobilising finance in the green space. India and China are expected to be leaders among emerging markets in green bond issuances in 2018, when global green bond issuances are expected to surge by 60 percent to USD 250 billion. Both India and China witnessed a surge in green bond issuances following changes in guidelines for green bonds. In China, it surged to USD 22.9 billion in 2016, from USD 1.3 billion a year earlier, following the release of green bond guidelines from the People's Bank of China and the National Development and Reform Commission. In India it more than doubled.

Co-operation Amongst BRICS

Members in Green Finance

There are some key areas, which should continue to receive the concerted focus of the BRICS FSWG members, and

new policy suggestions should be arrived at for recommendations to the BBC. Some of these areas include:

- Set of recommendations captured in the UNEP Inquiry Report 2015 for promoting sustainable development in BRICS countries;
- Funding of sustainable projects through the New Development Bank;
- Role of BRICS Commercial Banks in establishing Green Finance mechanisms;
- The creation of dedicated funds to channel finance into solar projects;
- Enhancing co-operation under UNFCCC;
- Developing the green bonds market in each of the BRICS countries;
- Developing a mechanism among BRICS countries to involve institutional investors in promoting a fund that could help in de-risking the hedging cost; and
- Chinese FSWG initiated a research of Green Finance in BRICS country scope. Further research should be carried out.

Infrastructure Financing

Infrastructure financing has been a major constraint on the development of infrastructure in most emerging countries, including BRICS nations.

Co-operation among BRICS countries to address the issue of Infrastructure Financing

Infrastructure development remains the driving force of the economic growth of our economies. It is critical that the BRICS FSWG members continue to deliberate and discuss ways of resolving the fresh challenges that each of our countries are presently facing. Some of the possible suggestions in this direction include:

- Formation of an Infrastructure Fund jointly by BRICS countries to facilitate investment in infrastructure projects;
- Strengthen the group's engagement with the NDB and encourage the NDB to offer various financial instruments to facilitate infra-financing in BRICS nations. The FSWG

could work with the NDB to develop a list of such instruments for consideration by the NDB;

- The FSWG members should continue to co-ordinate with the NDB in line with the agenda carved out under the BBC-NDB MoU, and the group should share a list of infrastructure projects in the BRICS region with the NDB;
- The NDB can work with commercial banks in the five countries to extend funding support to the private sector. BRICS countries can co-invest and co-operate in infrastructure financing, especially to support the private sector's involvement in that area; and
- BRICS countries should share their experience in developing their domestic financial markets to facilitate infrastructure financing which could serve as the success stories for the rest of the members within the group.

SME Financing — Challenges and Solutions

MSMEs have been an important part of the BRICS economies, contributing significantly to employment generation, exports and overall national growth. This sector has immense potential in terms of job creation and driving the growth of BRICS economies.

However, limited access to finance has been a major operating constraint for these firms, hindering their growth, productivity and ability to create jobs. The problem is more pronounced for certain categories of firms, including micro-enterprises, start-ups, young SMEs and businesses located in remote and/or rural areas, which mostly remain excluded from any source of formal external financing. It is evident that catering to this funding

gap can unlock a big growth opportunity, both for MSMEs as well as credit institutions. In order to tap into this opportunity, it is important to first understand and identify the reasons that have restricted credit flow to this important sector and the other financing challenges that SMEs face which are common across the five countries.

Funding Challenges

Bank lending is the most common source of external funding for most SMEs and entrepreneurs. However, unavailability of adequate financial records of SMEs (as the majority of the firms operate in the informal sector and have less financial knowledge to develop financial statements) and a lack of adequate collateral and credit history required for determining the eligibility for loans make it difficult for banks to extend loans to these firms. Other factors like insufficient operating information, the small size of loans, an inhibition of SMEs to approach the formal lending sector, etc., further aggravate the problems, restricting SMEs to access formal sources of finance.

Access to finance also becomes a challenge for firms having higher, risk-return profiles, such as innovative and growth-oriented enterprises, whose business models may rely on intangibles and whose profit patterns are often difficult to forecast. The cost of borrowing for MSMEs is also relatively high due to higher risk perception. This makes debt servicing a challenge for these firms as they most often operate on thin margins, eventually increasing their propensity to default. Besides, MSMEs do not have access to international finance markets.

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SUITABILITY OF ALTERNATIVE FINANCING INSTRUMENTS FOR DIFFERENT FIRM PROFILES AND STAGES

| Risk Weightage | Type of financing instrument | Profile and stage of firm |
|---------------------------|--|--|
| Low Risk / Return | Asset-Based Finance <ul style="list-style-type: none"> • Asset-based lending • Factoring • Purchase order finance • Warehouse receipts • Leasing | <ul style="list-style-type: none"> • Start-ups • Firms with limited credit history and lack of collateral • Fast-growing and cash-strapped firms • Firms with a solid base of customers but high investments in intangibles • High-risk and informationally non-transparent firms • Firms changing their capital assets frequently • Producers and traders of commodities |
| | Alternative Debt <ul style="list-style-type: none"> • Corporate bonds • Securitised debt • Covered bonds • Venture debt • Private placements • Crowdfunding (debt) | <ul style="list-style-type: none"> • Large to mid-sized firms with stable earnings and relatively low cash flow volatility • Firms responding to reporting requirements linked to issuance • Firms undertaking investment or seizing growth opportunities • Firms that do not wish dilution of ownership and control • Smaller companies with limited visibility in public markets (private placements) • Firms lacking collateral or credit history (debt crowdfunding) |
| Medium Risk / Return | “Hybrid” Instruments <ul style="list-style-type: none"> • Subordinated loans / bonds • Silent participations • Participating loans • Profit participation rights • Convertible bonds • Bonds with warrants • Mezzanine finance | <ul style="list-style-type: none"> • Young high-growth firms seeking cheaper expansion capital than VC and less dilution of control • Established firms with emerging growth opportunities <ul style="list-style-type: none"> • Firms undergoing transition and restructuring • Firms seeking to strengthen capital structure • Firms with a well-established and stable earning power and market position |
| Equity Instruments | | |
| High Risk / Return | Private Equity <ul style="list-style-type: none"> • Business angel investments • Crowdfunding (equity) | <ul style="list-style-type: none"> • Firms in their seed and early development stage • Innovative ventures requiring investment and business-building skills |
| | Venture Capital | <ul style="list-style-type: none"> • Firms in their seed, early and late development stage • High-growth-potential firms with capacity for high returns in a short time frame |
| | Other Private Equity | <ul style="list-style-type: none"> • Mature businesses undertaking restructuring or ownership change • Distressed businesses with potential for rescue |
| | Public Equity <ul style="list-style-type: none"> • Specialised platforms for public listing of SMEs | <ul style="list-style-type: none"> • Young, innovative and high-risk small firms • Firms with highly-structured governance and management systems, and extensive disclosure |

Source: <https://www.oecd.org/cfe/smes/ministerial/documents/2018-SME-Ministerial-Conference-Plenary-Session-2.pdf>

Therefore, they are unable to take advantage of the lower interest rate situation in global markets. The Russian FSWG further shared experience on establishing an SME Electronic Platform through science, technology and innovation to promote the growth of SMEs.

2.2.6. Infrastructure Working Group

Overview

The Infrastructure Working Group is an important element of the Council's efforts to facilitate trade and investment co-operation between member countries through infrastructure development programmes are designed to help member countries tackle logistical, connectivity and funding problems in terms of infrastructure, facilitate integration and ultimately catalyse inclusive and

sustainable economic development. This developmental role is at the core of IWG policies and programmes. The IWG's capacity development mission is at the same time an important complement to the NDB's lending mandates. For instance, working with governments to improve their transport logistics helps increase understanding of the usefulness of NDB funding and address development-related challenges. The uneven development of BRICS countries has highlighted the need for streamlining infrastructure to assist countries integrate more seamlessly. A key objective of recent IWG interventions has therefore been to complement existing infrastructure of the countries with a model of co-operative infrastructure development.

In broad terms, the IWG aims to facilitate the development of infrastructure for the member countries and improve the competitiveness of BRICS economies in the global market. To

this end, promoting and facilitating investment was deliberated as one of the key focus areas of the BRICS member-states under previous Presidencies. Discussions highlighted the following suggestions that guide the IWG's activities:

- Enhancing the sharing and exchange of information on experiences in infrastructure and construction, investment policies and business opportunities through mechanisms including websites for trade/investment information sharing (this is a flagship initiative of the IWG for the current review period);
- Encouraging trade/investment promotion agencies to establish stronger relationships and providing policy support for infrastructure investment missions among the BRICS member-states;
- Expanding co-operation on infrastructure for BRICS enterprises to meet, communicate and co-operate with each other;
- Improving the transparency of the infrastructure investment environment in line with the respective laws and regulations of BRICS countries;
- Enhancing communication and co-operation in the areas of standardisation, certification, inspection and quarantine together with co-operation between agencies responsible for trade remedies;
- Considering the effect that a positive outcome of the work by Ministries of Finance and Central Banks on settlements in local currencies may have as support to enhanced, intra-BRICS trade;
- Encouraging relevant enterprises to participate in infrastructure development and construction in BRICS member-states and forging mutually beneficial co-operation with each other; and
- Analysing the prospects for joint bids by BRICS enterprises in international infrastructure and construction projects.

Under South Africa's rotating chairman-ship in 2018, the IWG's infrastructure development efforts are focused on programmes and activities initiated by the Chinese Chapter in 2017, while also introducing new activities to enhance the cooperative framework, promote infrastructure development, and increase the rate of economic growth and competitiveness of the BRICS economies.

Hence the IWG continues to focus primarily on interventions to close the infrastructure gap and increase connectivity within and amongst the BRICS countries and their regional spheres. Activities have been directed toward deepening and advancing the "Cooperative Framework," facilitating engagement with the NDB and other infrastructure funding agencies, promoting and facilitating investments, creating a mechanism for sharing knowledge and technology for sustainable infrastructure development, strengthening co-operation on logistics network development, facilitating skills development for the infrastructure sector, and co-operation on maritime matters.

IWG members exchanged several ideas over the past year, some of the ideas have become important recommendations. The IWG continued to prioritise initiatives to identify possible infrastructure investment projects, particularly large-scale projects in the transport, energy, ICT and water sectors, as well as potential investment opportunities identified by the other working groups.

Review of Key Developments

Highlights: Development of High-Speed Railway Infrastructure

The development of railway transport is a crucial factor for the efficient and well-balanced economic growth of the BRICS countries.

Railway projects establish passenger and freight links across vast distances and remote regions in a sustainable, reliable and eco-friendly way. Moreover, railways serve as a catalyst of development of key industry branches. The extension of the railway network is accompanied by the creation of additional working places, the exploration of new competencies and a general increase in the quality of life.

Throughout the past year, railway enterprises within the BRICS domain have been engaged in active co-operation.

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Within the Eurasian domain, partners are working hard to expedite the establishment of high-speed passenger and freight railway links that will accommodate the booming trade in the markets of Europe and Asia. The implementation of the HSR “Eurasia” project linking Beijing, Moscow and EU countries will result in the reduction of the travel time between Asia and Europe by rail to 2-3 days.

Along with Russia, the participants of the HSR “Eurasia” project are China, Kazakhstan, Belorussia, Poland and Germany.

Project implementation will enable the connection of the “Euro Carex” network, which is being established in Europe, with the Chinese HSR network “China Railway”. The total length of the corridor will reach 10 thousand km, from which 6.7 thousand km will be newly constructed lines, including 2.3 thousand km the territory of Russia.

The project will result in the implementation of the largest high-speed and rapid railway network with a total length of 50 thousand km.

The project will contribute to the formation of modern agglomerations, an increase in passenger and freight flows, and growth in the volume of interregional carriages and transit across the territory of Russia.

Efforts to establish the corridor will become a major practical step towards ensuring a four-fold increase in the transit volumes across the territory of Russia in the next six years, which was recently set as one of the key objectives by the President of the Russian Federation.

Main cargoes for transportation on the new HSR will be consumer goods with a high added value: electronic devices and domestic appliances, clothes and footwear, accessories, pharmaceuticals and cosmetics, which will be carried by special cars with maintaining necessary temperatures.

According to the BRICS Business Council, technical solutions of the project, as well as integration experience gained from its implement-

ation, will be in high demand when promoting other large-scale infra-structure initiatives such as the formation of a “North – South” corridor in Africa. The construction of the High-Speed Rail section “Moscow-Kazan” (770 km) in Russia, a pilot section of HSR Eurasia, has been identified as one of the priority projects in the territory of BRICS member-states. Engineering design works for this high-speed railway line, which were undertaken by a Russian-Chinese consortium, are almost finished. The launch of the construction of the line is scheduled for 2018.

Highlights: Practical co-operation projects

Chinese Investment in Saldhana SEZ

In April 2018, Transnet entered into a partnership with Saldehco, a privately owned South African company that is a key player in the Oil and Gas, Marine and Trading industries in the Africa Region, to develop South Africa’s first offshore supply base in the Port of Saldanha. The OSSB will serve vessels engaged in supporting offshore exploration and production activities along the West and East coasts of Africa and calling at South African ports for support and logistics services. The core activities within the area will include logistics, repairs, maintenance, and new builds and fabrication activities for the servicing of upstream and midstream oil and gas services. Furthermore, the OSSB will play a key role in positioning Saldanha as an oil and gas services hub and stands to benefit from the international logistics and energy experience of global players.

Durban Container Berth Project Funding

The board of governors of the NDB has approved a USD 200 million loan for the Durban container terminal berth reconstruction project. The Durban container terminal berth reconstruction project is aimed at helping transport parastatal Transnet enhance the capacity of its port in Durban.

Chinese companies invest over USD 10 billion in SEZ

Nine Chinese companies have invested more than USD 10 billion in the Musina-Makhado Special Economic Zone. There are three projects in the SEZ, namely the power plant, alloy factory and steel manufacturing.

Mahindra Vehicle plant in Durban

A new semi-knockdown assembly plant was launched by Mahindra. It will be located in the

Dube TradePort Special Economic Zone. This new facility will manufacture Mahindra's Pik-Up range of single and double cab-bakkies. When the facility is functional at full capacity it will be able to produce 4 000 vehicles a year.

Upgrade of Nagpur – Secunderabad railway line in India

JSC Russian Railways and India's Ministry of Railways are jointly implementing project for an upgrade of the 575 km-long Nagpur-Secunderabad railway line in order to accommodate passenger traffic at speeds of up to 200 km/h.

Transnet – JSC Russian Railways Roadmap for co-operation

In March 2018, Transnet and JSC Russian Railways signed a roadmap for the facilitation of joint co-operation, which is expected to deliver specific projects for bilateral implementation in the near future. The prospective areas of joint work may cover infrastructure development and management, R&D, and staff training.

Highlights: Sustainable Promotion of Co-operative Framework

Sound connectivity networks and systems are an essential basis for strengthening the competitiveness of BRICS member states and achieving sustainable and inclusive growth. The IWG has supported BRICS members in building and modernising their institutions and policies. In the past year, it has worked towards providing policy and technical assistance in the development of safe, balanced and dynamic transnational transportation and logistics systems of BRICS member-states.

This achievement, however, is not observed in all countries, and significant challenges remain. Therefore, a well-established co-operative framework among BRICS member states has been a key focus area of the IWG work towards promoting co-operative infrastructure development, increasing economic growth, and improving the competitiveness of the BRICS economies in the global market. Reflecting its commitment to a co-

operative framework, the IWG has significantly scaled up its work in the following areas:

- Strengthening co-ordination in multilateral organisations and fora where infrastructure and investment matters arise;
- Conducting regular meetings among BRICS high-level officials in multilateral and international organisations where infrastructure and investment matters arise; and
- Identifying areas for possible development and co-operation activities of BRICS member-states that could support the development aspirations of developing countries.

Highlights: Transport and Logistics System Integration in Shipping

The IWG has been effectively leveraging transport and logistics systems integration to strengthen the basis for effective and results-oriented, infrastructure development programmes in member countries in the following focus areas:

- Increasing port investment;
- Offering customers total logistics solutions;
- Co-operating on shipbuilding and offshore engineering equipment manufacturing;
- Carrying out technical exchanges on ship energy efficiency; and
- Co-operation in the maritime business for mutual gains.

Most BRICS countries span vast territories and long coastlines essential to becoming strong maritime powers. The aggregate transport capacity of BRICS merchant fleets accounts for 19 percent of the global total.

Highlights: Co-building a New Ecology for International Shipping

The prolonged slump in the international shipping market since the 2008 global economic crisis has posed a serious threat to international trade. A major challenge for the shipping industry is how to build a healthy and sustainable new ecology for international shipping. A critical focus of the IWG's work with BRICS governments is to strengthen

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policy communication and seek common ground in the IMO and other international organisations. Such interventions are instrumental to BRICS countries' ability to have a stronger voice in the international shipping community.

Highlights: Shipping Company Interventions

Shipping company interventions proposed by the IWG include:

- Resisting vicious competition in the forms of either monopoly or dumping to ensure the sound and steady growth of the industry;
- Rebuilding stable partnerships with shippers by signing long-term transportation contracts to hedge against market fluctuations;
- Extending co-operation with ports from terminals to container yards, warehouses, railways and highways to expand value-added services and improve the operating efficiency of the supply chain; and
- Co-operating with BRICS governments on the training of seafarers so that practical experience can be gained by trainee seafarers.

Highlights: Increasing Port Investment

Considering that inadequate port facilities act as a bottleneck to the growth of the shipping industry and foreign trade, the IWG is working with the BRICS Governments to encourage investments in those facilities, including advanced technologies and equipment to raise their operating efficiency and thus reducing tariffs. Moreover, the construction of logistics parks and industrial parks adjacent to ports are being stimulated to help generate new cargo sources as well as optimise on the overall logistics costs. In most of the BRICS countries, a major portion of trade passes through the ports. Hence logistics costs as well as the 'ease of doing business' are critical focus areas.

Highlights: Offering Customers Total Logistics Solutions

Players in the various links of the logistics supply chain, including

shipping, ports, logistics, railways, highways, warehousing and container yards in the BRICS countries are being encouraged to co-operate closely on equity investment, concessions and land-sea multimodal transport to achieve complementary advantages. Together, they offer customers higher-quality integrated supply chain solutions, which they benefit from in turn. Apart from co-operation, work is under way to digitise all transactions at the ports, including the interface with users and stakeholders, to optimise transaction times and minimise logistics costs. A key focus of the IWG is to improve the density and connectivity of trade corridors between the BRICS countries and their immediate regions.

Highlights: Co-operating on Shipbuilding and Offshore Engineering Equipment Manufacturing

The BRICS countries are being encouraged to co-operate internationally on technical innovation in a variety of ways, set up a joint R&D centre dedicated to ships and offshore engineering equipment to exchange shipbuilding and ship repair technologies, explore technology transfer opportunities, and jointly develop technologies for building new types of vessels such as ice-class vessels and LNG carriers. Moreover, new standards that conform to international practices and the latest development trends should be introduced through consultation.

Highlights: Carrying out Technical Exchanges on Ship Energy Efficiency

Responding to global warming, shipping lines in the BRICS countries are encouraged to shoulder common social responsibilities, strictly implement environmental protection regulations, and carry out exchanges and joint R&D on the application of clean energy technologies to ships. On the other hand, with the melting of the Arctic sea ice cover, the BRICS nations are encouraged to work together to practice Arctic navigation and study new ship types (e.g.: LNG carriers and LNG dual-fuel car carriers) as well as core technologies for deep and polar explorations.

Highlights: Co-operation in the Maritime Business for Mutual Gains

The BRICS countries have individually developed areas of excellence in the maritime business. A streamlined process of sharing information and experience, especially best practices, is a significant step towards expanding the scope of

learning and mutual gains within the BRICS business community. The aim is to reduce transaction costs for the member-countries, make them more competitive to the world and at the same time leverage ‘best practices’ of some countries. In addition to knowledge sharing, the IWG is also working to create a mechanism for preferential treatment (in terms of project implementation awards and project financing) within the maritime fraternity of the BRICS countries. This would create considerable gains for the member-countries, including the advantages of scale for services to the world at large.

Highlights: Co-operation in the Railway Business

The BRICS countries have made significant progress towards strengthening partnership in the field of railway transport. It is vitally important to continue this joint work of further develop the dedicated online platform aimed at provision of information exchange among the BRICS countries on such issues as data on prospective projects, and top-rated practices in the field of engineering and infrastructure development, and additionally those related to funding issues.

Highlights: Creating a Common ‘Blue Economy’ Protocol

Recognising the rapidly deteriorating ocean environment and the substantial stake of BRICS countries in the blue economy, concerted efforts to protect and rejuvenate our oceans are underway. A united and common protocol is being developed and implemented across the BRICS nations to lead by example. This is aimed at conserving the ocean eco-system and resources and protecting the continuance of a vibrant ‘blue economy’ among the BRICS nations.

Highlights: Alternative Sources of Funding

BRICS countries currently face an enormous annual infrastructure investment shortfall and an equally enormous gap in available financing. Any effort to narrow the gap would require a collaborative effort of all stakeholders, including the private

and public sectors (such as Multi-lateral Development Banks like the NDB, Development Finance Institutes, Export Credit Agencies, etc.) both within and across BRICS member-states. This would support the emerging trend of funding projects through the Blended Finance Model.

Increasing economic co-operation between BRICS countries through greater engagement with the NDB underpins the IWG’s activities.

In the context of infrastructure co-operation, the IWG is engaging the NDB to consider proposals for funding projects shortlisted by BRICS member-states. It is acknowledged that the provision of guarantees, the creation of hedging mechanisms, and funding in local currencies by the NDB would likely be viewed as valuable support for BRICS companies wanting to work in BRICS member-states and developing countries.

The IWG, through its relationship with the Financial Services Working Group, continues to promote productive engagement with the NDB. Recent highlights include the following interventions:

- A simplified procedure for project selection, including the possibility of providing financial means based on project and/or corporate-wide principles to reduce the timeframe of project finalisation. The approval process has been proposed as an additional leg to the NDB investment policy;
- Financing early-stage feasibility and engineering studies for the development of infrastructure projects that will lead to regional development;
- Developing mechanisms to provide equity financing for infrastructure projects;
- Financing infrastructure projects with a time horizon of 25-30 years, with a suitable moratorium at the beginning;
- Offering technical support to the project from development to bankability; and
- Supporting cross-border, infrastructure investments by providing a standardised set of bankable documents towards financial disclosure.

KEY DELIVERABLES

Creating a Mechanism for the Sharing of Knowledge / Technology for Sustainable Infrastructure Development

Cross-border co-operation and the flow of knowledge are essential conditions for supporting large-scale innovation and research projects in the BRICS member-states.

As the infrastructure projects require advanced technologies and skill-sets, cooperation in skills development for the design, construction and operation of infrastructure facilities, the establishment of training centres, the exchange of experiences and practices regarding efficient city transport/freight movement systems, etc., would contribute to building sustainable infrastructure.

All five chapters of the IWG were represented at the Council Mid-term Meeting in March 2018. The IWG chapters deliberated on ways in which the BRICS economies can work together to undertake innovation. The following interventions were agreed upon:

- Creating a BRICS Infrastructure Web Portal to provide status updates on projects identified in the relevant, regional, physical integration plans of the BRICS regions;
- Continuing to press ahead with key projects already being co-operated on and getting them implemented as soon as possible;
- Broadening co-operation in the field of educational programmes and joint training programmes to support human capital development, including short-term exchanges between technical experts, project managers, etc.;
- Jointly conducting R&D studies on advanced technologies in infrastructure sectors of mutual interest which contribute to the development of sustainable infrastructure facilities;
- Establishing project platforms to promote communication and co-operation in high technology areas;

- Encouraging the expansion of trade and investment in high value-added products related to infrastructure;
- Promoting dialogue and communications in emerging industries, and advance trade and investment in industries that are technology-intensive, knowledge-intensive, or capital-intensive;
- Facilitating small contractors co-operation (SCC);
- Applying project models to project life-cycle prediction and assessment, diversifying financial support from multilateral institutions such as the NDB, and exploring the possibility of setting up a task team for mutual recognition of standards and skills training;
 - > The PPP approach is also a good choice, but to make the PPPs successful, governments concerned should identify the projects suitable for such an approach, engage the most qualified partner, institute the right process, and allocate risks to the parties best able to manage them. If these are met, all stakeholders can expect a fair share of the benefits.
- Exploring infrastructural co-operation in shipping and logistics and strengthening co-operation in global shipping regulation; and
- Expanding infrastructural co-operation outside the BRICS circle.

2.2.7. Manufacturing Working Group

Overview

Manufacturing plays a key role in the success of BRICS economies, as shown in the table on the next page. Additionally, the multiplier effects of manufacturing are higher than most other sectors; there will be marked impacts on employment generation opportunities, government revenue generation and export revenue prospects.

TABLE 8: SECTOR CONTRIBUTION TO BRICS GDP — Analysis Top 43 countries

| Country | Nominal GDP \$ million | % contribution | | Industry contribution | | | Agriculture contribution | | Services contribution | |
|--------------------|------------------------|----------------|-----------|-----------------------|-----------|---------|--------------------------|--------|-----------------------|--------|
| | | World GDP | BRICS GDP | \$ million | Country % | BRICS % | \$ million | % | % million | % |
| Brazil | 2 080.9 | 2.9% | 11.4% | 437.0 | 21.0% | 6.8% | 129.0 | 6.20% | 1 514.9 | 72.80% |
| Russia | 1 469.3 | 2.0% | 8.0% | 476.1 | 32.4% | 7.4% | 69.1 | 4.70% | 915.4 | 62.30% |
| India* | 2 439.0 | 3.4% | 13.3% | 704.9 | 28.9% | 11.0% | 409.8 | 16.80% | 113.6 | 46.60% |
| China | 11 938.0 | 16.4% | 65.3% | 4715.4 | 39.5% | 73.3% | 978.9 | 8.20% | 6 231.4 | 52.20% |
| South Africa | 344.1 | 0.5% | 1.9% | 102.2 | 29.7% | 1.6% | 9.6 | 2.80% | 232.3 | 67.50% |
| BRICS Total | 18 271.3 | 25.1% | | 6 435.5 | | | 1 596.3 | | 10 030.5 | |

Source: Statista, Wikipedia

*Sector Contribution for India is in terms of GVA (gross value added)

In 2016-2017, BRICS countries accounted for 25 percent of the total USD 75.6 trillion in global GDP, which is almost three times the proportion of 8.4 percent in 2001. In the past decade, the proportion doubled to 13.4 percent. Using purchasing power parity estimated by the World Bank from 2006 to 2016, BRICS countries contributed 52 percent to global economic growth.

In 2016-2017, the share of industrial output in GDP of China, Brazil, Russia, India and South Africa accounted for 39.8, 21.2, 32.4, 31.3 and 28.9 percent, respectively, according to the World Bank. Since 2000, the share of industry in the GDPs of China, Brazil, Russia, India and South Africa has been higher than the world average.

Given the considerable potential to unlock manufacturing's potential within and between BRICS member-countries and the rest of the world, there are two main aspects to the MWG's mission: enhanced access to trade, with a working stream within this project of analysis of non-trade barriers; and mutually beneficial co-operation, or the establishment of a flexible multilateral cooperation and co-ordination mechanism across BRICS countries. The centrepiece of the MWG is mutual cooperation. Trade cooperation covers a range of issues considered to be of critical importance - fiscal, financial, foreign exchange, monetary, and structural - focusing on risks, vulnerabilities and policy responses.

To ensure continued growth of the manufacturing sector, the MWG has undertaken the following key projects for 2017-2018.

Review of Key Developments

Highlights: Promotion of Intra-BRICS Trade

With manufacturing a key driver of GDP growth, the MWG has initiated this project to facilitate increased market access between BRICS members and to ensure a moderation of non-tariff barriers.

Key focus areas of this project include:

- The production of an investment guide for BRICS manufacturing;
- The identification of all key non-tariff barriers between BRICS members; and
- And a proposal to facilitate the relaxation of barriers between BRICS economies.

The project involves detailed activities, including the documentation of all intra-BRICS trade types and detailing all key non-tariff barriers per trade type in close cooperation with the Deregulation WG.

There has been agreement in principle on removing some of the non-tariff barriers by developing proposals to remove non-tariff barriers item by item while promoting and enhancing trade cooperation amongst SMEs.

KEY DELIVERABLES

Highlights: Development of Complementarity / Strategic Alliances

This project includes a knowledge-management system incorporating a database of stakeholders in the BRICS manufacturing sector, including, but not limited to, manufacturing companies, finance organisations, and learning and academic institutions. The objective is to enhance all BRICS members' manufacturing ability and capacity through collaboration and not competition, and to increase the benefits of future activities on a mutually beneficial basis. Once the database is compiled, all organisations listed could use the data to facilitate various transfers such as skills, equipment, technology, best practices, etc.

In addition, the MWG will build a Strategic Hub with the intent of facilitating communication, interaction and cooperation among members in respect of the following:

- Beneficiation of raw materials found in member-countries. This will have the effect of reducing supply chain costs and reducing the environmental impact;
- Transfer of advanced manufacturing skills and best practices between member-countries in close co-operation with the Skills Development Working Group, concentrating on those skills involved in the beneficiation of raw materials and other identified areas requiring additional skills training;
- Building strategic alliances/co-operatives between members in various industries, such as the pharmaceutical and technological industries, thereby allowing members to share specialist knowledge or core competency skills for the mutual development of manufacturing industries in member countries;
- Enabling joint ventures between member country companies;
- Enabling the exchange of pharmaceutical product dossiers between member country companies;

- Highlighting manufacturing equipment and technological know-how available in member countries for the beneficiation of raw materials and the general advancement of manufacturing capabilities as well as the economic organisation of production between members using the benefits of economies of scale within BRICS;
- Enabling licensing agreements for the use of active pharmaceutical ingredients in member-countries;
- Identifying complementarity of capacity constraints and capacity bottlenecks, thus improving synergy between member-countries;
- Collaboration on manufacturing projects between members with shared investment risk;
- The development of the strategy as the basis for new, manufacturing-based, economic ventures;
- The identification of equity investment opportunities in member countries; and
- The identification of joint research and development opportunities.

Highlights: Exponential Manufacturing (IX4M)

Exponential Manufacturing is a unique programme designed to formulate and unlock technology-centric eco-systems in support of the exponential, industrial growth in manufacturing. The programme requires innovative, strategically assertive leadership and capable, innovation partnerships to conceive of and implement transformative programmes that drive wealth creation. It is coordinated under the leadership of the Institute for Exponential Manufacturing (I4XM) in SA.

The I4XM programme acts as a catalyst for the development of new manufacturing industries based on exponential manufacturing technologies. It is predicated on solving big, complex, societal problems in the BRICS collective and creating a globally competitive manufacturing eco-system based on the rapid commercialisation of innovations supported by exponential platform technologies.

The programme is deployed through two layers of strategic partnerships:

– *Discovery Level*

I4XM acts as the convener and facilitator of industry dialogue to find opportunities for viable industry transformation through leveraging six key partnerships across the ecosystem, namely:

- > Education partnerships focused on fostering awareness of trends rapidly disrupting established manufacturing industries and educating leadership in government and business on its implications;
- > Research and development partnerships centred on contributing new, technological discoveries ready for commercialisation;
- > Innovations partnerships defined through their ability to drive rapid commercialisation of such technologies deployed within a suitably structured eco-system;
- > Industry partnerships, identifying both existing and emerging companies within the BRICS collaborative suitably positioned to adopt and develop such disruptive technologies into significant new globally relevant original equipment manufacturers (OEMs);
- > Implementation partnerships with the required technical skills, managerial capability and financial backing to assist industry partners in their developmental programmes; and
- > Regulatory partnerships through which government and industry regulators are encouraged to remove obstacles that may impede the introduction of these new industrial programmes.

– *Definition and Implementation Layer*

I4XM facilitates selected industry partnerships and links individual viable business transformations to industry transformation objectives, both in South Africa and abroad.

The first group of eight potentially transformational industries is being conceptualised for initial deployment in South Africa in collaboration with suitable BRICS business partnerships once identified in the Discovery programme.

Highlights: Investment Guide for Mutual Co-operation

The MWG's ongoing work on business co-operation and integration took a leap forward in the past year with the publication of an investment framework for doing business. The March 2018 Mid-term Meeting was briefed on the *Investment Guide of the BRICS Countries*. This guide is designed to support investment and applies to a broad range of investment circumstances, such as a country's fiscal and monetary policy and public infrastructure. It is a vital, business information tool for investment in BRICS countries.

The MWG's aim is to promote international co-operation as well as exchanges amongst business communities and to develop high-value manufacturing by moving the manufacturing sector in BRICS countries up the value chain.

All group members at the 2018 Mid-term Meeting underlined the following key issues to develop the BRICS manufacturing industry:

- Enhancing trade facilitation and trade equality while reducing restrictive trade policies to promote global trade development;
- Setting up a BRICS Centre for Manufacturing Technology in order to promote cross-border joint venture facilitation:
 - > In particular, there is a need to work on architecture and structure, and
 - > A proposal for the Centre for Manufacturing Technology should be prepared by members and presented to the concerned authorities within the next 6 months. India would be happy to lead this initiative;
- Emphasising mutually beneficial policy, strengthening co-operation with local enterprises in BRICS countries, reducing technical barriers to trade, and enhancing mutual benefits;
- Creating flexible multilateral co-operation and co-ordination mechanisms;
- Promoting international co-operation in BRICS countries;
- Further developing the support of the NDB in the development of the manufacturing industry;

KEY DELIVERABLES

- Strengthening exchange and communication between BRICS enterprises;
- Enhancing the communication of scientific and technological co-operation;
- Collaborating to improve the share of manufacturing in the GDP of member countries;
- Reskilling given the advancements made in technology like industry 4.0;
- Creating a Single Window Platform for the exchange of information;
- Broadening the base of trade both within BRICS countries and across manufacturing sectors. Efforts to be continued by members for enhancing exports of value-added products and not just raw materials to create more employment and earn more foreign exchange;
- Working with officials of the NDB to ensure that the projects prepared by BRICS businesspeople are in line with the prescribed norms of the Bank;
- Ensuring that the NDB functions as a first-class assurance bank for trade among its members — there is a need for a more collaborative approach with the NDB to minimise the currency risk among BRICS members and facilitate intra-BRICS trade; and
- Members to share strategy papers for identified priority sectors in order to increase trade and exports in BRICS countries.

2.2.8. Regional Aviation Working Group

Overview

The BBC's ongoing work on co-operation and economic integration took a step forward with the establishment of the Regional Aviation Working Group, proposed by the Brazilian chapter at the BBC Annual Meeting in 2017. The BBC Mid-term Meeting in March 2018 was briefed on the working principles and workplan of the group for 2018 and beyond. The implementation framework is designed to support an

exchange and co-operation platform for BRICS countries to promote development and connectivity in aviation. It should apply to a broad range of future circumstances, such as the group's scope to use policy to offset current, economic, policy challenges and fill gaps in infrastructure by building a safe, reliable, eco-friendly and efficient aviation industry for BRICS countries.

The group put forward a comprehensive approach, including regular communications mechanisms. It provides driving forces to advance practical cooperation in aviation infrastructure, aviation safety and security, exchange of talent and resources, air traffic control and global aviation standards while enhancing coordination to provide inputs for BRICS Summits.

Review of Key Developments

Highlights: Communication Mechanism for Regional Aviation Working Group

Through its strategic efforts, the RAWG continues to work out the mechanisms to facilitate internal cohesion and policy alignment within each BRICS country. These include regular teleconferences involving government and business from each country, industry association engagements between BRICS countries, study groups focused on sharing of PPP best practices and ancillary areas like regulation, privatisation case studies, and annual meetings of the RAWG country chapters to be hosted in the Presidency country.

Highlights: Working Plans and Programmes for RAWG in 2018

As a new working group, the RAWG is at a dynamic stage in its development. It is in the process of producing a wide array of programmes and policies designed to promote a close policy dialogue between the member countries focused on deepening reforms in key areas in which growth is constrained. In general, such reforms would support strong cooperation between the BRICS countries.

2.2.9. Skills Development Working Group

Overview

The BBC's skills development programme is an integral part of its capacity development mandate. Informed by the principle that economies work well when skills are aligned to the demands of industry, the Skills Development Working Group serves as a hub for development efforts that help

improve growth and create jobs across the BRICS countries.

Under the chairmanship of China in 2017-2018, the SDWG successfully carried forward the activities initiated by the Indian chapter in 2016 and put forward new projects that are being jointly taken up among BRICS countries under South Africa's Presidency.

These projects include the implementation of the MoU on cooperation between the chapters of the BRICS Business Council SDWG on aspects of human capital and professional skills development in the BRICS countries raised by Russia and signed during the Presidency of India. There is also the proposal for Industry 4.0 put forward by India.

In the previous reporting year, the Chinese SDWG carried out the BRICS Skills Development and Technology Innovation Competition and established the BRICS Skills Alliance. The two projects were first proposed during the Mid-term Meeting in India in 2016.

As one of the most important deliverables during China's presidency, the SDWG proposed and initiated a BRICS Skills Alliance, encouraging cooperation of business initiatives among different organisations and businesses. Recognising that intelligent manufacturing and Industry 4.0 are essential to matching skills with technologies, the establishment of the Alliance was intended to broaden and deepen skills co-operation among BRICS countries in the following areas:

- Promoting BRICS talent cultivation;
- Developing and executing skills challenges for existing and future skills;
- Carrying out and sharing BRICS skills development research;
- A programme of continuous improvement in future skills advancement, innovation, curriculum expansion and harmonisation of training standards and certification.

Over the past year, the Inaugural BRICS Skills Challenge was

successfully executed. BRICS countries responded positively and actively participated in the series of activities.

The SDWG has also established programmes aimed at building world-class expertise. The SDWG shares this knowledge through hands-on, expert advice, collaborations to innovate and develop cost-effective learning tools, collaborations towards the development of a standard qualifications framework that will support a worker's mobility from one BRICS nation to another, BRICS-nation, peer-learning workshops, and policy-oriented training. This support is delivered to countries through a wide range of practical interventions, which include identifying areas in which skills development activities can have the biggest impact within and among member countries.

Since the 2017 Mid-term BBC Meeting, considerable progress has been made, particularly with respect to strengthening programmes and increasing bilateral and multilateral co-operation in skills development.

- In November 2017, China SDWG and Russia SDWG signed an MOU on World Skills Development. The two sides would carry out cooperation in the joint development of future skills, sharing of best practices and experiences and promotion of global skills passport, assistance in the preparation and holding of the Open Eurasian WorldSkills Hi-Tech Competition of Cross-Industry Skilled Professions, as well as technology exchanges and flows.
- In May 2018, China SDWG and Russia SDWG signed a Roadmap on recognition of the demonstration examination and Skills Passport, which indicated the activities they were going to do in order to popularise Skills Passport.
- In July 2018, five SDWG representatives signed a Declaration on BRICS Alliance of Skills Development to encourage the recognition of enterprises, organisations and institutions related to skills development to join in the BRICS Alliance.

Under South Africa's presidency, the SDWG's skills cooperation efforts in the past year focused on the following areas:

- Terms of Reference of the South African Working Group;
- Second BRICS Skills Challenge;

KEY DELIVERABLES

- Discussion on the implementation of a Skills Development Fund under the auspices of the NDB;
- BRICS Atlas of Emerging Jobs;
- Indigenous, contextualised Career Development for Youth and Adults; and
- Soft skills development.

Review of Key Developments

Highlights: South African SDWG Terms of Reference

The development of the South African SDWG Terms of Reference articulates the role of the SDWG as a support function of the working group. The intent of this support function is to facilitate matches between skills required by business and those obtained in qualification processes. This will be achieved through the identification of both existing skills and existing skills gaps as well as the creation of programmes for the development of skills to close identified gaps. This will assist business growth internally in BRICS countries and between BRICS countries.

The support described above will be delivered in several ways including, but not limited to, the following:

- Facilitating jobs of the future research in South Africa, thereby allowing the identification of future skills required and allowing a “leapfrogging” of specific skills gaps;
- Facilitating the development of curricula for jobs of the future in conjunction with BRICS Business Council working groups;
- Facilitating the development of technical skills via participation in BRICS Skills Challenges;
- Establishing a Skills Fund that will facilitate local and regional skills development for NDB-funded and other BRICS projects;
- Participation in and facilitation of BRICS Skills of the Future challenges; and

- Providing regional facilitation of skills development for BRICS projects.

Highlights: BRICS Skills Group White Paper on Industry 4.0

The SDWG has longstanding members, both internationally and locally. This results in efficient and harmonious working relationships and project delivery. With the impact of the Fourth Industrial Revolution on labour and skills, these relationships and delivery capabilities will become key as a means of support for the various working groups.

Under the presidency of India, the SDWG put together research into the impact of the Fourth Industrial Revolution on the manufacturing sector in BRICS economies. Several South African organisations participated in the research, including the CSIR, Department of Science and Technology, Adcorp, Aerosol, Manufacturing Circle, Chieta and Merseta. All member-country skills groups made presentations at the FICCI Skills Summit in Delhi in India in 2016. The final report was presented at the Mid-term Meeting in March 2017.

This research has been utilised to provide input into the Indian jobs of the future project and has been shared with the Manufacturing sector in all BRICS countries

Highlights: Inter-BRICS Skills Co-operation Initiatives

The Russian and Brazilian SDWG have been collaborating in training competitors for Skills Challenges.

South Africa and China have collaborated on upskilling South African TVET lecturers by providing training and exposure to work experience in China. Additionally, China has provided training opportunities for 100 artisans in China. The SDWG chapters met in Abu Dhabi during the World Skills Competition in October 2017 to agree on how skills competitions can be used to enhance the objectives of upskilling youth and improving skills standards. The feedback from the First Skills Challenge and input from this event has been used to design the Second BRICS Skills Challenge for 2018.

Russia-South Africa collaboration on the Jobs of the Future project has happened in several phases. Russia conducted a foresight session on Jobs of the Future with merSETA and its chambers. South Africa participated in a Russian project on Jobs of the Future in the Metals industry and signed an agreement that Russia will conduct a train-the-trainer project on the methodologies to build local capability in this research, which will happen this year. The South African SDWG utilises as many opportunities as possible to engage in issues pertaining to Jobs of the Future as skilling for these jobs is critical to overcoming South Africa's future skills gaps.

Highlights: Technical Skills for Jobs of the Future

Under the Chairmanship of China, the SDWG conducted skills challenges for skills of the future, including welding, 3D printing, product life-cycle management and intelligent manufacturing. The aim of these competitions is to develop future, technical, jobs skills and enhance curricula and knowledge. South Africans participated in the welding competition (winning a gold medal) and several training institutions participated as observers in the remaining competition and had the opportunity to spend time in various companies seeing the skills in practice.

Highlights: BRICS Alliance for Skills Development

Based on extensive discussion and recognition of the regulations of the International Alliance of Skills Development for BRICS countries, the BRICS Business Council Working Group on Skills Development signed the Agreement on the International Alliance of Skills Development for BRICS Countries. This covers the following:

- Promoting BRICS talent cultivation;

- Developing and executing skills challenges for existing and future skills;
- Carrying out and sharing BRICS Skills Development research; and
- A programme of continuous improvement in future skills advancement, innovation, curriculum expansion and harmonisation of training standards and certification.

In November 2017, the Chinese and Russian working groups on Skills Development signed an MoU on Skills Development Cooperation. The two sides agreed to carry out co-operation in the joint development of future skills, sharing of best practices and experiences and promotion of global skills passport, as well as technology exchanges and flows.

Highlights: BRICS Skills Challenge

Under the Chair of China, the SDWG conducted skills challenges for skills of the future, including welding, 3D printing, product life cycle management and intelligent manufacturing. The aim of these competitions is to develop technical skills for future jobs and enhance curricula and knowledge.

As South Africa assumed the presidency of BRICS in 2018, the South African SDWG agreed to host the second BRICS Skills Challenge at Gallagher Estate in Gauteng, South Africa at the end of September 2018. The challenge is held using a similar format to World Skills Formats where competitors are given specific tasks and deadlines in which to complete them. Competitors are judged by panels of skills specialists from participating countries. As the SDWG wants to differentiate the challenge from World Skills challenges, the challenge will focus on skills for today and tomorrow and where possible will incorporate multi-cultural and soft skill challenges.

The SDWG has included additional skills in the competition and is therefore running competitions in the following areas:

KEY DELIVERABLES

All five BRICS countries have agreed to participate in the various skills areas, and the South African group has extended invitations to regional skills

| SKILL AREA | PROJECT |
|-------------------------------|--|
| DIGITAL | Cyber Security |
| | Internet of Things (IoT) |
| | Data Analytics |
| MANUFACTURING and ENGINEERING | Polymechanics and Automation |
| | Industrial Robotics |
| | Welding |
| | Intelligent Manufacturing: 3D Printing |
| | Drone Skills |
| | CNC Multi-AXIS Machining |
| | Intelligent Manufacturing: Inspection, Logistics, Assembly and Debugging |
| | Maker Skills |
| TRANSPORT | Aircraft Manufacture |

colleagues to participate as observers. South Africa will also host an Expo alongside the competition, facilitating B2B meetings and showcasing BRICS work in Industry 4.0. Additionally, local schools will be invited to send learners to attend the Challenge and Expo so that they can develop an understanding of how the skills landscape is transforming.

Highlights: Implementation of a Skills Development Fund under the auspices of the NDB

The continuation of a previous project is under way to ensure that all New Development Bank-funded projects will be staffed by sufficiently skilled people to deliver on time and maintain infrastructure and equipment.

Since skills development is a focal area for all BRICS economies, the BRICS Business Council has also recommended establishing a Skills Development Fund under the NDB, in order to provide financial support to projects in the field of training and quality education.

Highlights: BRICS Atlas of Emerging Jobs

This project follows local SDWG projects across BRICS member countries. Each country is producing a list of emerging jobs which will be compiled in a BRICS Atlas of Emerging Jobs. The BRICS Atlas will allow all member countries to identify skills and competencies required for new and emerging jobs, thereby facilitating BRICS qualifications, skills transfers and knowledge exchanges.

Highlights: Contextualising Career Development for Youth and Adults

Career development research is increasingly showing evidence that alternative career development approaches are needed in developing countries where large parts of the population emanate from disadvantaged backgrounds. The contextualised career development project will focus on five feasibility studies that will apply an indigenous career development approach/methodology within a group of adults facing career development challenges and choices. This project will be run in collaboration with the South African Career Development Association. The emerging indigenous career development approach is showing evidence that a more holistic approach to career development encourages adults to develop adaptability skills to enable them to adjust their skill-set to deal with fast-changing environments.

As the BRICS countries are not all advanced capitalist economies, this project will be particularly relevant to member SDWGs, even more so given the challenges posed by the impact on labour of the 4IR.

Highlights: Soft Skills Development

Short courses were or will be offered during all the BRICS SDWG events in 2018. Based on requests from other working groups, the following will be offered:

- Ubuntu, including Diversity and Conflict Management (21 July and September 2018);
- Designing soft skill tasks and assessments for skills challenges (21 July and September 2018); and
- Entrepreneurship skills (During the Mid-term Meeting in March 2019).

The Working Group is also investigating adding training of disabled people and people-to-people and interaction skills in a digital world.

2.3. REVIEW OF OTHER PROPOSED RECOMMENDATIONS

BRICS Energy Information Portal (EGEWG)

Energy needs and how to meet those needs while promoting economic growth are fundamentally different in developing countries in general, even more so in rapidly growing, emerging economies. The BRICS countries are among the leaders in the global energy market and technology transformation. Technology and experience shared among BRICS countries, therefore, would be a very valuable resource. In addition, in a global, energy space that is highly contested, such a repository of objective data would allow for informed analysis and decision-making by policymakers, energy centres of excellence and stakeholders to promote successful energy transitions in countries.

The BRICS countries' Business Councils agree on the following framework to provide guidance to the BRICS Business Council to develop a roadmap for the establishment of a BRICS Energy Information Portal in consultation with BRICS Governments.

Proposed Framework for a BRICS Energy Information Portal

The objectives of the BEIP in the medium- to long-term would be to focus on:

- *Energy Information*
Establish and maintain a central repository of objective energy information in BRICS countries in support of business and investment in energy projects, enable economic and socio-economic growth and to provide energy access to our citizens.
- *Energy Co-operation*
Support a diverse network of Energy Centres of Excellence across the BRICS countries,

including neighbouring regions of which they are a part, to encourage knowledge exchange and learning.

- *Energy policy*
Support policy development and implementation by providing information, policy trends and lessons learnt from other countries and businesses in terms of enabling policy environments that support investment and that addresses the critical issues of poverty, inequality and unemployment in developing nations.
- *Technology deployment*
Enable knowledge sharing and technology deployment to promote clean, sustainable energy.
- *Financial resources*
Communicate available forms of funding and financial resources available for the development of energy projects and energy information investment in the building of energy infrastructure.

We support that all forms of energy and energy infrastructure be covered by the BEIP both on the demand and supply side of the sector, including energy efficiency.

We propose that the BEIP be established in stages. We commit to work together with our respective governments to develop a funding and governance framework for the BEIP that can be agreed to over time.

We will encourage that associate members from neighbouring regions, other energy agencies and academia be brought in over time in order to provide additional resources and expertise.

We have taken the first step towards providing energy information for BRICS countries by initiating an integrated portal which profiles existing energy information sites centres of excellence per country while

KEY DELIVERABLES

also providing links to sites where energy case studies can be viewed.

Key Recommendations

The Energy and Green Economy Working Group has begun to assess the impact the fundamental changes in the energy sector are having on BRICS countries. The trend towards a different market and the changing customer of the future has been prioritised, taking into consideration the economic status of the BRICS countries and the need to ensure access to affordable energy services to all of our citizens. A set of case studies on this topic has been developed and analysed. These case studies showcase best practice in managing this transition.

The pace and rate of change is increasing. The EGEWG working group therefore recommends that in policy development processes, business plays an integral part to not only ensure the practicality of policy and legislation for the customer of the future but also to optimise business activity in the energy sector and drive economic development.

One of the BRICS opportunities, identified at its inception for inclusive growth, was that of leveraging BRICS learnings, projects and investments by taking regional approaches. Energy systems are rarely stand-alone, given the various primary energy resource locations, demand and growth centres and level of infrastructure development.

Taking a regional or inter-country approach to energy planning and development can enable the optimal utilisation of resources, related economic development, job creation (by providing access to energy and infrastructure development) and reducing local, environmental impact and greenhouse gas emissions. It also allows the leveraging of bigger markets to develop local content and business growth. By bundling similar projects together with a common objective, such as electrification of off-grid communities, a greater scale of change can be achieved. In addition, such an approach can enhance economies of scale and efficiency in terms of project development and execution costs, risk management, skills

development and, ultimately, the cost of implementation.

Regional integration and interconnectedness of infrastructure is also critical in terms of managing energy resilience, especially in the face of a changing climate. Being able to wield power in times of drought, infrastructure failure and capacity constraints bring benefits to all countries while protecting security of supply.

The working group has provided case studies of where taking regional approaches and interconnecting energy systems have been implemented. These case studies showcase best practice in optimising regional energy systems.

There also needs to be a focus on the design, funding and implementation of mini grids. The deployment of these technologies ensures increased access to modern energy services, especially to remote areas not connected to the grid, and play a critical role in developing rural economies, improving education and healthcare in those communities and providing local jobs. It is critical when considering programmes such as these to optimise localisation efforts to ensure that wider benefits are realised. This could be partly promoted through funding mechanisms as outlined by the proposed MoU with the NDB on the Clean Energy Fund, the likes of which aim to foster enterprise development and promote participation from medium-sized enterprises. Localisation efforts can also be promoted through community involvement by participating in the projects as shareholders. In some cases, sustainable businesses emanate from these opportunities.

However, to ensure we achieve inclusive growth, skills development and enabling the uptake of new technologies underpins this potential. The E&GE working group has therefore developed a network of energy centres of excellence as well as ultimately the BRICS Energy Information Portal. If BRICS countries are to adequately respond to the 4th Industrial Revolution, there needs to be an integrated policy and planning framework that enables growth and facilitates the new markets that are emerging.

BRICS Energy Agency (EGEWG)

As leaders of the global energy market and technology revolution, technology and experience transfer among BRICS countries is an invaluable mechanism. In addition, analysis and recommendations on trends,

policy and other enablers and barriers need to be highlighted to promote the successful development of energy projects.

In light of these imperatives, the BBC country chapters continue to work toward a declaration that outlines a framework for establishing a BRICS Energy Agency. This framework will provide guidance to the Council to develop a roadmap for the establishment of a BRICS Energy Agency in consultation with BRICS Governments.

Joint Implementation of Transport Infrastructure Development Projects (IWG)

Procurement is the procedure that creates, manages and fulfills contracts. The standard for infrastructure procurement and delivery management varies across BRICS countries. The definition of a Procurement Policy for BRICS countries for infrastructure delivery, which can set out the principles on which procurement can be financed by multilateral funding as well as private financing, is recommended.

The objective of a common/standard procurement method is to incorporate the following:

- Implementation methodology that adopts a strategic, cost-effective and efficient approach to procurement;
- Application of global innovation and advances in procurement practice;
- Application of appropriate levels of risk-based, fiduciary oversight;
- Optimal value for money (VfM) throughout the procurement and project cycle;
- Inclusion of sustainable, socio-economic and environmentally conscious objectives; and
- Sound procurement governance and accountability.

The following recommendations towards the joint implementation of transport infrastructure development projects have been tabled by the IWG.

– Common Procurement Methods

An open, competitive, international tender process limited to companies from the BRICS countries can be the normal method of procurement. Alternative methods may be applied as the aim is to operate according to the best strategic procurement approach for the project that adequately reflects the Core Procurement Principles.

– E-Procurement

The IWG encourages companies/authorities to continually modernise their procurement systems, including incorporating procurement through electronic means (e-procurement). This is because e-procurement can facilitate efficiency and transparency in the procurement process. E-Procurement systems may be used for communications with tenderers, advertisements, notices and amendments, distribution of procurement documents and submission of tenders or proposals.

– Procurement Monitoring and Evaluation

Each Recipient of financing for a project is mandated to prepare and maintain clear documents and records relating to the procurement process for the project, from planning to completion of the contract, for the purpose of the effective monitoring and evaluation of the procurement cycle.

The objective is to deploy the best industry and commercial practices based on current methods and their analysis across BRICS member countries. Based on this, we can arrive at a common document that would help BRICS companies participate in development projects in other BRICS countries.

Youth Entrepreneurship

Access to finance, skills and opportunities are major challenges for youth entrepreneurship. The cost of borrowing for small businesses is also relatively high due to higher perceptions of risk attributed to young entrepreneurs. This makes debt servicing a challenge.

KEY DELIVERABLES

Key Recommendations

Addressing the specific financing issues faced by youth and expanding the range of financing options to suitably meet the diverse financing needs of SMEs would be critical to enhance the flow of credit to this sector and foster their growth. Some of the steps required in this direction include:

– *Addressing information asymmetry through increasing financial literacy among youth SMEs*

This problem can, in part, be addressed by imparting relevant knowledge about financial techniques and improving the financial skills of youth. Youth should also be encouraged to undertake performance rating assessments, which can increase their chances of obtaining required finance from formal sources while strengthening their overall performance.

– *Exploring alternative financing options*

Globally, various alternative financing options and instruments have been developed to meet varying financing needs. It is important to assess the suitability of these options for youth in emerging countries, including the BRICS, while exploring ways to bring about some innovative financing solutions in line with emerging market and regulatory developments.

– *Tapping the role of Fintech for financing*

Fintech companies hold enormous potential to become a dominant source of SME financing. These companies have the ability to offer solutions for the key problems faced by young entrepreneurs that would otherwise restrict them from accessing formal sources of credit, such as information asymmetry and lack of collateral. Fintech companies have developed lending processes that are efficient and effective in disbursing loans quickly.

– *Co-operation among BRICS to enhance SME financing*

Keeping in mind that most of the above-mentioned suggestions are applicable in all the five countries, a joint, collaborative approach could

be taken to develop new financing instruments suitable to the specific needs of youth in these five countries.

Considering that a host of initiatives have already been taken in the BRICS countries to increase credit flow to youth, it would be pertinent to share the experiences of each of the countries in this regard, which could serve as a great source of learning for others in the bloc.

4IR — Skills Development (SDWG)

Over the last five years the SDWG has initiated a number of projects to understand the Fourth Industrial Revolution (4IR). These have included research into jobs of the future in a number of industries in Russia and India as well as a White Paper on the readiness of BRICS for 4IR. The White Paper has been widely distributed and utilised in the manufacturing sector. Additionally, all the SDWGs are working on developing techniques for the Fourth Industrial Revolution, including intelligent manufacturing, robotics and automation. These projects will be shared in the coming years as part of the SDWG Knowledge Sharing Programme.

During the BBC Mid-term Meeting in March 2018, the Skills Development Working Groups of the five chapters signed the *Agreement on the International Alliance of Skills Development for BRICS Countries* and produced a name list of the first board of directors for the term between 2017 and 2020, heads of skills competition, and industries that the skills development working groups take an interest in. Meanwhile, the working groups made a commitment to carry out practical cooperation on the training of specific skills, organisation of skills competitions, and skills research and development.

Progress of Epec, the e-Commerce Platform Serving BRICS Countries

Epec was endorsed by the BBC as an industrial-product, e-commerce platform serving BRICS countries. It was listed as one of the eight key deliverables of the BBC in 2017. With the guidance and help of the BBC and support of the BRICS countries, Epec has been improving platform functions, actively introducing BRICS products, and raising its service capacity for BRICS countries.

In addition to the BRICS countries pavilion section, it has launched versions of its website in Russian and Spanish to further meet the

needs of trade partners and promote trade interconnectivity amongst the BRICS countries. By 18 May, 2018, the global site of Epec had a total of 7 707 registered, buyer members, 6 939 of which were from BRICS nations as well as a total of 875 listed suppliers, 670 of which were from BRICS countries. There were also more than 5 000 categories of products online. Its trading volume reached USD6.2 billion, of which BRICS-related business stood at USD 658 million, accounting for 10.6 percent of the total. The global site covers 76 countries and regions, as well as all major industrial product categories.

These efforts by Epec have been duly recognised by the Chinese government and international organisations. In July 2017, the Chinese Ministry of Industry and Information Technology listed Epec as a Demonstration Project for the Integrated Development of Manufacturing and the Internet. In December 2017, it won the Best Practice for Chinese Enterprises to Achieve at the SDGS award presented by the UN.

Committed to facilitating trade interconnectivity through standard harmonisation, Epec serves as a bridge that connects quality, global products with the Chinese market. On 18 April 2018, it officially launched the Epec Standard (ES) which consists of four sub-systems, including credit certificate (ECC), product quality (EQE), dynamic performance (EDP), and market performance (EMP). So far, it has certified 1 596 enterprises according to the Epec Standard.

Looking forward, the following is recommended:

- Epec pool global resources to the greatest extent and co-operate with international evaluation agencies to promote the recognition and adoption of ES worldwide;

- By fully exploiting its resources from Epec procurement managers located around the world, Epec will integrate the needs of different users and broadly look for the sources of goods and business opportunities to help all stakeholders reduce operational cost and enjoy the benefit of group procurement; and
- Initiate active communication and seek partnerships with various BRICS public and private organisations. Epec commits itself to improving the e-commerce capacity of BRICS enterprises.

Food Security and Safety (AWG)

Food security has been a threat to under-developed and developing countries where growing populations, shrinking natural resources and climate change are adding new challenges. As developing countries and emerging economies, food security has been a salient topic in the BRICS Business Council Agribusiness Working Group.

The BRICS Governments have recognised the importance of the private sector in the agribusiness sector by accepting advice on issues related to agricultural activities in the BRICS countries.

The Agribusiness Working Group stated that this measure is essential for the BBC to realise its mission of ensuring regular dialogue between the business communities of the BRICS nations and the governments of the BRICS countries.

Therefore, the BBC AWG presented the following priority projects identified by the private sector in the context of the BRICS multilateral dialogue that are integral to ensuring food security in the BRICS countries:

Information sharing

In China, hybrid rice is one of the technological breakthroughs which has driven productivity improvement dramatically. China believes that many other innovations and technologies in areas of farming, talent training and policymaking, though not as well-known as hybrid rice, have proven their effectiveness regionally. China suggests that the AWG member countries list and publish their achievements on the BRICS Technologies exchange e-platform in the form of “case studies” or “on-line workshops.”

Advisory Body

BRICS Governments have recognised the importance of the private sector in the Agribusiness sector by accepting advice on issues related to agricultural activities in the BRICS countries.

To this end, the AWG stated in a 2015 Report its desire to serve as an advisory body to BRICS Ministers of Agriculture and Agrarian Development, presenting recommendations and advice to BRICS officials on business sector priorities and concerns. It is maintained that this measure is essential for the BBC to realise its mission of ensuring regular dialogue between the business communities of the BRICS nations and the Governments of BRICS countries.

BRICS Technologies Exchange e-Platform

The BRICS Technologies Exchange e-platform would be used to share best agricultural business models, technologies and machinery for increasing in the growth rates of agricultural sector, improving production efficiency, reducing the impact of weather and climate conditions (especially relevant for agricultural sector), and reducing the environmental load.

The BRICS Technologies Exchange e-platform will expand access of businesses, including SMEs, to modern technologies, machinery and information by accelerating the process of technologies exchange between BRICS countries.

PART

03

**ADVANCING
INCLUSIVE
GROWTH**

3.1. BARRIERS TO TRADE AND RECOMMENDED MEASURES TO PROMOTE INCLUSIVE GROWTH

All BRICS Countries

Barriers: Protectionist policies

Trade protectionism is gaining ground again around the world. Since the second-half of last year, BRICS nations also took steps, such as anti-dumping investigations and trade sanctions, against one another.

Recommended measures

It is therefore suggested that BRICS countries firmly safeguard an open world economy and oppose unnecessary forms of trade protectionism.

Barriers: Insufficient Intra-BRICS Investment

Today, the BRICS countries, together, make up 23 percent of the global economy but only account for 12 percent of foreign investment attracted across the world. Intra-BRICS investment also takes up only 6 percent of all the BRICS investment abroad, with tremendous potential yet to be fully tapped.

Recommended measures

– *Policy transparency*

The related authorities in BRICS countries should release information concerning the laws and regulations as well as their revisions related to trade and investment in addition to providing a fixed focal point or website for potential investors to obtain such information.

– *Administrative approval procedures*

Many issues will be involved in foreign investment and trade, such as land and tax policies. These problems, however, are often related to

different authorities, with an overly long period of approval and inefficient approval procedures. Therefore, it is expected to streamline the trade and investment approval procedures through one-stop services to reduce the cost of administrative approval for investors.

- Intra-BRICS trade and investment co-operation. It is recommended that the governments should have dialogues with investors from the private sector to address the demands of enterprises. Moreover, the investment regulators in BRICS countries should strengthen policy co-ordination, further improve intra-BRICS trade and investment co-operation, endorse the BRICS market integration and contribute to the creation of an open, inclusive and co-operative BRICS trade and investment environment.

Council recommendations

- Harmonise forest certification. To date, Brazil, Russia, India, China and South Africa have all become members of the Programme for the Endorsement of Forest Certification (PEFC). Based on the PEFC principle framework, Brazil, Russia and China have completed the mutual recognition of forest certification systems, while India and South Africa are approaching this target. With a view to promoting sustainable forest management in the five countries, the five governments are recommended to support their national forest certification systems, based on the fact that most of BRICS countries achieved (or nearly achieved) the endorsement by PEFC, it is suggested to perfect the mutual recognition system among the BRICS countries.

- *Continue to promote visa facilitation*
In a globalised world, competition between countries and enterprises is fundamentally one for talent. To become a world power in globalised competitions with better performance in international trade, BRICS countries should lower the threshold for work and tourist visas as well as streamline the visa application procedure for visa facilitation so that the five countries would find it easier to introduce talents from around the world and develop foreign trade.
- *Promote digital economic communication and education*
In line with the BRICS needs for digital economic development, regular and non-regular digital economic forums should be convened to provide a platform for experts on digital economy to share opinions. Online promotional campaigns can be organised to expose more people in BRICS countries to the concept of the digital economy. Knowledge of the digital economy can be imparted to people, students in particular, via online education. Digitally disconnected communities can receive training to increase their digital know-how and improve their ability to start up their own businesses.
- *Facilitate real programmes in the digital economic field*
On the one hand, unleash the digital dividends generated by mobile payment, the shared economy, digital education and digital healthcare to broadly benefit people's life; on the other, promote the integration of the Internet and industrial development among BRICS countries, with the manufacturing industry being digitally transformed, the industrial chains of agriculture and industry being effectively reformed, and the industrial structure being constantly optimised. Enterprises in BRICS countries may consider applying to the working group on the digital economy to establish projects, which will be submitted to the BBC for deliberation. Various financing channels, such as the NDB, should be leveraged to push forward the implementation of key projects.
- *Strengthen the construction and connectivity of digital infrastructure*
The working group on digital economy shall analyse and collect information concerning the problems and barriers encountered by two or more parties in infrastructure construction, put forward possible solutions and complete the construction and improvement of digital economic infrastructure on the basis of mutual benefit and reciprocity.
- *Step up green financial co-operation*
It is necessary to strengthen inclusive financial co-operation and high-tech financial co-operation so as to benefit the broader public and enable financial services to serve the real economy more effectively through financial digitisation. Meanwhile, continuous endeavours should be made to integrate capital markets, trying to use the BRICS currencies for settlement payments to reduce the financing pressure and lower the monetary risk of settlement solely in US dollars. BRICS countries should also further open their bond markets and promote the internationalisation of domestic currencies used in the five countries to lower the financing cost. It is suggested that cooperation of financial institutions be increased amongst the five countries and common support be given to the broad industrial and commercial communities represented by the BBC to conduct co-operation.
- *Strengthen mutual recognition of standards*
In 2017, the BBC issued the Joint Declaration of BRICS Business Council on Regulatory Cooperation on Standards. Based on that, it is suggested that the five countries further strengthen the mutual recognition of their standards systems so as to enhance the openness and inclusiveness of infrastructure-related technologies and projects as well as promote cooperation among BRICS countries on infrastructure design and construction, underpinning the mutual access to their infrastructure markets. It is also suggested that BRICS countries seek to sign the Standard Regulatory Cooperation Agreement to deepen their mutually beneficial co-operation and connectivity, recognise others' standards as equivalent standards in the areas of common concern, and jointly promote the harmonisation of product standards to reduce and eliminate trade barriers.

PART

04

ANNEXURES

AGRIBUSINESS WORKING GROUP

The rise in demand for forest products, evidenced by the projected demand for timber products of 10 billion m³ by 2050, when the world's population will reach up to nine billion, is relentless. Producing more with less resources therefore makes the maintenance of a sustainable forest management one of the top priorities among BRICS countries.

One mechanism to regulate the trade of forest products is the Forest Certification System. The system is a market mechanism designed to assure consumers that forest-based products are produced in a socially conscious, environmentally friendly and economically competitive manner. It is a tool that ensures products come from responsibly well managed forests to realise sustainable forest management.

There are presently two schemes of forest certification systems in the world, viz. the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification Schemes (PEFC), which have different policies and principles that are audited by a third-party verification system. Some of the BRICS countries have established their own forest certification systems. China has the CFCC system which was endorsed by PEFC. Russia and Brazil have their own systems called Russia's National Forest Certification System and Brazilian Forest Certification Programme (CERFLOR) which were endorsed by PEFC as well.

In the forest products trade between the BRICS countries, exporters may need to obtain the recognition of each forest certification system of the destination country. All BRICS countries are members of the PEFC Council. Based on the PEFC framework and

principles, China, Russia and Brazil have secured the endorsement by PEFC for their national forest certification systems while South Africa and India are approaching this target.

At the 2018 Mid-term Meeting, the AGW proposed an MoU on the Forest Certification Results in Forest Products International Trade among BRICS countries to harmonise the system. To promote sustainable forest management in BRICS countries, avoid international criticism against BRICS nations about illegal logging and forest products trading, support the national forest certification systems of BRICS countries, protect their fragile ecosystem, and lead by example for other countries in the world.

The MoU was considered by all the BRICS countries for signing at the BBC Annual Meeting 2018.

Highlights: Proposal of a BRICS Seed Bank

South Africa will promote co-operation in the agriculture sector among BRICS countries during its presidency of the Council.

A key enabler of agricultural and food security co-operation is a Seed Bank. It is intended that the BRICS Seed Bank would operate and manage storage facilities to help preserve the characteristics of traditional varieties and mitigate the effect of drought and climate change while at the same time serving as base material for farmers to select special lines to meet their changing needs. The BRICS Seed Bank would be an effective way to maintain food security, enhance agricultural productivity, provide poverty relief and deal with climate change. It would also play a key role in improving market outlets through enabling the agribusiness sector in the BRICS countries to produce crops of known quality, stabilise prices over changing situations and have a reservoir for farmers to select special lines to meet their changing needs. This would

improve seed market outlets through enabling the agribusiness sector in the BRICS countries to sustainably produce crops of known genetic make-up, high quality, and versatile viability as well as ensuring acceptable and/or reasonable seed prices to minimise the costs of buying seeds for planting.

The Seed Bank further represents a strategy for, or a collective approach to, the maintenance of genetic diversity in crop/plant species. It would serve as a back-up for self-sufficiency in planting material by stabilising the seed supply system in cases of crop failure.

The rationale for the Seed Bank was summarised by the AWG as the need to increase seed production and procurement by 70 percent, the need for seed safety and security, the need to better utilise Africa's agricultural space and resources, and the need for skills development and capacity generation. It is expected that these interventions would help increase employment opportunities to 20 000 by 2025.

The short-term goals are to establish proper structures, solicit resources for implementation of the pilot projects and assess the existing system's viability and areas of improvement.

Medium-term goals are to implement one pilot project per BRICS country and put in place proper infrastructure for seed multiplication and banking. Long-term goals are to roll out the sustainable production of seeds for planting and consumption and to maintain and/or improve the established infrastructure, as well as invest in research, innovation and technology transfer.

The Project status is currently at the feasibility, R&D and fundraising stage, being subject to further discussion. A costing model for the implementation of the Seed Bank Pilot Projects per country would need to be developed, taking into consideration existing related projects and programmes in each specific country. Financial aid would be sought to establish full-scale programmes in each country after the pilot project has been completed.

DEREGULATION WORKING GROUP

The DWG viewed the approval of the recommendations on BRICS Trade and Investment Facilitation Proposal last year as a significant step towards a pragmatic and forward-looking policy in line with the shared interests of BRICS countries. Escalating the recommendations to the BBC for approval will be the next step towards increasing its reach and influence.

The BRICS Business Council views the facilitation of intra-BRICS human capital mobility to be critical to the success of boosting BRICS countries' mutual trade and investment. It is suggested that consultations amongst the BRICS countries' relevant authorities should be set up regarding the following key issues:

Highlights: Cooperation in Administrative Barrier Elimination

The Deregulation Working Group is of the firm belief that co-operation between BRICS countries to eliminate administrative barriers is of paramount importance. The BRICS Business Council puts forward the Initiative for the Roadmap on Cooperation in Administrative Barriers Elimination taking into account the following principles in the BRICS countries' joint actions for administrative barriers elimination:

- Complete respect for each member-state's sovereignty, national interests, development priorities and strategies and other individual domestic circumstances;
- The non-applicability of a one-size-fits-all approach on the one hand

and a strong commitment of each member-state to deliver on administrative barriers elimination to the extent possible on the other;

- Due protection and balance of legitimate rights and interests of each member-state's private and public sectors;
- Openness, sharing of knowledge and information; and
- Consensus in decision-making.

The following areas of co-operation are tabled for inclusion in the roadmap:

Streamlining the Doing Business Related Procedures

The national-level decision-making on simplifying and boosting the efficiency of business-related administrative procedures, aiming to facilitate and accelerate the BRICS countries' mutual trade and investment, promote greater institutional and regulatory coherence, and contribute to equally enabling business environment in all BRICS countries should be actively pursued.

Lifting Barriers to Technology Development

To meet the technological requirements of economic growth in the 21st century, and to contribute to emergence of the BRICS countries originating champions of evolving and fundamentally new hi-tech products and markets spurred by the digital economy and Fourth Industrial Revolution, it is suggested that:

- Dialogues of the BRICS countries' technological standardisation bodies, with contributions from the major technological companies, should be established with the

goal to discuss possible ways of harmonising among the BRICS countries the existing and emerging technological standards as well as available means of support for the development of the BRICS-originating technological standards for fundamentally new, hi-tech products and markets as globally prevailing standards;

- Communication between the BRICS countries' relevant regulatory authorities should be established on the issues of mutual concern for regular discussions of the recent national regulatory developments caused by the technological developments and emergence of new, hi-tech products and markets.
- Exchange of information between the BRICS countries' relevant government agencies and development institutions should be further enhanced on the effective national policies and programmes for the promotion of innovation and technology transfers as well as for talent identification and development; and
- Collaborations between the BRICS countries' originating tech companies, both start-ups and well-established tech market players, should be extensively promoted.

DIGITAL ECONOMY WORKING GROUP

Recognising that technological advances and digitisation are now a globally pervasive phenomenon increasingly defining the structure of the economy, the establishment of the Digital Economy Working Group at the 2018 Mid-term Meeting has been a result of a dynamic work-in-progress over the past year. The DEWG flowed from the work done by the Deregulation Working Group, as noted in the 4th Annual BBC Annual Report.

The purpose is to share technological developments in each BRICS country. In Russia, the national programme for the development of the digital economy was presented by the Government in 2017. The programme aims to double the share of the digital economy in GDP and ensure 100 percent broadband internet penetration and digital literacy. The programme prioritises technologies of the Internet of Things, blockchain, big data, artificial intelligence, virtual and augmented reality, neuro-technologies, as well as the deployment of a nationwide 5G network and other critical digital infrastructure. Consultations through the reporting year were ongoing to identify the role of the private sector in implementing the programme and sourcing finance.

Digitalisation is one of the key priority areas for the Indian Government. To transform India into a digitally empowered and knowledge-based economy, the Government has undertaken various initiatives under the Digital India Scheme, a flagship programme of the Government of India launched on 1 July 2015. The initiatives under this programme centre around three key areas: Digital Infrastructure as a Core Utility to Every

Citizen; Governance and Services on Demand; and Digital Empowerment of Citizens.

On 20 February 2017, a Ministerial Working Group led by the Ministry of Science, Technology, Innovation and Communications was established in Brazil. The group was tasked with developing the Brazilian Digital Strategy. The group has worked on guidelines designed to boost the digital economy and define the basis and role of the Digital Economy. The development of the strategy provides an opportunity to enhance the country's growth through digital transformation. Brazil presented its National Internet of Things Plan in the second half of 2017. The plan aims to address the impact on society, the regulatory environment and instruments of tax reduction, infrastructure and connectivity, innovation and ecosystems, as well as the training of professionals in areas of investment, finance and internationalisation.

Highlights: Launch of Digital Economy Working Group

Less than a year after reaching consensus at the 2017 Xiamen Summit in China to establish a Digital Economy Working Group, work has been well under way towards formally constituting the group at the BRICS Business Council 5th Annual Meeting in July 2018. Deepening theoretical research, exchanges and co-operation in the digital economy among BRICS business communities and contributing to practical project co-operation in digital economic infrastructure, innovation, governance and industry are some of the aims of the Working Group. BRICS member-countries agreed that the initiative was timely and necessary to urge BRICS business communities to grasp opportunities, step up exchanges and co-operation, jointly promote the innovative development of the digital economy, and improve the overall

competitiveness of the five BRICS countries.

Highlights: Release of BRICS Digital Economy Development Proposal

The digital economy continues to be an increasingly important driving force for global economic growth. Its potential role in accelerating economic development and achieving inclusive and sustainable growth is widely recognised. The rapid growth of the digital economy and pace at which innovations are shaping the structure and complexity of the global economy is now a pervasive part of all economic sectors.

To strengthen efforts aimed at alleviating poverty and unemployment, promoting social inclusion, enhancing international competitiveness, and ensuring high-quality inclusive growth among the BRICS countries, practical cooperation is encouraged to promote the growth of the digital economy, enhance the complementarity of industries, and foster innovative economic development based on advanced technology and skills.

The BRICS Digital Economy Development Initiative provides a platform for the working group to promote the positive developments of digital technology, including addressing the issue of inequality and benefitting the broader population.

Digital inclusion today has become key to social and economic inclusiveness by providing access to finance, healthcare and education. E-commerce is the driving force behind the digital economy. It is envisaged that, in the future, most government services will be delivered electronically, digital infrastructure will be expanded to all parts of countries and technology will be used innovatively to expand the reach of economic and social services. The group will help address several issues, including administrative constraints, data safety and digital economy talent training. It is proposed that The BRICS Digital Economic Development Initiative will be published after the first meeting of the working group during this year's annual Summit in South Africa.

The BRICS Digital Economy Development Proposal was tabled at the BRICS Business Council 2018 Mid-term Meeting on 27 March 2018, in Shanghai, China, and was endorsed by all the five chapters of the Council.

ENERGY AND GREEN ECONOMY WORKING GROUP

Acknowledging the need for speedier implementation of key deliverables, the EGEWG has pushed forward the harmonisation of technical standards, promotion of trade flow as well as mutual exchange of goods and technologies, building the EPEC into the preferred e-commerce platform serving BRICS countries, and deepening engagement with the NDB.

Over the past year, the EGEWG's activities have evolved from standards and frameworks to more proactive engagement with the NDB to align the EGEWG's objectives with the NDB's mission and priorities.

Under the South African Chairmanship, it was proposed that the working group continue the excellent work done by the Chinese BRICS Business Council and expand the work in a few key areas. The work on a Clean Energy Fund was continued and an MoU with the NDB has been proposed. The work on a BRICS Energy Centre of Excellence and promoting the exchange of energy data, best practices, regulatory frameworks, national policies and practices and conducting conferences, exhibitions, workshops and seminars has evolved into a declaration on a BRICS Energy Agency and the holding of an Energy Event during the time of the Summit in South Africa. The first step on the path towards developing a BRICS Energy Agency is to develop a portal where links to existing information can be found and where the various centres of excellence are located and their various areas of expertise.

The energy customer and market are fundamentally shifting globally. This is

being driven by a number of technological, social, political and economic drivers. The energy sector is therefore undergoing transformative change as well as incremental change. The need for energy is not changing but the way in which it is produced, transmitted and consumed is. New, lower carbon generation sources are emerging at competitive prices, distributed generation is starting to reduce the need for large centrally located electricity generation and customers are now needing not just electricity but energy and smart services, all of this in a more efficient manner. Consumers are also increasingly responsible for their own energy needs, enabled by cost-effective distributed generation options. This is changing the markets as well as the flow of electricity and the need for new energy planning processes. Of particular importance is the link from this work to the 4IR work being conducted as the move towards a digital energy economy is a very strong driver of this change.

Highlights: Progress Towards a Clean Energy Fund Initiative

At a time of significant global risks and vulnerabilities in energy supply and sustainability, the EGEWG's efforts in the clean energy sector aim to address two critical needs of member-countries: The promotion of clean energy project funding and the harmonisation of funding criteria across BRICS countries. This includes supporting BRICS members in the core areas of financial regulation and supervision, project management, and other aspects of financial stability.

Work on a Clean Energy Fund has continued and a MoU with the NDB has been proposed. A clean energy fund within the NDB would strive to promote clean energy project financing. In February 2018, the Chinese

chapter approached the NDB on behalf of the EGEWG for a preliminary discussion. The response from the NDB was positive and the NDB would like to explore a fund with the EGEWG at follow-up meetings. The EGEWG will continue to work on this programme in the coming year as a priority focus area under the South African Presidency.

Highlights: BRICS Energy Centre

The work on a BRICS Energy Centre of Excellence and promoting the exchange of energy data, best practices, regulatory frameworks, national policies and practices and conducting conferences, exhibitions, workshops and seminars has evolved into a declaration on a BRICS Energy Agency and the holding of an Energy Event during the time of the 2018 BRICS Summit in South Africa.

Highlights: Customer of the Future

The energy customer and market are fundamentally shifting globally. This is being driven by several technological, social, political and economic drivers. The energy sector is therefore undergoing transformative as well as incremental change. The need for energy is not changing, but the way in which it is produced, transmitted

and consumed is. New, lower carbon generation sources are emerging at competitive prices, distributed generation is starting to reduce the need for large centrally located electricity generation, and customers are now needing not just electricity, but energy and smart services — all of this in a more efficient manner.

The EGEWG has begun to assess the impact these changes are having on BRICS countries, taking into consideration the economic status of the BRICS countries and the need to ensure access to affordable energy services to all of our citizens. Of importance is the link between the innovation required by the digital energy economy as a very strong driver of this change and work around the Fourth Industrial Revolution. A set of case studies on this topic has been developed and analysed. These case studies showcase best practices in managing this transition, and analyses will be included in an Energy Portal as proposed under the BRICS Energy Agency Declaration. The analysis has developed some key proposals to policy makers and regulators which are being considered by the EGEWG for deliberation.

Highlights: Regional Inter-Country Connectedness

One of the BRICS opportunities identified at its inception was that of leveraging BRICS learnings, projects and investments by taking regional approaches. Energy systems are rarely standalone, given the various primary energy resource locations, demand and growth centres and level of infrastructure development.

Taking a regional or inter-country approach to energy planning and development can enable the optimal utilisation of resources, related economic development and job creation by providing access to energy and infrastructure development and reducing local environmental impacts and greenhouse gas emissions. It also allows the leveraging of bigger markets to develop local content and business growth. By bundling similar projects together with a common objective, such as the electrification of off-grid communities, a greater scale of change can be achieved. In addition, there are the benefits of economies of scale and efficiency in terms of project development and execution costs, risk management, skills development, and ultimately the cost of implementation.

Regional integration and interconnectedness of infrastructure are also critical to managing energy resilience, especially in the face of a changing climate. Being able to wield power in times of drought, infrastructure failure and capacity constraints bring benefits to all countries whilst protecting security of supply.

The EGEWG has provided case studies of where regional approaches have been taken and interconnected energy systems have been implemented. These case studies showcase best practices in optimising regional energy systems. The case studies and analyses will be included in an Energy Portal as proposed in the *BRICS Energy Agency Declaration* which is being drafted.

FINANCIAL SERVICES WORKING GROUP

The Financial Services Working Group during the Chairmanship of South Africa focused on the following areas:

– ***Continued with the work of the Chinese FSWG during the 2016/2017 year***

Implementation of the MoU between the Council and NDB on Strategic Cooperation, BRICS Insurance Support System, Green Finance, BRICS Credit Rating Agency, and New International Payment Card System. Establish a research platform of BRICS's financial institutions and set up a cross-region and cross-industry research system.

– ***Develop a work plan to implement the Xiamen Declaration***

1. Improve and broaden trade and investment co-operation mechanism and scope to enhance BRICS economic complementarity and diversification in BRICS countries;
2. Enhance BRICS financial co-operation and encourage co-operation on Public Private Partnerships (PPP);
3. Facilitate financial market integration;
4. Promote technological innovation, and forge synergy among BRICS countries to address the development challenges;
5. Commit to BRICS industrial co-operation, seize the opportunities brought about by the new industrial revolution and

expedite our respective industrialisation processes;

6. Emphasise the importance of an open and resilient financial system to sustainable growth and development;
7. Commit to a rules-based, transparent, non-discriminatory, open and inclusive multilateral trading system to ensure South African's trading and labour rules are aligned to the WTO and fellow BRICS countries;
8. Implement the outcomes of G20 summits and call upon the G20 to further enhance macroeconomic policy co-ordination, so as to reflect the interests and priorities of EMDEs; and
9. Reaffirm commitment to achieving a fair and modern global tax system.

New Initiatives include:

- Boost BRICS economic partnership;
- Women and youth empowerment;
- Enhance co-operation with the NDB and put forward enterprise development initiatives;
- That will result in growing SMEs and contributing towards job creation;
- Operationalise and implement the NIPS during the chairmanship of South Africa;
- Establishment of the BRICS Rating Agency; and discussion on the formation of the SME Task team to enhance trade and economic development, including funding of SMEs.

INFRASTRUCTURE WORKING GROUP

The Infrastructure Working Group (IWG) is an important element of the BRICS Business Council's efforts to facilitate trade and investment co-operation between member-countries. The uneven development of BRICS countries has highlighted the need for streamlining infrastructure to assist countries integrate more seamlessly.

The IWG aims to improve the competitiveness of BRICS economies in the global market. To this end, promoting and facilitating investment has been the overarching goal of the BRICS member-states under previous Presidencies.

The programme of action of the Infrastructure Working Group (IWG) in 2018 followed seamlessly, the priorities and initiatives identified in prior years. The IWG continues to focus primarily on interventions to close the infrastructure gap and increase logistics connectivity between the BRICS countries and within their regions.

At the 2018 Mid-term Meeting held in China, the IWG resolved to focus on the following priority areas; namely the creation of the BRICS Infrastructure Portal to enhance project visibility for investment. This portal will include relevant studies on thought leadership, skills development, industrial capability building and trade connectivity; broaden co-operation in the field of educational programmes to support human capital development; and jointly conduct R&D studies on advanced technologies in infrastructure sectors of mutual interest that contribute to the development of sustainable infrastructure facilities.

Activities over the past 12 months have been directed towards deepening and advancing promotion of the

“Cooperative Framework”, engagement with the New Development Bank (NDB) and other infrastructure funding agencies, promoting and facilitating investments, creating a mechanism for sharing of knowledge/ technology for sustainable infrastructure development, co-operation on logistics network development and skills development for the infrastructure sector, and co-operation on maritime matters.

A well-established co-operative framework amongst BRICS member-states will enable the IWG to promote co-operative infrastructure development, increase economic growth, and improve the competitiveness of the BRICS economies in the global market.

Identifying areas for possible development and co-operation activities of BRICS member-states that could support the development aspirations of developing countries.

It is important to highlight that the companies from BRICS countries possess all the technologies and competencies necessary for implementation of projects for development of infrastructure and are interested to be actively involved in these activities. As the infrastructure projects require advanced technologies and skill-sets, co-operation in skills development for the design, construction and operation of infrastructure facilities; the establishment of training centres; the exchange of experiences and practices regarding efficient city transport/freight movement systems.

In the context of infrastructure co-operation, the IWG is engaging the NDB to consider proposals for funding projects shortlisted by BRICS member-states. Increasing economic co-operation between BRICS countries through greater engagement with the NDB underpins the IWG's activities.

The IWG seeks to recommend that the New Development Bank provide Financing early-

stage feasibility and engineering studies for the development of infrastructure projects that will lead to regional development.

The IWG has been effectively leveraging transport and logistics systems integration to strengthen the basis for effective and results-oriented infrastructure development programmes in member-countries in the following focus areas: To boost the development of their marine economies, the IWG is working with BRICS countries to step up cooperation in global shipping, logistics and related sectors by implementing the following measures: Considering that inadequate port facilities is a bottleneck to the growth of the shipping industry and foreign trade, the IWG is working with the BRICS Governments to encourage investments in those facilities, including advanced technologies and equipment to raise their operating efficiency.

Players in the various links of the logistics supply chain — including shipping, ports, logistics, railways, highways, warehousing and container yards in the BRICS countries — are being encouraged to co-operate closely on equity investment, concessions and land-sea multimodal transport to achieve complementary advantages.

The IWG continued to prioritise initiatives to identify possible infrastructure investment projects, particularly large-scale projects in the transport, energy, ICT and water sectors as well as potential investment opportunities identified by the rest of the Working Groups.

Through the efforts of the council and the IWG, large-scale integration initiatives were launched in the Eurasia area. Active work on the formation of a “pipeline” of infrastructure projects on the territory of Africa is underway and the prospects of activating such processes in Latin America are under consideration.

In the past year, the IWG has worked towards providing policy and technical assistance in the development of safe, balanced and dynamic transnational transportation and logistics systems for the expansion of BRICS member-states. Practical co-operative initiatives evolving from this include:

- Transnet-RZD (Russian Railways) Cooperation Roadmap;
- The work on the formation of the Economic corridor Russia – Mongolia – China is underway;
- Promotion of the North – South Corridor project in Africa;
- Chinese Investment in Saldhana SEZ;
- Durban Container Berth Project Funding;
- Chinese companies investment of over USD 10 billion in Musina-Makhado SEZ; and
- Upgrade project of the railway section “Nagpur – Secunderabad” (575 km).

In light the above, the IWG will continue to serve as a catalyst for regional integration in its member-states and its respective neighbouring countries.

MANUFACTURING WORKING GROUP

Given the considerable potential to unlock manufacturing's potential within and between BRICS member-countries and the rest of the world, there are two main aspects to the Manufacturing Working Group's (MWG's) mission: Enhanced access to trade, with a working stream within this project of analysis of non-trade barriers; and mutual benefits and win-win co-operation, or the establishment of a flexible multilateral co-operation and co-ordination mechanism across BRICS countries. The centrepiece of the MWG is mutual co-operation. Trade co-operation covers a range of issues considered to be of macro-critical importance — fiscal, financial, foreign exchange, monetary and structural — focusing on risks and vulnerabilities and policy responses.

With manufacturing a key driver of GDP growth, the MWG has initiated the following to facilitate increased market access between BRICS members and promote a moderation of non-trade barriers:

- The production of an electronic investment guide for BRICS manufacturing and the identification of key non-trade barriers between BRICS members; and a proposal to facilitate the relaxation of barriers between BRICS economies. The project involves detailed activities, including the documentation of key intra-BRICS trade types and detailing key non-trade or non-tariff barriers per trade type;
- The Development of Complementarity/ Strategic Alliance project includes a knowledge management system incorporating a database of stakeholders in the BRICS manufacturing sector, including, but not limited to, manufacturing companies, finance

organisations, and learning and academic institutions. The objective is to enhance all BRICS members' manufacturing ability and capacity through collaboration and not competition, and to increase the benefits of future activities on a win-win basis.

- In addition, the MWG will build a Strategic Hub with the strategic intent of facilitating communication, interaction and co-operation between members in respect of the following
 - > Beneficiation of raw materials found in member-countries. This will have the effect of reducing supply chain costs and reducing the environmental impact,
 - > Transfer of skills, advanced manufacturing skills and best practices between member-countries in close co-operation with the Skills Development Working Group, concentrating on those skills involved in the beneficiation of raw materials and other identified areas requiring additional skills training,
 - > Building strategic alliances/co-operatives between members in various industries, such as the pharmaceutical and technological industries, thereby allowing members to share specialist knowledge or core competency skills for the mutual development of manufacturing industries in member-countries, and
 - > enabling joint ventures between member-country companies;
- Enabling the exchange of pharmaceutical product dossiers between member-country companies;
- Highlighting manufacturing equipment and technological know-how available in member-countries for the beneficiation of raw materials and the general advancement of manufacturing capabilities as well

as the economic organisation of production between members using the benefits of economies of scale within BRICS;

- Enabling licensing agreements for the use of active pharmaceutical ingredients in member-countries;
- Identifying complementarity of capacity constraints and capacity bottlenecks, thus improving synergy between member-countries;
- Collaboration on manufacturing projects between members with shared investment risk;
- The development of the strategy as the basis for new manufacturing-based economic ventures;
- The identification of equity investment opportunities in member-countries;
- The identification of joint research and development opportunities;
- Exponential Manufacturing is another unique programme designed to formulate and unlock technology-centric ecosystems in support of exponential industrial growth in manufacturing. The I4XM programme acts as a catalyst for the development of new manufacturing industries based on exponential manufacturing technologies. The programme is deployed at two layers of strategic partnerships:
 - > Education partnerships focused on fostering awareness of trends rapidly disrupting established manufacturing industries and educating leadership in government and business on its implications,
 - > Research and Development partnerships centred on contributing new technological discoveries ready for commercialisation,
 - > Innovations partnerships defined through their ability to drive rapid commercialisation of such technologies deployed within a suitably structured ecosystem,
 - > Industry partnerships, identifying both existing and emerging companies within the BRICS collaborative suitably positioned to adopt and develop such disruptive technologies into significant new globally relevant Original Equipment Manufacturers (OEMs),
 - > Implementation partnerships, with the required technical skills, managerial capability and financial backing to assist industry partners in their developmental programmes, and

Discovery Level

I4XM acts as the convener and facilitator of industry dialogue to find opportunities for viable industry transformation, through leveraging six key partnerships across the ecosystem, namely:

- > Regulatory partnerships, through which government and industry regulators are encouraging to remove obstacles that may impede the introduction of these new industrial programmes.

Definition and Implementation Layer

- > I4XM facilitates selected industry partnerships and links individual viable business transformations to industry transformation objectives, both in South Africa and abroad,
- > The publication of an investment framework for doing business. The March 2018 Mid-term Meeting was briefed on the *Investment Guide of the BRICS Countries*. This guide is designed to support investment and applies to a broad range of investment circumstances, such as a country's fiscal and monetary policy, barriers to investment, public infrastructure and is an important business information tool for investment in BRICS countries.
- All group members at the 2018 Mid-term Meeting underlined the following key issues to develop the BRICS manufacturing industry;
- Enhancing trade facilitation, trade equality and reducing restrictive trade policies to promote global trade development;
- Emphasising mutual benefit and win-win policy, strengthen co-operation with local enterprises in BRICS countries, break technical barriers to trade, and enhance mutual benefits;
- Creating flexible multilateral co-operation and co-ordination mechanisms;

- Promoting international co-operation in BRICS countries;
- Further developing the support of the NDB in the development of the manufacturing industry;
- Strengthening exchange and communication between BRICS enterprises;
- Enhancing the communication of scientific and technological co-operation;
- Collaborating to improve the share of manufacturing in the GDP of member-countries;
- Reskilling given the advancements made in technology like industry 4.0;
- Creating a Single Window Platform for the exchange of information;
- Broadening the base of trade both within BRICS countries and across manufacturing sectors. Efforts to be continued by members for enhancing exports of value-added products and not just raw materials to create more employment and earn more foreign exchange;
- Working with officials of the NDB to ensure that the projects prepared by BRICS businessmen are in line with the prescribed norms of the Bank; and
- Ensuring that the NDB functions as a first-class assurance bank for trade among its members. There is a need for a more collaborative approach with the NDB to minimise the currency risk among BRICS members and facilitate intra-BRICS trade.

REGIONAL AVIATION WORKING GROUP

The BBC's ongoing work on co-operation and economic integration took a step forward with the establishment of the Regional Aviation Working Group (RAWG), proposed by the Brazilian chapter at the BBC Annual Meeting in 2017. The BBC Mid-term Meeting in March 2018 was briefed on the working principles and workplan of the group for 2018 and beyond. The implementation framework is designed to support an exchange and cooperation platform for BRICS countries to promote development and connectivity in aviation. It should apply to a broad range of future circumstances, such as the group's scope to use policy to offset current economic policy challenges and fill gaps in infrastructure by building a safe, reliable, eco-friendly and efficient aviation industry for BRICS countries.

The group put forward the following comprehensive approach, including regular communications mechanisms:

- Through its strategic efforts, the RAWG continues to work out the mechanisms to facilitate internal cohesion and policy alignment within each BRICS country. These include regular teleconferences involving government and business from each country, industry association engagements between BRICS countries, study groups focused on sharing of PPP best practices and ancillary areas like regulation, privatisation case studies, and annual meetings of the RAWG country chapters to be hosted in the Presidency country.
- As a new working group, the RAWG is at a dynamic stage in its development. It is in the process of producing a wide array of programmes and policies designed to promote a close policy dialogue between the member-countries focused on deepening reforms in key areas in which growth is constrained. In general, such reforms would support strong co-operation between the BRICS countries.

SKILLS DEVELOPMENT WORKING GROUP

Over the past year, the Inaugural BRICS Skills Challenge has been successfully executed. BRICS countries responded positively and actively participated in the series of activities.

The SDWG has also established programmes aimed at building world-class expertise. The SDWG shares this knowledge through hands-on expert advice, collaborations to innovate and develop cost-effective learning tools, collaborations towards the development of a standard qualifications framework that will support a worker's mobility from one BRICS nation to another, BRICS nation peer-learning workshops, and policy-oriented training. This support is delivered to countries through a wide range of practical interventions, which include identifying areas in which skills development activities can have the biggest impact within and amongst member-countries.

Since the 2017 Mid-term Meeting, considerable progress has been made, particularly with respect to strengthening programmes and increasing bilateral and multilateral co-operation in skills development.

The SDWG's skills co-operation efforts in the past year focused on the following areas:

- Terms of Reference of the South African Working Group;
- Second BRICS Skills Challenge;
- Discussion of the implementation of a Skills Development Fund under the auspices of the New Development Bank;

- BRICS Atlas of Emerging Jobs;
- Indigenous, contextualised Career Development for Youth and Adults; and
- Soft skills development.

The development of the South African SDWG Terms of Reference articulates the role of the SDWG as a support function for the Working Group. The intent of this support function is to facilitate matches between skills required by business and those obtained in qualification processes. This will be achieved through the identification of both existing skills and existing skills gaps as well as the creation of programmes for the development of skills to close identified gaps. This will assist business growth internally in and between BRICS countries.

The support described above will be delivered in several ways including, but not limited to, the following:

- Facilitate jobs of the future research in South Africa, thereby allowing the identification of future skills required and allowing a “leapfrogging” of specific skills gaps;
- Facilitate the development of curricula for jobs of the future in conjunction with BRICS Business Council Working Groups;
- Facilitate the development of technical skills via participation in BRICS Skills Challenge;
- Establish a Skills Fund that will facilitate local and regional skills development for NDB-funded and other BRICS projects;
- Participation in, and facilitation of, BRICS Skills of the Future challenges; and

- Provide regional facilitation of skills development for BRICS projects.

The Jobs of the Future project has happened in several phases. Russia conducted a Foresight session on Jobs of the Future with merSETA and its chambers; South Africa participated in a Russian project on Jobs of the Future in the Metals industry and signed an agreement that Russia will conduct a train-the-trainer project on the methodologies to build local capability in this research, which will happen this year. The South African SDWG utilises as many opportunities as possible to engage in issues pertaining to Jobs of the Future as skilling for these jobs is critical to overcoming South Africa's future skills gaps.

Under the presidency of India, the SDWG put together research into the impact of the Fourth Industrial Revolution on the manufacturing sector in BRICS economies. Several South African organisations participated in the research, including the CSIR, Department of Science and Technology, Adcorp, Aerosol, Manufacturing Circle, Chieta and merSETA.

All member-country skills groups made presentations at the FICCI Skills Summit in Delhi in India in 2016 and the final report was presented at the Mid-term Meeting in March 2017. This research has been utilised to provide input into the Indian jobs of the future project and has been widely distributed and used in the manufacturing sector in all BRICS countries.

Under the Chair of China, the SDWG conducted skills challenges for skills of the future, including welding, 3D printing, product life cycle management and intelligent manufacturing operator, CNC, maker competition, and intelligent technology challenge. The aim of these competitions is to develop technical future jobs skills and enhance curricula and knowledge. South Africans participated in the welding competition (and won a gold medal) and several training institutions participated as observers in the remaining competition and had the opportunity to spend time in various companies seeing the skills in practice.

During the Mid-term Meeting in Shanghai the SDWG signed the BRICS Alliance for Skills Development. This covers the following:

- Promoting BRICS talent cultivation;
- Developing and executing skills challenges for existing and future skills;
- Carrying out and sharing BRICS Skills Development research; and
- A programme of continuous improvement in future skills advancement, innovation, curriculum expansion and harmonisation of training standards and certification.

As South Africa assumed the presidency of BRICS in 2018, the South African SDWG agreed to host the second BRICS Skills Challenge at Gallagher Estate in Gauteng at the end of September 2018. The challenge is held using a similar format to World Skills Formats, where competitors are given specific tasks and deadlines in which to complete them. Competitors are judged by panels of skills specialists from participating countries. As the SDWG wants to differentiate the challenge from WorldSkills, the challenge will focus on skills for today and tomorrow, and where possible will incorporate multi-cultural and soft skill challenges.

The BRICS Atlas of Emerging Jobs project follows local SDWG projects across BRICS. Each country is producing an *Atlas of Emerging Jobs*, which was compiled in a *BRICS Atlas of Emerging Jobs*. The BRICS Atlas will allow all member-countries to identify skills and competencies required for new and emerging jobs, thereby facilitating BRICS qualifications, skills transfer and knowledge exchange.

Career development research is increasingly showing evidence that alternative career development approaches are needed in developing countries where large parts of the population emanate from disadvantaged backgrounds. The contextualised career development project will focus on five feasibility studies that will apply an indigenous career development approach/methodology within a group of adults facing career development challenges and choices. This project will be run in collaboration with the South African Career Development Association. The emerging indigenous career development approach is showing evidence that a more holistic approach to career development encourages adults to develop adaptability skills to enable them to adjust their skill-set to deal with fast-changing environments.

Short courses will be offered during all the BRICS SDWG events in 2018. Based on requests from other Working Groups, the following will be offered:

- Ubuntu, including Diversity and Conflict management (21 July and September 2018);
- Designing soft skills tasks and assessments for skill challenges (21 July and September 2018); and
- Entrepreneurship skills (During the Mid-term Meeting in March 2019).

The Working Group is also investigating adding training of disabled people and people-to-people and interaction skills in a digital world.

MEMORANDUM FOR SUPPORTING FOREST CERTIFICATION AS A TOOL TO PROMOTE SFM AND CERTIFIED PRODUCTS TRADE AMONG BRICS COUNTRIES



In order to promote sustainable forest management in BRICS countries, eliminate trade barriers, expedite the development of forest products trade, protect the fragile ecological system and living environment of human beings, Agribusiness Working Group of BRICS Business Council has conducted discussions at the last three annual meetings held in Russia, India and China, respectively. From these meetings, Agribusiness Working Group of BRICS Business Council have agreed with the following terms when it comes to promoting forest certification and trade of sustainably managed forest based products:

1. Although the challenges certification principles and standards impose on the evolution of the global industry are noted, BRICS countries should stay committed to and maintain their endorsement of globally renowned certification systems, such as PEFC and strongly participate in the decision making processes and reforms of their policies and standards;
2. Countries which have not yet reached the endorsement of internationally recognised systems should pursue this recognition and continue this effort engaging national and international stakeholders. BRICS shall only support and accept products from internationally endorsed systems;
3. BRICS countries shall promote, encourage and claim for certified forest based products in line with their national forest certification schemes which are endorsed internationally, such as PEFC, in international forest products trade among them; and
4. Agribusiness Working Group of the BRICS Business Council do not support a ban of any other national forest certification schemes and encourage certification as a tool to promote sustainable forest management and trade of sustainable products in the international markets.

Agribusiness Working Group requests the governments of BRICS countries to recognise and implement the proposal of "supporting forest certification as a tool to promote SFM".

DECLARATION ON THE NEW INTERNATIONAL PAYMENT SYSTEM (NIPS)

The BRICS Business Council Financial Services Working Group (FSWG) is convinced, that the construction of a stable, reliable and predictable financial system and environment is essential for the participants of trans-border business turnover and civil dialogue within the BRICS area as well as for sustainable growth and inclusive development in general.

We welcome the initiative of the South African Business Council Chapter to lay the foundation for innovative payment arrangements between the BRICS countries with the advanced digital technologies in the core. The proposed system will ensure safe and financially attractive coverage, not only for credit and debit card-based settlements as this was initially expected, but for the whole range of cross-border consumer payment transactions in the BRICS countries and eventually far beyond.

The FSWG is fully committed to the objectives of creating the BRICS Business Council and its mission to identify problems and bottlenecks for greater economic co-operation amongst the BRICS countries, to promote and strengthen mutually beneficial ties in the BRICS business community, to ensure regular dialogue between the business communities of the BRICS nations and the Governments of the BRICS countries, and to recommend solutions and feasible steps forward accordingly.

Based on this, the FSWG is determined to launch the flagship project “The New International Payment System (NIPS)” on the following terms and conditions:

- The proposed NIPS should serve for seamless integration of local currency based national payment systems into the overall network through the creation of a single gateway with an open architecture;
- The starting operational platform and payment protocols to form a switch cloud for cross-border settlements in digital format and any counterparts for outsourcing to secure NIPS further development are being selected on a competitive basis; and
- In its essence, NIPS is a demand-driven venture, constructed as an open-type structure, progressing from relatively simple to more complex functions, expected to improve constantly to promote financial security, empower financial sectors in BRICS and to contribute towards financial stability in crisis situations and other adverse developments.

Recommendations

- It is recommended that the created NIPS from the very beginning will be built on sound banking principles, structured for financial self-sufficiency and income generating activities;
- It is also recommended to develop NIPS in collaboration with the existing BRICS national payment systems in local currencies and in co-operation with NEPAD, PASA, SCO, EAEU, and MERCOSUR countries according to BRICS Plus formula; and
- The FSWG, with an active involvement of the entire Business Council, requests the BRICS leaders to support the private-sector-driven NIPS initiative and to recommend national monetary authorities to provide all possible assistance for its full-scale implementation on the best PPP principles.

We call on the monetary authorities of our countries to support this private-sector-driven development on the best PPP principles. It is therefore further recommended that:

- The existing bank card network of BRICS should be built into the NIPS by integrating and co-ordinating technical standards and business rules, upgrading out-of-date technologies,

connecting telecommunication lines and using new ways for settlements, which allow for bypassing the unreliable operation centers for conventional reserve currencies;

- Further expansion of BRICS national currencies in international commercial turnover should be accompanied by the construction of an adequate mechanism for their convertibility in accordance with real business demands;
- The NIPS development plan, providing the creation of a switch-cloud platform for cross-border settlements in digital format, including blockchain technology, should be developed. The Indian FSWG suggested that card (RuPay) and mobile (BHIM UPI) based products be included for the whole range of cross-border consumer transactions rather than just limiting payments to a card-based system. Chinese Union Pay would like to share experience in its digital solutions like QuickPass App and Token system, which could be applied to bilateral and multilateral co-operation.;
- Those proposals to be considered on a competitive basis along with other advanced mobile platforms and payment protocols available from project participants to develop NIPS standard products and procedures. Among the alternatives, to be considered by the joint management company, there is HandyBank mobile platform as well as Joys and UNISTREAM payment systems; and
- Facilitate the creation of a single gateway with an open architecture to enable the task of seamless integration into the overall network of local currency-based national payment systems.

DECLARATION ON THE ESTABLISHMENT OF THE BRICS CREDIT RATING AGENCY



Preamble

On the directive of BRICS leadership (refer to BRICS Goa Declaration, 2016), the BRICS Business Council formed an Expert Group in October 2016, to examine the feasibility of setting up a credit rating agency by BRICS nations ('BRICS RA') on market-based principles. The Final Report of the FSWG Expert Group was tabled in June 2018.

Taking into account the importance of the BRICS nations' need to raise funds from capital markets and to develop their bond markets so as to meet their immense funding requirements, especially in core sectors such as infrastructure, the BRICS nations hereby recognise the need that a BRICS RA be formed.

The BRICS RA will provide better access to capital markets, especially to issuers in BRICS and other emerging/frontier markets because of its appropriate and relevant methodology for credit evaluation, an independent, emerging (and frontier) markets-informed view, and providing unbiased opinion to investors. This will enable global investors, who have a strong interest in investing in emerging markets, to evaluate and compare the credit risk of projects, and hence optimise their investment decisions.

Founding Principles of the Credit Rating Agency

It is hereby declared that the BRICS RA shall operate on the following founding principles:

– **Operating Model**

BRICS RA will provide credit ratings and macro-economic and sectoral research services, on commercial market-based principles. The rating agency will essentially rate foreign-currency fixed income loans of member development banks, expand its scope of services gradually, and adopt the well-tested and globally accepted issuer-pay business model.

– **Scope of Operation**

The BRICS RA shall develop capabilities to rate and evaluate foreign-currency cross-border fixed and variable income products and securities of entities of BRICS and other countries. It may also rate local currency issuances of multilateral institutions. The BRICS RA may also, at its discretion, develop capabilities to assign credit ratings to sovereigns.

– **Research Capacity**

The BRICS RA shall, complementary to its core activities of rating credit securities and products, also gather and disseminate, including on a commercial basis, macro-economic and sectoral research and insights on emerging markets.

– **Ownership Model**

The BRICS RA shall be a supra-national institution with at least 51 percent of the shareholding by private institutions (comprising private financial institutions from each country, registered private credit rating agencies and multilateral agencies) within the BRICS countries. The ownership of BRICS RA would ideally have, by and large, equal share among the BRICS countries, with no single institution, whether private or national, owning more than 9.99 percent of the voting capital of the BRICS RA.

– ***Jurisdiction and Regulations***

The BRICS RA shall be established in a jurisdiction which has well-established and conducive regulations governing credit rating agencies. Most preferably, it shall be established in one of the BRICS countries, as suggested by the Expert Group in its report. In any case, the regulators in each of the BRICS nations will sign an 'Endorsement Document' accepting the governing regulations and enabling its enforceability across the BRICS nations.

Establishment Procedure / Next Steps

Upon adoption and signature of this declaration by the Council, the BRICS Business Council recommends to the BRICS leadership to adopt and approve this important initiative to aid the financial markets in the BRICS nations.

Once approved by the BRICS Leadership, the BRICS Business Council suggests the following activities to be undertaken to take this initiative forward and establish the BRICS RA:

- BRICS leadership to decide on the host country based on mutual consent, after internal deliberations at the highest level;
- BRICS leadership to authorise an initial cumulative equity capital (expected to be in the range of USD 35-50 million) for the establishment of the BRICS RA, to be equally split among the BRICS nations (through private and government institutions from each nation);
- A BRICS RA Steering Committee shall be formed, chaired by a representative from the host country, with fair and proportional representation across the BRICS countries. The Steering Committee will comprise members from different faculties and expertise, such as government nominees, private institutions, subject matter experts and members from the present BRICS Rating Agency Expert Group of the FSWG. The Steering Committee will take up the preliminary activities necessary for the formation of the BRICS RA, in line with the recommendations of the FSWG Expert Group. The Steering Committee is hereby authorised to take assistance from/appoint independent advisor(s) to carry out the necessary activities;
- A voluntary network of existing well-established registered credit rating agencies within the BRICS countries be established. The network of credit rating agencies could act as Technical Advisors to the BRICS RA, and guide and support the formation of the new BRICS RA on all technical matters, including valuable advice on market insights, regulations, prevailing credit evaluation frameworks as well as facilitate interactions with the regulators, financial institutions and other agencies to ensure a faster establishment and smoother start-up for the new rating agency.
- The BRICS countries shall ensure that a certain amount of initial capital shall be secured for set-up costs and advisory fees in terms of the above establishment procedure.

BRICS BUSINESS COUNCIL INITIATIVE FOR THE ROADMAP ON CO-OPERATION IN ADMINISTRATIVE BARRIERS ELIMINATION



Preamble

Taking full account of the efforts being continuously exerted by the BRICS countries to facilitate international trade and cross-border investment,

Granting full support for the BRICS Action Agenda on Economic and Trade Cooperation endorsed by the BRICS Ministers and Leaders during China's Presidency, as well as the Strategy for BRICS Economic Partnership and other economic action plans and co-operation frameworks endorsed during previous BRICS Presidencies,

Building on the BRICS Business Council Deregulation Working Group discussions and deliverables in 2015-2017,

With a view to:

- Further promote intra-BRICS economic co-operation, mutual trade and investment;
- Diversify and broaden the scope of intra-BRICS economic co-operation;
- Expand the pool of concrete joint business projects;
- Fully explore the existing and potential opportunities for economic co-operation from the perspective of their consequences in terms of ensuring sustainable and inclusive economic growth, welfare for entire BRICS countries' populations, technology and skills development in the BRICS countries,

The BRICS Business Council puts forward the Initiative for the Roadmap on Cooperation in Administrative Barriers Elimination.

Principles

The Initiative is proposed with the understanding of unconditioned priority of the following principles in the BRICS countries' joint actions for administrative barriers elimination:

- Full respect for each Member State's sovereignty, national interests, development priorities and strategies, and other individual domestic circumstances;
- Non-applicability of one-size-fits-all approach, on the one hand, strong commitment of each Member State to deliver on administrative barriers elimination to the extent possible, on the other;
- Due protection and balance of legitimate rights and interests of each Member State's private and public sectors;
- Openness, sharing of knowledge and information;
- Consensus in decision-making.

Suggested areas of co-operation for inclusion in the Roadmap

1. *Streamlining the Doing Business Related Procedures*

To inform the national-level decision-making on simplifying and boosting the efficiency of the doing business related administrative procedures, aiming to facilitate and accelerate the BRICS countries' mutual trade and investment, promote greater institutional and regulatory coherence, and contribute to equally enabling business environments in all BRICS countries, it is suggested that:

- The BRICS countries' joint capacity-building and knowledge sharing projects should be initiated on national good practices of reducing time and costs of the doing business related procedures, including starting a business, obtaining investment approval, dealing with construction permits, getting electricity, registering property, getting credit, paying taxes, trading across borders, enforcing contracts, resolving insolvency, and other relevant procedures;
- Relevant bodies (government agency, business community or other organisation) in the BRICS countries should be mandated to assess current situation of trade facilitation in goods in a respective country (bringing particular attention to trade with other BRICS countries), taking the rules established in the Trade Facilitation Agreement as a benchmark, with the goals to promote awareness of exporters and importers, and to facilitate best-practices sharing. Additionally, the same bodies should be mandated to strengthen the BRICS countries' dialogue and policy exchanges on trade in services, and support discussions on a potential agreement on trade facilitation in services under the WTO framework;
- Communication between the BRICS countries' customs authorities should be further enhanced, including on the issues of streamlining import/export procedures, lifting excessive documentary requirements, reducing non-tariff measures' hindrance to trade, advancing the introduction of single window and paperless and electronic customs clearance, mutual recognition of Authorized Economic Operators, exchange of information and data on trade and law enforcement, commodity classification and codes unification, anti-counterfeit measures, and other relevant issues;
- Dialogue channels should be set up in the BRICS countries to ensure that the comments of foreign investors and foreign-invested enterprises on overall business environment in the host country, as well as on the policies of market entry, investment facilitation and investment promotion are clearly articulated. To the extent possible, "one-stop service" format of communication between foreign investors, foreign-invested enterprises and governmental agencies and service providers should be promoted; and
- Communication between the BRICS countries' Micro, Small and Medium-Sized Enterprises (MSMEs) support organisations should be launched on the issues of national good practices of MSMEs promotion, expanding MSMEs' access to finance, strengthening MSMEs' integration in the global value chains, considering feasibility of a potential BRICS MSMEs Cooperation Agreement, and other relevant issues.

2. *Lifting Barriers to Technology Development*

To meet the technological requirements of economic growth in the 21st century, and to contribute to emergence of the BRICS countries originating champions of evolving and fundamentally new hi-tech products and markets spurred by digital economy and new industrial revolution, it is suggested that:

- Dialogue of the BRICS countries' technological standardisation bodies, with contributions from the major technological companies, should be set up, with the goal to discuss possible ways of harmonising amongst the BRICS countries the existing and emerging technological standards, as well as available means of support for the making of the BRICS-originating technological standards for fundamentally new hi-tech products and markets as globally prevailing standards;
- Communication between the BRICS countries' relevant regulatory authorities should be established on the issues of mutual concern, for regular discussions of the recent national regulatory developments caused by the technological developments and emergence of new hi-tech products and markets;
- Exchanges of information between the BRICS countries' relevant government agencies and development institutions should be further enhanced on the effective national policies and programmes for promotion of innovation and technology transfer as well as for talent identification and development;
- Collaborations between the BRICS countries originating technological companies, both start-ups and well-established technological markets players, should be extensively promoted.

3. *Facilitating Intra-BRICS People's Mobility*

To bring forward the BRICS travel facilitation agenda, thereby contributing to boosting mutual trade and investment, it is suggested that consultations among the BRICS countries' relevant authorities should be set up on the issues of:

- Long-term multiple-entry visas for bonafide frequent business travellers;
- Further simplification of the visa procedures among the BRICS countries for short-term tourism and other non-business purposes;
- Streamlining the procedures of mutual granting by the BRICS countries for each other's nationals for study and work permits; and
- Harmonisation of professional standards and mutual recognition of the BRICS countries' qualification licenses.

Implementation and communication

For the purpose of effective implementation of the Initiative with tangible results, it is suggested that, as part of the outcomes of South Africa's BRICS Presidency:

- The BRICS Roadmap on Cooperation in Administrative Barriers Elimination should be elaborated on and incorporated in the BRICS Action Agenda on Economic and Trade Cooperation;
- “Liaison Bodies” (relevant government agency, business community or other relevant organisation) should be mandated at the national level as a “single window” for collecting the stakeholders’ opinions and contributions that might be utilised in the BRICS countries’ joint activities for administrative barriers elimination;
- Memorandum of Understanding should be agreed on between designated national “Liaison Bodies” and New Development Bank that would be aimed to finance the BRICS countries’ joint capacity-building and knowledge sharing projects on administrative barriers elimination;
- Regular process of consultations on administrative barriers elimination (to inform subsequent decision-making at the Ministers’ and Leaders’ levels) should be launched at the level of the BRICS Contact Group on Economic and Trade Issues, with contributions from designated national “Liaison Bodies” and other relevant public and private sector national stakeholders, and progress to be reviewed and publicly presented annually.

