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BRICS

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Fundação Alexandre de Gusmão

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FOREWORD TO THE ENGLISH EDITION

The Alexandre de Gusmão Foundation has been organizing projects to contribute to the research and debate on topics related to the international agenda of Brazil. One of these topics concerns the grouping of countries known as the BRICS (Brazil, Russia, India, China and South Africa). The Foundation's research on this association has thus far resulted in publications such as: *Brazil, BRICS and the International Agenda*, and *Debating BRICS*. These 2013 publications arose from round-table discussions, seminars, and articles written by scholars, businessmen, diplomats, and opinion makers from Brazil and the other member-countries in the group. *Debating BRICS* started the compilation of the joint statements of the annual BRICS summits that began after the ministerial meeting in Yekaterinburg, Russia, in 2008. Its goal was to facilitate a more thorough study of the subject. In 2011, FUNAG edited the *BRICS Bibliographical Catalog*, an unpublished work in Portuguese and English that presents a set of core readings to understand the five countries that compose the intergovernmental grouping.

The Sixth BRICS Summit, held in July 2014, in Fortaleza, Brazil, raised so much interest that a decision was made to edit a new book in order to update the analysis of the BRICS with material stemming from the latest milestone in its history: the agreements to establish the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA). These instruments are of historical importance, as they represent the very first institutions with their legal personalities created through the association's own initiative. Given these results, the coordinated diplomatic action of the BRICS gained greater visibility and credibility, enhanced by the consistency and scope of the economic and financial instruments that were established.

The dynamics of this evolution and the prospects that unfolded resulted in a need to update some of the Foundation's previous publications, although they will always retain their value as sources of knowledge on the historical formation of the group and on the discussions that accompanied the proceedings. The demand for more recent analyses has been partially met by the article "VI Cúpula do BRICS: Perspectivas e Resultados" (The Sixth BRICS Summit: Perspectives and Results), written by Ambassador José Alfredo Graça Lima, which opens the first issue of *Cadernos de Política Exterior* (Foreign Policy Journals)[1], a bi-annual publication released in 2015 by the Institute for Research on International Relations. It can be consulted and downloaded for free from FUNAG's website.[2]

Nevertheless, the importance and complexity of the topic required an even broader editorial effort. The result is this new

1 The article *BRICS: de Fortaleza a Goa,* published in volume IV of the same Journals, in the issue for the second semester of 2016, written by Minister Kenneth Félix Haczynski da Nóbrega's, has updated and enriched the narrative on the BRICS.

2 GRAÇA LIMA, José Alfredo. VI Cúpula do BRICS: Perspectivas e Resultados. *Cadernos de Política Exterior*. FUNAG: Brasília, v. 1, n. 1, p. 11-26, 2015. (for a free digital download of this and other FUNAG publications, please go to: <http://www.funag.gov.br/loja/>).

collection of articles that seeks to meet the demand for information, while supplying current and comprehensive perceptions on items of strategic interest to the international agenda of Brazil, with a special emphasis on global governance. In addition to the thematic essays, the reader will find a consolidated compilation of all joint BRICS communiqués, including the Fortaleza Summit, which will meet the expectations of scholars and researchers, as well as the general public.

In March 2014, FUNAG collaborated with the Institute of Applied Economic Research (IPEA), in Rio de Janeiro, on the organization of the BRICS' Think Tanks Council, as well as the Academic Forum.[3] Together with IPEA, FUNAG co-edited *The Sixth BRICS Academic Forum*, which collected the texts discussed during the meetings of think tanks, research centers and academic representatives from the five member countries in Rio. This publication in English can also be downloaded for free from FUNAG's Digital Library.

In April 2014, in the midst of preparations for the Sixth BRICS Summit, FUNAG and the Brazilian Ministry of Foreign Affairs held a seminar, in partnership with the University of Fortaleza, called "BRICS Expectations for the Sixth Summit." It was an initiative with broad impact that included the participation of Ambassadors from Russia, India, China, and South Africa. The event contributed to an understanding of the historical importance of the summit to be held in July of that year, in Fortaleza, by the heads of state and government of countries that represented 42% of the world's population. This and other socio-economic indexes reinforced the perception of the degree of representativeness and legitimacy of actions taken by the BRICS, as well as their potential influence on

3 The Academic Forum stemmed from a proposal made by Brazil on April 15, 2010 during the summit of what was then called the BRICs countries (the capital "S" was added to the acronym in 2011 with the formal accession of South Africa to the group). The 2010 summit was held in Brasília.

humanity's destiny. For all of these reasons, the BRICS countries are seen as necessary partners when discussing global issues of high importance.

With the same principle of disseminating Brazilian foreign policy and helping to shape a public opinion sensitive to the problems of international co-existence, FUNAG, together with the Armando Alvares Penteado Foundation and the Brazilian Ministry of Foreign Affairs, held a seminar entitled "An Evaluation of the Sixth BRICS Summit: Results and Expectations" in Sao Paulo, in October 2014. At that seminar, discussions co-chaired by the then president of the China-Brazil Business Council, Ambassador Sergio Amaral, took place, with the participation of diplomatic negotiators, scholars, experts and opinion-makers. In addition to institutional and financial issues – such as those surrounding the New Development Bank, and the Contingent Reserve Arrangement – political issues were also discussed, including such topics as: intra-BRICS coordination; areas of cooperation; outreach with South American countries; interpersonal contacts within the Academic and Business Forums; and matters related to inclusive growth and sustainable solutions.

The Fortaleza Summit consolidated the understanding that the BRICS form a center of diplomatic articulation capable of creating social and economic structural changes that affect the international system. The results of the meeting have shown the complexity of the dialogue, mutual trust, and the ability to act together. In an assessment by Ambassador Graça Lima, the meeting represented a "milestone in the course of consolidating the organization and it was one of the most successful high-level meetings"[4] that he has attended.

This book published by FUNAG, *BRICS – Studies and Documents*, was organized in 2015 with the purpose of continuing the analysis

4 GRACA LIMA, op. cit, p. 11.

and discussion of this intergovernmental group of countries, while consolidating the collection of necessary documents for the study and research of a new chapter on international relations at the beginning of the twenty first century. For students of Brazilian diplomatic thought, the convergence of positions among the BRICS, especially in relation to issues such as fighting poverty and promoting development, is not surprising; a review of the records of economic multilateralism in the twentieth century would be enough to recognize this.

For this English edition, I invited the current Head of the Department for BRICS of Itamaraty, Minister Kenneth Félix Haczynski da Nóbrega, to write a postface in order to update the narrative including considerations on the two Summit Meetings that took place after Fortaleza.

Understanding the reasons that countries such as Brazil, Russia, India, China and South Africa seek a dialogue "with regard to global development problems"[5] is important, as it provides a correct assessment of what this common effort represents for the improvement of the international system, for multilateralism, and for the ability to achieve sustainable human development on a global level. The BRICS organization established itself as a mechanism with a growing agenda to coordinate and cooperate.

The value of this discussion being promoted by FUNAG lies in the analyses and diffusion of ideas and perceptions of the countries and societies that participate in the BRICS association, on matters not only of concern to their own common interests but also to those of the rest of the world. Through these efforts, a greater knowledge of these countries and a more transparent communication among

5 From the Joint Communiqué of the Yekaterinburg Ministerial Meeting, the first meeting of the foreign ministers of Brazil, Russia, India and China during the creation of the BRIC group. Yekaterinburg, Russia, May 16, 2008.

them are advanced; the dearth in literature on issues of interest to the BRICS – as well as the international community – is at least partially filled; and incentives are provided to future scholars and researchers, to conduct new studies, in order to further deepen the discussion regarding this association, its member countries, and their joint actions.

Sérgio Eduardo Moreira Lima

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FOREWORD

The BRICS group of countries has become an indispensable object of study for all who strive to understand contemporary trends in the international arena. Yet it is often difficult to understand the proper meaning of the term, and there is a considerable diversity of perceptions and interpretations of the "BRICS phenomenon." There is also no shortage of questions to pique the interest of observers.

What is the true nature of this group that brings together five countries from four diverse continents? Attempting to answer that question raises a number of others: What does the BRICS group represent in the current context of the international system? Is it here to stay or is it merely a passing trend? Are the affinities of interests between the five member countries sufficient to consolidate a common agenda, despite the obvious differences between them? Is the group's vocation merely economic, or does it extend into the political sphere? Can we predict its increased institutionalization or will the group only be maintained as a type of convergence forum?

Following FUNAG's previous initiatives,[1] this current publication aims to provide the elements – certainly not exhaustive and much less definitive – of answers to questions such as those raised above. To do this, the main documents from BRICS meetings (initially, BRIC, before South Africa became a member in 2011) were compiled and

1 BRICS Library Catalog (2nd edition, 2011), *Brazil, the BRICS and the International Agenda* (2013) and *Debating BRICS* (2013).

five analytical articles by scholars and diplomats with expertise in the subject were assembled.

In the first article, Renato Baumann, the Director of Studies on Economic and International Policy Relations at the Institute of Applied Economic Research (IPEA), reviews the reasons that alternate between an optimistic perspective on the prospects of joint actions taken by the BRICS, to one of concern and pessimism. He also examines aspects that negatively affect Brazil's exports to its partners in the group, including the higher value-added sectors. Additionally, Baumann discusses trends in intra-BRICS investment flows, recognizing a possibly undesirable pattern of predominance in investments aimed at the exploitation of natural resources. He also points out the importance of joint action taken on a multilateral level by the five countries, and the progress of such initiatives as the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA).

From a historical perspective, Flávio Damico, the Director of the Department of Inter-Regional Mechanisms within the Brazilian Ministry of Foreign Affairs, explores factors that help to understand the growing presence of the BRICS in the global governance scenario, particularly in the wake of the global financial crisis of 2008-2009. This author is cautious to note that the importance of the BRICS international presence is not restricted to the economic and financial arena. From this perspective, he examines the results accumulated throughout the first cycle of the BRICS summits and the perspectives opened at the Fortaleza Summit, in July 2014. Damico also pays attention to three areas of overriding concern to the BRICS: the need for greater representation in global governance structures, the scarcity of resources to finance infrastructure projects, and the volatility of the international economy. In particular, he highlights the importance of the creation of the New Development Bank (NDB)

and the Contingent Reserve Arrangement (CRA) for the group's identity consolidation and for progress in its institutionalization.

The analysis of Adriana Abdenur and Maiara Folly – both from the BRICS Policy Center at the Pontifical Catholic University, in Rio de Janeiro – focuses on the institutionalization process of the group. The two authors examine that process in three dimensions: the creation of a coherent "bureaucracy"; the degree of social "embeddedness"; and the consolidation of a "normative platform" capable of having an impact on a global level. Their article presents an overview of the academic literature on the BRICS, a group the authors characterize as "anti-hegemonic" but not "anti-Western." They also believe that the group is not destined to have a systemic breakdown. Abdenur and Folly further say that the group focuses on financial cooperation for the purpose of development, because cooperation represents the "path of least resistance." Concerning the potential for the group's institutionalization, especially in light of the creation of the New Development Bank, the authors say the prospects are more solid in the first two dimensions – a coherent bureaucracy and social inclusion – yet they are more subject to question at the normative level. Finally, the authors also recommend that in order to achieve a deeper institutionalization with a variety of facets, the BRICS' authorities should seek a diversification of the group's agenda beyond strictly financial matters.

The article by Carlos Márcio Cozendey, the Undersecretary General for Economic and Financial Affairs, in the Brazilian Ministry of Foreign Affairs, provides us with the perspective of one whose experience came from a direct involvement in the negotiations that led to the creation of both the NDB and the CRA, thereby offering valuable insight for a better appreciation of the meaning of these initiatives. In the case of the NDB, Cozendey highlights the fact that the new institution is a response to the lack of financial resources

for infrastructure projects as well as the slow pace of reform of the Bretton Woods institutions. Concerning the CRA, he points out its characteristic as an additional tool for strengthening the capability of the BRICS to face volatile changes in capital flows. With both the NDB and the CRA, he says, the BRICS demonstrate their ability to open new areas of initiative and governance on an international level. Cozendey also describes what the primary interests and concerns of each of the five countries were during the negotiations that resulted in the creation of these entities.

Renato Flôres, a Mathematician and Economist at the Getulio Vargas Foundation, Rio de Janeiro, sees the BRICS as a *sui generis* group, whose understanding requires one to discard the old explanatory models of integration processes and international association. As a humorous suggestion, he implies that the idea may be more profound than it at first appears. He further suggests that we "forget O'Neill" (a reference to the economist, Jim O'Neill, who first coined the acronym BRIC – then minus South Africa – in 2001). Flôres shows us that, despite the differences between the BRICS, which he acknowledges are neither few nor small, deciphering them becomes more intelligible when one pays attention to a basic fact that is often lost amidst a myriad of interpretations: that each of the five countries has something to gain from their participation in the process. And, ironically, he says, it is also this fact that helps to explain a good amount of the skepticism surrounding the group. Flôres concludes by stating that those with the most to lose are precisely the ones who believe that the highest priority of the current international order architecture is a preservation of the *status quo*.

These five articles confirm the diversity of viewpoints regarding the BRICS and the initiatives taken by the association. Additionally, they all express a need to address this group of countries with the sophistication its complexity deserves, and the necessity to

overcome shallow impressions, such as the idea that the diversity among the five countries is an insurmountable obstacle to their success. Counteracting the skeptics, the BRICS group has been leaving its mark in the international arena. The interest alone that the organization inspires, suggests that it is fulfilling a real demand, one related to the ongoing processes transforming the international scene.

Almost everything that is new faces resistance from both cognitive bias and the inertia of intellectual paradigms. New or recent objects of study tend to lay traps for analysts. In the face of innovation, there is the ever present risk that analysts may be blinded to the need to question assumptions, leading them to believe they can interpret new texts with outdated codes. On the other hand, as with the general law of action and reaction, every new center of power tends to confront the established centers of power.

Add political resistance to cognitive inertia, and one can have an idea of the difficulties of understanding the new phenomenon of the BRICS – the quintessential expression of power diffusion and transition to a multi-polar world. The precise merit of the five articles published herein is to seek, each in its own way, an understanding of the "new" in all its novelty, thereby contributing to an objective assessment of the BRICS political significance.

To facilitate the reader's examination of this subject matter, we have also assembled in this single publication a collection of key documents that register the deliberations or results of the work carried out by the BRICS – from the communiqué of the first meeting of foreign ministers held in Yekaterinburg, Russia, in 2008, up to the legal instruments related to the New Development Bank and the Contingent Reserve Agreement, established at the 2014 meeting in Fortaleza, Brazil.

Readers will find essential information and concepts within this book that can be used to form their own assessments of the "BRICS phenomenon." They will also find approaches and perspectives that can lead to a better understanding of the importance of this group, not only on a global level, but also on one specifically related to current Brazilian foreign policy, as well as policies designed for the country's future insertion in the world.

José Humberto de Brito Cruz[2]
Brasilia, June 2015

2 Director of the Institute for Research on International Relations (IPRI).

BRICS: OPPORTUNITY AND CHALLENGE FOR THE INTERNATIONAL INSERTION OF BRAZIL

Renato Baumann[1]

1. General considerations on the BRICS

Discussions about the BRICS grouping of countries often have four recurring characteristics:

First, there is reference to the fact that the concept was created from an acronym coined by an economist from the financial market, who sought a mnemonic format to synthesize economies with good prospects for business;

Second, there are frequent demonstrations of skepticism because the countries have very different individual historical paths, distinctly individual interests, and differentiated production structures;

A third characteristic of these countries that is often mentioned is the sheer magnitude of their geographies, economies, and

1 The author is the Director of Studies and Economic Relations and International Policy at IPEA (the *Instituto de Pesquisa Econômica Aplicada*, a part of Brazil's Ministry of Planning), and a professor at the University of Brasília. The views expressed here are strictly his own and do not necessarily reflect the positions of the two institutions.

populations. Brazil, Russia, India and China, for example, are the only countries (with the exception of the United States), that share: 1) a geographic size of more than 2 million square kilometers; 2) a nominal GDP that topped US$ 2 trillion in 2014, and 3) populations of over 100 million people. (The addition of South Africa to the group is less associated with its size, as it was a geopolitical decision – to include a strong economy from the African continent.)

Besides their similarities in size, however, the BRICS also have half of the planet's poor within their borders, as these now five countries account for 42% of the world's population, but just 14% of its GDP. Yet, they also have financial assets as the BRICS hold approximately three-quarters of the world's international foreign exchange reserves. And taking the reserves into account, the five countries together currently boast an economy of over US$ 4 trillion, albeit in an extremely unequal fashion as 72% of their resources belong to China, 12% to Russia, 7.5% each to Brazil and India, and only 1% to South Africa. These facts alone suggest some of the difficulties involved, regarding the use financial resources to aid these emerging economies when they face difficult situations.

All of the BRICS countries belong to the Group of Twenty (G20), today's most important international forum for defining global governance. The information available on that organization shows that agreements made prior to G20 meetings have been more intense among the BRICS than between countries located in a same geographic region. Thus, positions held within the group are less region-oriented; they reflect the contrast between "emerging economies" and "developed countries." In this sense, at least, their positions as part of this group seem to carry more weight than those of being representative of the regions from which they come. The possible exception to this is South Africa, a participant in both groups as the sole representative of the African continent.

Another aggregating factor is the trade flows between these countries. With regard to trade, however, the relative importance of transactions among the five BRICS varies. The "BRICS-dependency" is more intense in Brazil than in the other partners. Except for the case of imports by South Africa (18% of participation), in all other countries the percentages are similar or lower than those for Brazil. The intensity of business transactions is also a more important element for some of the countries than for others in the group. China's "intra-group dependence," for example, does not reach 7.5% of its trade flows. Other aspects must, therefore, be considered as a unifying element of the five economies.

The five countries exhibit less fiscal problems than most industrialized nations, and they are all foreign lenders in net terms. All of them – through their ownership of U.S. Treasury bonds – are also creditors of the United States. And with a total contribution to multilateral financial institutions of over US$ 80 billion, it is expected that the BRICS will push for a reform of the decision-making process in these institutions.

All of the BRICS economies are classified as "investment grade," and the expectation here is to preserve this status. Some of them – such as Brazil and Russia – however, remain dependent on exporting commodities, making them more vulnerable to fluctuations in international prices.

With some estimates stating that the combined economies of the BRICS could soon surpass that of the US economy, this aggregation of countries not only becomes more economically powerful, but also an active agent in the process of defining global policies.

Financial matters are a fourth set of characteristics often mentioned as factors in favor of potentially strong cohesive relations among the group's members. These include: increases of their

quotas in the IMF; the creation of the BRICS' New Development Bank; and the creation of a reserves complementation mechanism. Interestingly, however, until the Fortaleza Summit, in July 2014, none of these accomplishments had yet been achieved. Indeed, as of the writing of this article, the change in IMF quotas was still awaiting a decision from the largest partner in the fund, the United States.

And finally, a fifth factor is sometimes raised in discussions on the probable durability of the BRICS; it comes down on the side of the skeptics, as three of the five countries have a history of problems with their neighbors, problems that have even led to armed conflict on several occasions. Most recently, for example, a situation between Russia and Ukraine remains unresolved; there is potential conflict for China in the South China Sea, as well as with fellow BRICS member, India, on border issues; and the peace between India and Pakistan is always in an unstable balance. These re-occurring conflicts in Eurasia could impose political and diplomatic dilemmas on the BRICS.

Much of the reason for the creation of the group was related to their joint desire for more influence on global governance matters. This has the implied characteristic of questioning the order dictated largely by the major Western economies. Although it is not really an anti-Western discourse, it *is* a warning to the West and a search for alternative solutions to problems. For example, if a conflict, such as any of those mentioned above, is reproached by the Western powers and leads to drastic sanctions placed on a belligerent country, a sensitive situation is created if the country being punished happens to be a BRICS member. The cohesion of the group may require a joint demonstration in favor of a fellow association member, even if the other members of the group are not necessarily in accordance with the position of the belligerent member country.

Ultimately, therefore, while evidence can be found to justify optimism regarding the consolidation of the BRICS, there are also arguments that question that possibility. As with everything in life, virtue can be found in the middle: there are certainly grounds for the concern, but there are also reasons for the optimism.

2. The BRICS so far

In order to understand the BRICS, it is important to review their progress since their inaugural summit, in Yekaterinburg, Russia, in 2009. At that time, the then four economies involved (Brazil, Russia, India, and China) were growing at enviable rates[2], well above what was being seen in industrialized countries. The perception was clear that these countries should have more of a say in global affairs – not only for their performances but, above all, for the sizes of their economies, their internal markets, and their differentiated production structures.

At Yekaterinburg the countries agreed to hold regular meetings of their ministries of finance and foreign affairs, as well as business people, and think tanks, in order to work together on issues related to security, agriculture, and the concerns of sister cities. The formal declaration that followed the summit had 16 articles, a relevant statistic because, as is seen below, the following summits expanded the dimensions and scope of the joint agenda along with their subsequent declarations.

The following year, at the summit in Brasília, the Declaration – now with 33 articles – included reports on meetings of the heads of statistics offices of the four countries, the presidents of their development banks, entrepreneurs, think tanks, and the heads of

2 Between 2005 and 2009 (the date of the first Summit), average GDP growth rates for the respective countries were: Brazil – 3.6%; Russia – 4.1%; India – 8.1% and China - 11.4%. In that same period, the group of high-income countries grew on average 0.9% and global GDP growth was at 2.1%.

cooperatives, as well as senior officials responsible for security issues. A parallel document (a follow-up on cooperation between Brazil, Russia, India, and China) was disclosed, noting the intensification of security-related issues, business forums, and think tanks. The document identified opportunities for cooperation in fields such as science, technology, and innovation. Later, the think tank meetings became known as "Academic Forums."

In 2011, the heads of state from the member countries met in Sanya, China, located on the island of Hainan. At that time, the forums that had already been established were held, along with three new ones – one each for the ministers of health, sister-cities, and senior officials in the fields of science, technology and innovation. For the first time, these countries reasserted the need to reform the United Nations, with explicit reference made to the Security Council. Other issues also emerged, including a condemnation of terrorism; an encouragement of the use of renewable energy, along with the peaceful use of nuclear energy; the direction of multi-lateral trade negotiations (the Doha Round); an upgrading of the Millennial Goals; and the eradication of hunger and poverty. The Declaration that followed the Sanya Summit contained 32 articles, and it was accompanied by an action plan containing 23 items.

At the 2012 summit, in New Delhi, India, innovations included the launching of an idea to create a joint development bank along with a mechanism for a pool of reserves. Additional agreements were signed between the member countries individual development banks, in order to create a financing concession in national currencies for infrastructure projects. At that summit, the inclusion of South Africa as a new member was formally approved and the acronym thereafter became: BRICS. The New Delhi Declaration contained 50 articles and an action plan with 17 items.

In 2013, the fifth BRICS summit was held in Durban, in the new member country, South Africa. At that time, the establishment of the Contingent Reserve Arrangement was approved with an initial capital of US$ 100 million, negotiations for the establishment of the BRICS Development Bank were followed up on, and the Business Council and the Think Tanks Council (responsible for organizing the Academic Forum) were established. The Declaration following the Durban Summit had 47 articles, an action plan with 18 items, and the identification of nine "new areas to be explored" in joint action.

In 2014, the summit took place in Fortaleza, Brazil. Analyses of this event almost exclusively tend to emphasize the official creation of the BRICS New Development Bank and the Contingent Reserve Agreement. The development bank would have a subscribed capital of US$ 50 billion and an authorized capital of US$ 100 billion. It would be headquartered in Shanghai, China, and have a regional office in South Africa. The first president would be nominated by India.

The Fortaleza Declaration, with its 72 articles (followed by an action plan with 23 items and a list of five "new areas of cooperation to be explored"), also included other important issues that have been less regarded by analysts. There were, for example, explicit references to such items as: the United Nation's Agenda for Development post-2015; the adoption of joint methodologies for social indicators; cooperation between agencies for export credits and credit guarantees for the various BRICS; possible cooperation between insurance and reinsurance agencies; the demand for a revision of the quotas under the World Bank; the adoption of a code of conduct for outer space activities; and cooperation in fighting cybercrime and corruption, among other matters.

Two other items should also be addressed. First, since the 2013 summit in Durban, the declarations have expressed concerns over situations in other countries that do not belong to the group. In the

Durban Declaration, for example, seven such countries were explicitly mentioned and, in the Fortaleza Declaration, there was reference to no less than 12.[3] This reflects a new dimension regarding the group's position in relation to situations in third party countries.

A second key item is that, following the meeting of the Durban Summit, the heads of state from BRICS countries met with their counterparts in other African countries. One interpretation was that the participation of South Africa in the group is more related to its size on a regional level than its actual national characteristics, which would explain the commitment to encourage formal contact with other countries in the region. This procedure, however, was then repeated with the summit in Fortaleza, as the BRICS heads of state met with the heads of state of the Union of South American Nations (commonly known by the acronym UNASUR). These actions brought a dimension of regionalism into the group, which had no precedent prior to the summit in Durban.

The above paragraphs suggest two types of interpretation. First, as the statistical number of articles from the declarations approved at the summits illustrates, the quantity of subjects dealt with by the BRICS has been gradually increasing over time; and second, directly related to the above, the formation of the group began with a cautious approach, a strategy born out of dissatisfaction with their presence in the process of determining the direction of global governance. Over time, however, what was essentially an interest focused on the economic dimension has been gaining new dimensions and taking other areas into account.

The official argument is that although the links between the BRICS countries are meager, the possibilities of intersection multiply, mutual knowledge increases and, therefore, so do the possibilities for new joint activities. Needless to say, however, the implicit risk in

3 If we consider the reference "to the Arab-Israeli conflict" as an item in this statistic.

this strategy is that the group loses focus on that which maintains cohesion between the five countries.

From the point of view of three of the BRICS members, this "pulverization" of objectives implies an additional risk. India, Brazil, and South Africa formed a group, known as IBSA approximately ten years ago, hence almost twice as long as the BRICS have formally existed. The agenda of this group has been more focused on cooperation mechanisms between the three countries, with topics involving technology transfer, the exchange of knowledge, and mutual support in food security issues. Unlike the BRICS, this group even has resources for such purposes as a small account, known as the IBSA Fund, was set up.

The economies of India, Brazil and South Africa have more in common with each other than they do with those of China and Russia. The increasingly diverse agenda of the BRICS, however, can produce an eventual realignment of focus, thereby gradually replacing IBSA. In 2014, celebrations of the first ten years of IBSA were canceled at the last minute, and proposals to hold a parallel summit of this group, to take advantage of the presence of heads of state meeting in Fortaleza for the BRICS summit, did not materialize. There are, therefore, indications of an inexplicit movement towards a gradual redirection of focus in favor of the BRICS and in detriment to IBSA.

Bearing in mind the large gap between China's economy and the other economies in the BRICS group, there is always the risk that the group will be converted into something resembling a "China plus four" association. The BRICS grouping, however, has a distinctive characteristic that has not always been brought to attention. Since its beginning, the association has sought to create inference mechanisms in conjunction with "civil society." Initially this was accomplished by the formation of think tanks which, as

mentioned above, eventually became the Academic Forum, and this is the locus where the active voices of society – not only academics, but interested parties in general – can have their insights and recommendations heard.

By the date of this writing, there have already been six meetings of the Academic Forum. The sixth, held in Rio de Janeiro in March 2014, was the first to have its agenda discussed and approved by the Council of Think Tanks. This Council is formed by an officially nominated institution from each country, and is intended to be a platform for the exchange of ideas between academics and representatives of general society, as well as an entity to organize the Academic Forum. Its decisions and recommendations are formally submitted to the BRICS heads of state.

In the latest edition of the Academic Forum, discussions were held in ten technical sessions with the following subject titles: i) The BRICS and their Neighbors – Trade and Investment; ii) Inclusive Sustainable Development; iii) Cooperation for International Development; iv) Science, Technology and Innovation; v) Peace and Security; vi) The New Middle Classes – emerging groups in emerging countries; vii) Rapid Urbanization: the challenge of megacities; viii) Productivity and the Middle Income Trap; ix) The BRICS and Global Governance; and x) Social Technologies.

The discussions were recorded and a document was produced summarizing the issues raised by the various presentations. This document has been fully disclosed and formally submitted to the heads of state at the meeting of the Fortaleza Summit.

The Think Tanks Council had its third meeting, also held in March 2014 in Rio de Janeiro. On that occasion, some operational issues were discussed, and the implementation of a joint study based

on five thematic pillars[4] was approved. The work is being carried out by five groups, each one coordinated by a think tank from one of the countries, with the participation of technicians from the other BRICS. The themes of the groups are: i) Promoting Cooperation for Growth and Economic Development, being coordinated by China; ii) Peace and Security, led by Russia; iii) Social Justice, Sustainable Development and Quality of Life, coordinated by South Africa; iv) Political and Economic Governance, led by India, and v) Progress Through the Sharing of Knowledge and Innovation, which is being coordinated by Brazil. The resulting document from this joint effort, "Towards a Long-Term Strategy for BRICS," was issued in 2015 at the following Summit meeting in Russia.

3. Some similarities and differences between the five economies

As seen in the first section, part of the skepticism regarding the BRICS is associated with the differences between the five economies. In this section, a comparison is made between them, according to following three dimensions: i) trade between the countries from a Brazilian perspective; ii) an analysis of the trade policy adopted by the five countries; and iii) an assessment of direct investment flows between the five member countries.

3.1. Trade relations – a view from the Brazilian perspective

The theory of trade preferences suggests that an economy is likely to give preferential treatment based on a few variables. One of these variables is the importance of bilateral trade itself.

4 Subsequently referred to in the Declaration of Fortaleza.

Considering trade relations between the BRICS, it can be expected that the more intense the relations, the more likely there will be differentiating treatment between the respective economies. Data, however, suggests that Brazil's performance, especially in relation to its BRICS partners, over the last few years, was mixed.

Table 1 – Net Trade between Brazil and other BRICS (US$ millions)

	China	India	Russia	South Africa
2005	6.300	-65	2.195	1.030
2010	5.190	-750	2.242	557
2011	11.526	-2.880	1.272	769
2013	8.773	-3.227	298	1.117
2014	3.722	-1.847	813	494

Source: SECEX/MDIC.

As is evident from the above, Brazil has a trade surplus with three of the other BRICS countries, with the exception being India; and until recently, Brazil had systematically increased its trade deficit with India, while reducing it in 2014.

The reasons for these results are varied, and this is not the place to discuss in detail the factors that led to them. It seems clear, however, that at least three elements contributed to their outcomes: i) differences between the comparative advantages of the countries; ii) differences in competitive gains associated with the processes of complementary productivity with neighboring countries; and iii) the adoption of differentiated trade barriers, relatively penalizing Brazilian products in these markets.

3.2. Differences in comparative advantages

Trade theory indicates that an economy tends to be a net exporter of products that it manages to produce at lower costs

than other countries. This is the basis of comparative advantage, and it is expected that an economy has a more pronounced export performance of those products in the sale of which said economy is more competitive.

Identifying competitiveness can be accomplished in several ways. Here, the index known as the revealed comparative advantage (RCA), proposed by Béla Balassa,[5] was used. It is expected that, for goods whose index exceeds the unit, the export performance of the country exceeds that of the other items. This estimate is made for goods classified at a 6-digit level of disaggregation.

A first result – Table 2 – is that the number of goods for which there is an indication that the Brazilian economy was competitive in 2010 comes in second to last among the BRICS, just ahead of Russia. This means that the "starting point" in terms of competitiveness in the international market is very different among the five countries.

Table 2 – Number of goods with comparative advantages

Brazil	603
Russia	310
India	1.264
China	2.065
South Africa	813

Source: Processed from primary data obtained from the World Integrated Trade Solution (WITS) database.

It is also interesting to look at the relationship between the participation of Brazilian products in the imports of each of the other BRICS and the indications of comparative advantages. The data shows two different scenarios.

5 BALASSA, 1965.

According to Table 3, in 2010, in regard to China and India, the percentage share of Brazilian goods in these two markets was much lower in the case of items in which the two economies also have comparative advantages. And, judging by the standard deviation, the advantages are concentrated in a reduced number of items.

Regarding the data for Russia and South Africa, the participation percentage is more expressive – even when they compete with products in which the other economies also have comparative advantages and the basket of items is more diverse.

Table 3 – Participation of Brazilian products in imports from other BRICS in 2010

BRICS	Goods with a Brazilian RCA >1			Goods with an RCA of other BRICS > 1		
	Number of goods	Average Participation in Imports	Standard Deviation	Number of goods	Average Participation in Imports	Standard Deviation
China	284	6,9%	0,155	604	0,9%	0,047
India	236	6,2%	0,143	266	2,3%	0,082
Russia	219	9,3%	0,200	23	4,7%	0,156
South Africa	353	13,3%	0,220	249	6,6%	0,169

Source: Processed from primary data obtained from the WITS database.

The numbers from Table 3 confirm that Brazil's comparative advantages are an important element in influencing the participation of its exports in the markets of the other BRICS. What remains unknown is the relationship between this indicator and the evolution in time of the Brazilian export performance for these markets. To that purpose, the indexes were grouped into a two-digit level (Table 4), which allows the identification of the sectors in which the variation in the share of Brazilian exports, between 2005 and 2010, was more intense.

Table 4 – Variation of the Brazilian participation in imports from other BRICS

(2005-2010)	Goods with a Brazilian RCA >1		Goods with an RCA of other BRICS > 1	
	Sector Numbers	Average variation in participation of sectoral exports	Sector Numbers	Average variation in participation of sectoral exports)
China	65	1,82	70	-0,07
India	55	0,62	60	0,79
Russia	58	0,26	18	0,46
Africa do Sul	67	-1,65	75	-0,57

Source: Processed from primary data obtained from the WITS database.

Table 4 suggests that in China, India, and South Africa there are Brazilian goods in a larger number of sectors where those economies show an indication of comparative advantage than in the sectors where the Brazilian economy is supposedly competitive.

Comparing the results from 2005 to 2010, it is possible to identify the sectors in which there was a gain of participation in total imports in more than one of these markets. For example, sectors 17 (sugar) and 24 (tobacco) increased their participation in three of the BRICS, while sectors 2 (meat), 5 (other animal products), 47 (pulp), and 26 (minerals) increased their weight in imports in two of the four countries over the same time period.

Other sectors are net losers despite an indication of comparative advantage. This is the case, for example, of sectors 75 (nickel) and 20 (prepared fruits and vegetables), which had a reduction in their import participation in two of the BRICS during that time period. This means that identifying the existence of a comparative advantage is not a sufficient condition to ensure a good export performance. An example of this is sector 02 (meat), which increased its participation in imports from two BRICS, as indicated, but lost participation in

the other two; and sector 24 (tobacco), which gained market share in three countries and lost in the fourth.

There is, therefore, a need to identify other determinants. Trade barriers are a natural candidate.

3.3. BRICS' tariff policies

There are at least two relevant dimensions to consider when analyzing the tariff policies of a country. The first is the country's commitment to a possible trade liberalization process, which is reflected in the structure of the bound tariffs in the World Trade Organization (WTO). In this case, longer term indicators exist for only four of the five BRICS, as Russia has did not become a WTO member until 2012.

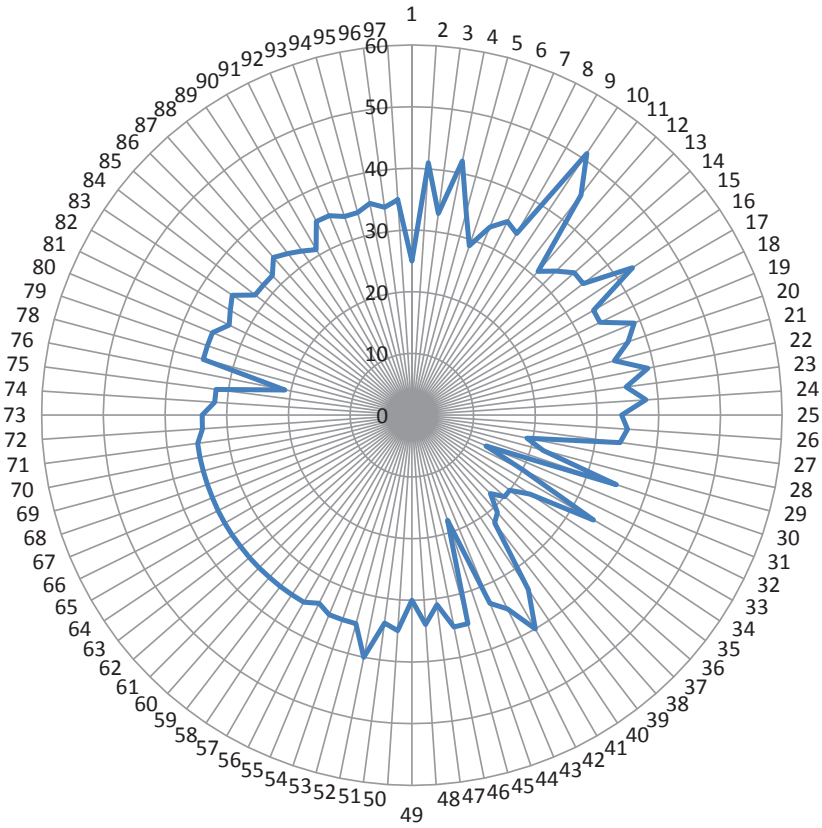
The second relevant dimension is the average level of tariffs applied by sectors in each country. This indicator gives a comparative idea of the degree of the economy's isolation, as well as an idea of the distribution of these barriers among the different sectors.

The bound tariff structures for the four BRICS with data are shown in the graphs below. The consolidated rates for each of the 99 productive sectors are plotted, and the axis emerging from the center of the graph provides a reference of the magnitudes involved. The blue line indicates not only the height of these rates, but also the bound tariff for all sectors. The interruptions in the blue line indicate those sectors that do not have a bound tariff in the WTO.

For Brazil, the graph demonstrates that, in the case of the average rates, the highest percentage is in cereals, at 51%. There are also six other sectors with percentages between 40% and 43%, while all others sectors have percentages below 39%. A Brazilian peculiarity is that this is the country where there is less of a difference between the maximum bound rates and averages, suggesting a greater homogeneity in the bound rates in each sector.

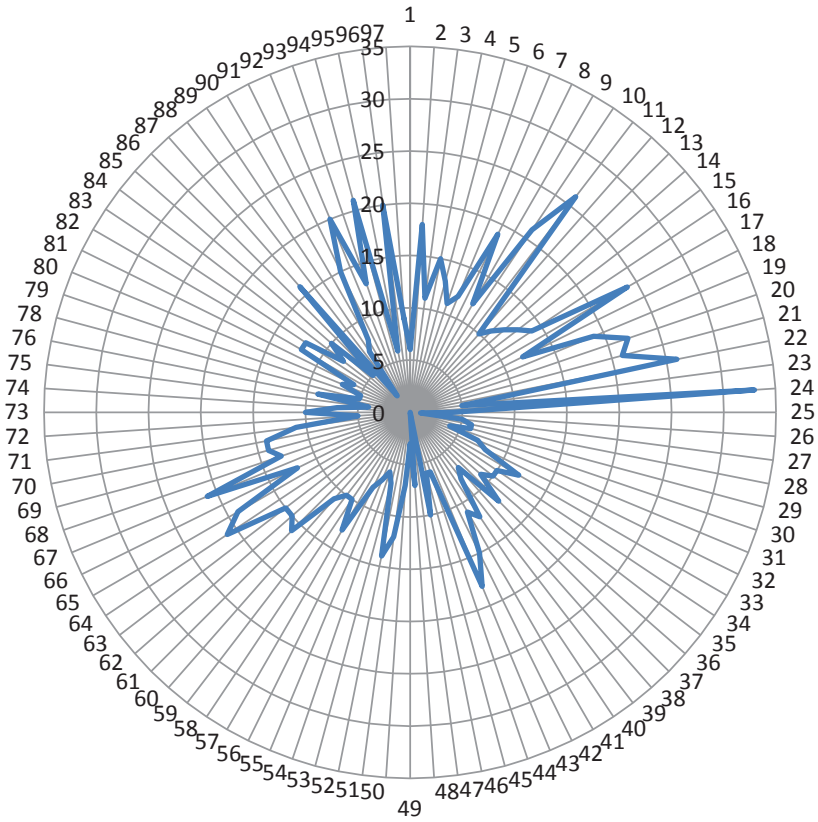
In China's case, the highest average rate is 33% for tobacco. It is followed by ten sectors with rates between 20% and 26%; the remaining countries have rates lower than 19%.

Chart 1 – Brazil – average bound rates



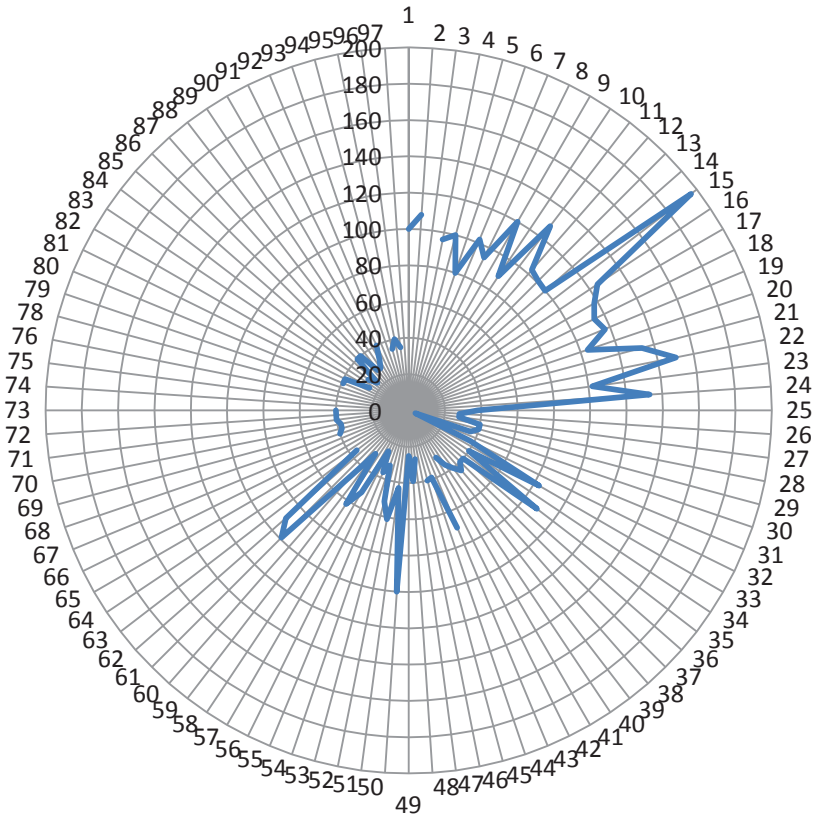
Source: Personally elaborated from the WITS database.

Chart 2 – China – average bound rates



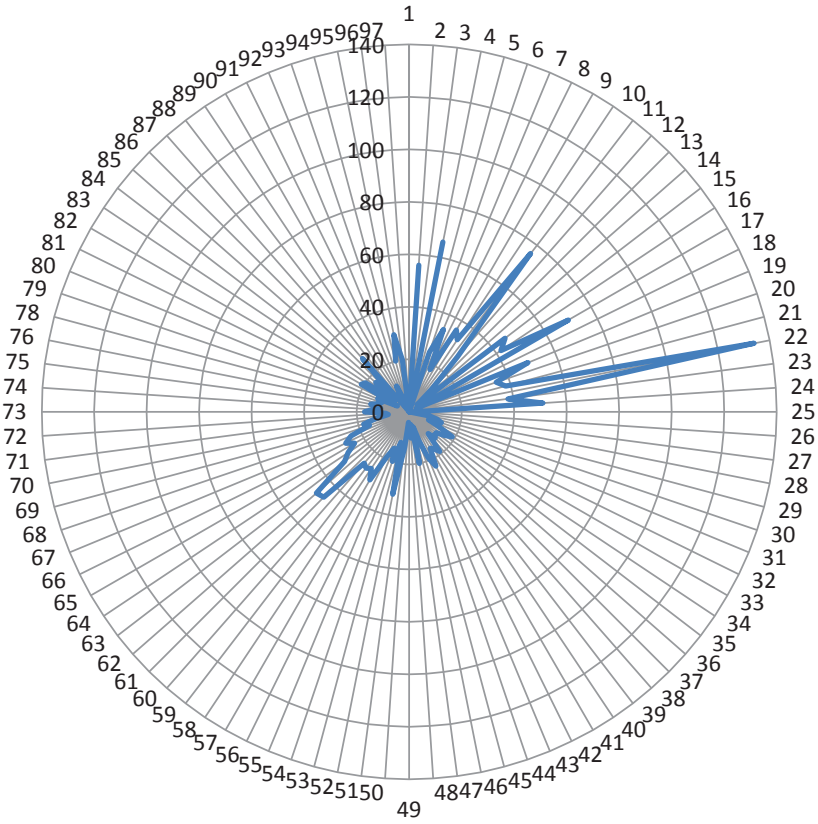
Source: Personally elaborated from the WITS database.

Chart 3 – India – average bound rates



Source: Personally elaborated from the WITS database.

Chart 4 – South Africa – average bound rates



Source: Personally elaborated from the WITS database.

In India, the highest average rate is for fats and oils, at 196%, followed by beverages at 150%, and prepared food and tobacco, both at 133%. The food and tobacco production sectors generally have average rates above 100%, while the rest have average rates around 40%. Another peculiarity of this country is the low number of sectors with bound rates as the blue line is fairly broken.

In the case of South Africa, the beverage industry is the sector with the highest average rate at 134%. It is the only sector from this country with an average rate above 100%. Other notable rates are those from the milling industry at 76%, sugar at 70%, and dairy products, at 66%. The rest of the sectors have an average rate of 18%.

Judging in terms of the bound tariffs level, however, the most closed BRICS economy is India, followed by Brazil, China, and South Africa.

This analysis should – as has previously been mentioned – be supplemented by an evaluation of the rates adopted in practice. Table 5 shows the average non-weighted tariffs by types of goods for the five BRICS. The data is for the year 2011, according to the ITC website.

Table 5 – Tariffs applied by the BRICS (in %)

	China	India	Russia	South Africa	Brazil
Average tariff for all goods	12,6	12,7	10,9	5,4	11,1
Average tariff for agricultural goods	21,9	41,6	20,4	9,9	10,3
Average tariff for industrial goods	11,9	10,7	10,3	4,9	11,2

Source: International Trade Centre (ITC).

The first row of Table 5 shows that the aggregate level of applied tariffs is similar in China and India, and it is higher than the rates in the other three countries (although the difference of both with the Brazilian economy is somewhat small). This is particularly notable for agricultural products. India stands out as protectionist, with rates corresponding to twice the rates of other countries. It is not surprising that for South Africa and Brazil – competitive countries with agricultural resources – tariffs for these products are the lowest.

China shows the most caution with industrial goods, although its average tariff level is not much higher than that adopted by India, Russia, and Brazil. South Africa is the most liberal country in the trade of these items.

From the point of view of the Brazilian economy, a relevant question is how the barriers adopted in Brazil compare with tariff barriers imposed by trading partners on Brazilian goods. Based on the data of applied rates weighed by the value of imports, an assessment was made of the number of productive sectors where Brazilian rates are higher than those imposed by other countries on Brazilian products and the sectors in which the opposite occurs.

An additional dimension of analysis can be brought up at this point. The trade and investment data show a significant increase in the relationship between each of the BRICS and their neighboring countries. Part of this new reality is explained by an intensification of trade flows that benefit from preferential trade agreements. That said, the relevant dimension of analysis from the Brazilian economy's point of view becomes not only focused on bilateral flows with every other BRIC country, as it must additionally take into account the effects of the relationship of the BRICS to their area of "direct influence."

Identifying the area of regional influence for each BRIC is no trivial matter. It is inevitably an ad hoc type of exercise. There is no clear definition for such an area, and the literature on the "natural candidate for regional integration" is controversial[6]. For this exercise "neighbors" were defined based on geographic proximity to each of the BRICS, as well as on the relative importance of commercial transactions.

6 See SUMMERS, 1991; KRUGMAN, 1991; BHAGWATI, 1993; and BHAGWATI and PANAGARYIA, 1996.

Through these methods, we arrive at the following areas of regional influence for each BRICS country:

- for Brazil: Argentina, Bolivia, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, and Venezuela (members of Mercosur and the Andean Community along with Chile);
- for Russia: Armenia, Azerbaijan, Belarus, Kazakhstan, Moldova, Kyrgyzstan, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan (member-countries of the Community of Independent Countries);
- for India: Bangladesh, Bhutan, Maldives, Pakistan, and Sri Lanka (South Asian countries);
- for China: Singapore, South Korea, the Philippines, Hong Kong, Indonesia, Japan, Malaysia, Mongolia, Taiwan, Thailand, and Vietnam (East Asian countries);
- for South Africa: Angola, Botswana, Congo, Lesotho, Madagascar, Malawi, Mozambique, Mauritius, Namibia, Seychelles, Swaziland, Tanzania, Zambia, and Zimbabwe (member countries of SACU – the Southern African Customs Union and SADC – South African Development Community).

The relative importance of these neighbors is varied. In 2010, they represented 19% of Brazil's total exports and 14% of its total imports. For Russia, they were 0.5% and 13% respectively; for India, 1.5% and 0.2%; for China, 34% and 35%; and for South Africa, 10% and 2%. Brazil and China are, therefore, the two BRICS with the greater importance in regional trade, but with marked differences in terms of intensity.

One reason to emphasize relations with neighbors of the BRICS – at least in the case of China – is that there is clear evidence that trade preferences differentiated between these countries contributed to consolidate a productive process in value chains, which is an

important source of competitiveness. Table 6 illustrates the importance of this process, with an emphasis on regional trade in so-called "production assets," that is, the set of products that are not intended for final consumption. This set comprises machines, parts, components, and raw materials.

Table 6 – Relative importance of trade in production assets (in %)

Regional Trade/total (%)		1992-1999 Average	2000-2008 Average
Eastern Asia	Exports	50	53
	Imports	56	65
Mercosul	Exports	26	21
	Imports	14	15

Source: BAUMANN; NG, 2012.

The indications are that Brazilian products are faced with competition that benefits from cost reductions made possible by the production processes of a large degree of interaction between countries. It is, therefore, necessary to not only consider trade relations at the bilateral level, but to also take into account the effect of the preferences granted by the BRICS to their neighboring countries and vice-versa.

The available indicators[7] suggest that there are a considerable number of goods that pay higher tariffs when exported from Brazil compared to their competitors in the neighboring countries of each of the BRICS. In some countries, the number of sectors in this situation exceeds the number of sectors in which prices are similar. In many cases this corresponds to items in which the Brazilian economy has a comparative advantage, where it would be assumed that they had a more impressive export performance.

7 BAUMANN and CERATTI, 2012.

This outcome is more intense in China, mainly in comparison to imports originating from Singapore, Thailand, Malaysia, Indonesia and the Philippines. It is also notable in the case of imports by India of goods coming from Sri Lanka, and imports by South Africa originating from Zimbabwe, Zambia, Mauritius, Mozambique, and Malawi. Russia's case is peculiar because it adopts a 100% margin of preference for imports from all its neighbors who had once been part of the Soviet Union.

The same rationalization applies to market access conditions in those countries under the direct influence of the BRICS. This difference in conditions – which are adverse for Brazilian goods – is particularly notable in the imports of Chinese products by Indonesia, Russian products by Kazakhstan and Tajikistan, and South African products imported by Mozambique and Namibia. These results partly explain the weak performance of Brazilian exports, even when a comparative advantage is indicated.

The incidence of cases in which neighboring countries charge higher tariffs for Brazilian goods than for goods originating from other BRICS countries in each region is even higher than in the case of the tariffs charged by the BRICS countries to their neighbors. This is true for every BRICS country. In 2005, the percentage of sectors in which this occurred was approximately between 30% and 50% of the total. In 2010, there was a reduction of these percentages, except for the case of Russia, where there was a significant increase.

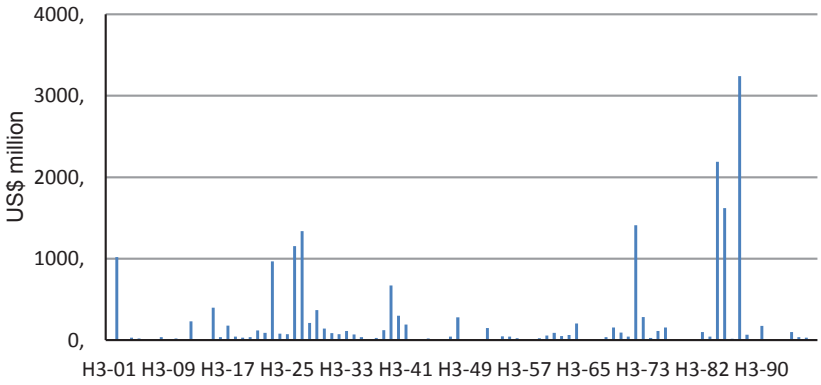
What these indicators suggest is that the intensification of the process of trade regionalization for the other BRICS has had implications for Brazilian products, which are subject to higher tariffs than those charged between countries in Asia, Africa, and Eastern Europe.

An assessment of the amount and sectoral distribution of the losses involved in this process has to be done. Losses were estimated

here by comparing the bilateral trade flows between Brazil and each of the other countries in 2005 and 2010.

For each product (classified to 6 digits), Brazil's share in total imports for a given country in 2005 was estimated. This participation was applied to 2010 data. Any difference in values, thereby obtained, was considered a loss: it indicates the quantity Brazil *could have* exported if it had been possible to maintain the previous participation. This data was grouped into 2-digit sectoral classifications to facilitate analysis. The data is shown in Figure 5.

Figure 5 – Brazilian losses by Sectors 2005-2010



Source: Personally elaborated from the ITC database.

Eight sectors in this period accounted for 56% of lost export opportunities in all the countries considered: 02 (beef), 23 (animal feed), 27 (mineral fuels), 39 (plastics), 72 (iron and steel), 84 (reactors, boilers and machinery), 85 (electrical machinery) and 87 (vehicles).

Table 7 summarizes the losses for each BRICS country.

Table 7 – Sectors in which the majority of Brazilian losses are found

	Losses		Brazilian Exports (US$ millions) (B)	(C) = (A) / (B) (%)
	(US$ millions) (A)	(%) of losses in bilateral trade		
Exports to other BRICS				
China				
Setors 23, 72, 84	1122	54.4	30786	3.6
India				
Setors 15, 84, 26	382	59.9	3492	10.9
Russia				
Setors 02, 12	822	71.8	4152	19.8
South Africa				
Setors 15, 84, 87	338	56.7	1310	25.8
(%) of total losses with other BRICS 60.0				
Exports to BRICS neighbors				
China				
Setors 02, 26, 72	1288	42.7	20645	6.2
India				
Sector 52	57	73.1	433	13.2
Russia				
Setors 21, 23, 17	183	86.2	423	43.3
South Africa				
Setors 17, 39, 84, 87	21	81.2	129	16.3

Source: WITS, SECEX/ MDIC; personal elaboration.

Judging by the results obtained in 2010, the losses, in terms of bilateral trade, ranged from approximately 4% of trade with China, to 26% in the case of South Africa.

The performance of Brazilian exports in relation to the other BRICS and its neighbors is, therefore, below expectations. This poor result was due to losses in a limited number of sectors, including both manufacturing and primary products, but it was not a widespread

phenomenon. Despite this general observation, Figure 5 shows that the most significant losses were experienced by high value-added sectors (72, 84, 85 and 87), which is an undesirable situation.

The recurrence of a trade imbalance can be resolved through negotiations or – if the imbalances reflect low competitiveness and/or limited supply capacity – through investments to expand the supply capacity of the deficit economies.

The above brings to mind the analysis of investment trade flows among the BRICS, a particularly timely topic given the recent formal recognition of the BRICS New Development Bank, primarily created to finance productive investments in the interest of these countries.

4. Bilateral investments

To perform an analysis of investment flows, the FDI (Foreign Direct Investment) Intelligence database from the *Financial Times* was consulted. The time periods used were between January 2003 and July 2013, the latest data available at the time the survey was conducted. Table 8 shows a summary of the general information.

Table 8 – Direct investment among the BRICS countries – Jan. 2003 - Jul. 2013 (US$ million)

Origin	Destination countries					
	Brazil	China	India	Russia	South Africa	Total
Braszl		1.613	462	528	25	2.628
China	12.769		14.273	12.272	1.818	41.133
India	3.568	10.622		2.511	5.381	22.082
Russia	117	5.895	4.976		1.377	12.365
South Africa	1.352	7.761	574	326		10.013
Total	17.806	25.891	20.286	15.637	8.601	88.220

Source: Processed from primary data obtained from the FDI Intelligence database.

The data confirms the general perception that, within this group, China is by far the country that is most active in terms of direct investments in its BRICS partners, with almost twice the amount invested in this period than the second largest investor, India. Russia and South Africa come next, with nearly half of the amount of these three countries invested by India. Brazil is the big exception in this area, with a volume of direct investments in the other BRICS that corresponds to just over a fifth of what Russia and South Africa have invested. This is clearly a reflection of the priority given by Brazilian companies, who have most of their investments in neighboring countries.

As evident from Table 9, the balance between the amount received from investments and the amount invested within the BRICS is even more notable:

Table 9 – Net income from direct investment flows among BRICS – Jan. 2003/ Jul. 2013 (in US$ millions)

	Brazil	China	India	Russia	South Africa
FDI in other BRICS	2.628	41.133	22.082	12.365	10.013
FDI received from other BRICS	17.806	25.891	20.286	15.637	8.601
Net result	-15.178	15.242	1.796	-3.272	1.412

Source: Processed from primary data obtained from the FDI Intelligence database.

And as is also evident from the data, Brazil and Russia are net absorbers of direct investments from other BRICS, as the balance between invested and received sums is negative for both countries, and the magnitude of this difference in the case of Brazil is similar to the positive result obtained by China in the same period.

These numbers suggest that if the desired homogeneity in the economic relations among the BRICS demands the proximity of trade values and investment flows, plus a reduction of disparities in the composition of trade flows, to overcome the existing situation,

Brazilian companies must make a greater effort than the companies of these other countries.

An additional dimension concerns the type of sectors that have attracted the flows of intra-BRICS direct investments. In view of the existing trade imbalances and differences in the composition of trade flows, such investments would contribute towards consolidating the competitiveness of several countries while promoting a greater consistency of results. This is especially true, if the economic interaction between these countries strengthens the sectors that produce goods with a higher added value and with greater potential for transmitting technical progress.

The data also show that bilateral investments are predominately resource-seeking, and they are focused on exploiting natural resources.

In terms of accumulated values during the period of time in question, more than half of the direct investments of each of the BRICS are distributed as follows:

- Brazilian investments in China: metals, food and tobacco and financial services; in Russia: food, tobacco and automobiles; in India: metals; and in South Africa: automobiles;
- Russian investments in Brazil, India, and China: coal, oil and natural gas; and in South Africa: metals;
- Indian investments in Brazil: reusable energy and metals; in China: automobiles, financial services, software and IT; and in Russia: coal, oil and natural gas, automobiles and pharmaceuticals;
- Chinese investments in Brazil: metals and automobiles; in Russia: minerals, automobiles and real estate; in India: minerals, metals; and in South Africa: metals, automobiles;

- South African investments in Brazil and Russia: minerals; in India: financial services and minerals; and in China: coal, oil and natural gas.

There is a clear predominance of investments in natural resources. This tends to perpetuate the kind of "North-South" relationship that characterized the intra-BRICS trade in recent years, with China demonstrating dominance in the manufacturing market and a significant degree of diversification in exports. The other BRICS benefited from a growing demand for food and minerals – particularly in China and India – although this is not a very stable relationship in the long term.

5. Final remarks

This article demonstrates that, almost inevitably, an analysis of the BRICS is that of "the glass is half full or the glass is half empty" perspective. The differences – historical, political, economic, and regional – among the five economies give way to skepticism of a more consolidated and sustainable relationship. At the same time, however, an assessment of potential possibilities, whether in bilateral relations or the joint participation of these countries in multilateral organizations, leads to the conclusion that there would be opportunities lost in not seizing the moment of closer relations between the five countries and building common strategies.

We can also see that eliminating existing trade barriers and redirecting investment flows are common agenda items of great importance, and that there is a need to focus on the exploration of natural resources with a greater emphasis on overcoming infrastructure constraints.

It is still too early to rule out the group's consolidation as impossible. Minor individual initiatives – such as the recent creation of the New Development Bank along with a reserve fund – could

be relevant steps in that direction. What is put into practice in the coming years will either confirm or refute these efforts.

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PREVIOUS HISTORY: FROM A MARKET ACRONYM TO POLITICAL-DIPLOMATIC DIALOGUE

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Many accounts of the origins of the acronym BRICS[2] commonly mention reports on the economies of Brazil, Russia, India and China (then without South Africa) published throughout the 2000s by the investment banking firm, Goldman Sachs. The reports foresaw a much superior economic performance for these countries as compared to economic projections for the G-7 countries (Canada, France, Germany, Great Britain, Italy, Japan, and the United States).

The fact is that the forecasts of Goldman Sachs were overly modest. The first report,[3] in 2001, anticipated that, as a group, the economies of the BRIC countries would account for 14% of world's GDP by the year 2011, in contrast to the 8% recorded in the year

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2 The variation in the use of the term – "BRICs" or "BRICS"– stems from the fact that, until December 2010, the group's members only included Brazil, Russia, India and China. The country of South Africa was then invited to join, and it attended the summit in Sanya, China, in April 2011, thereby causing the change of the acronym to BRICS (Editor's Note).

3 O'NEILL, Jim. *Building better economic BRICs*. November 30, 2011. (Global Economics Paper, n. 66). Available at: <http://www.goldmansachs.com/our-thinking/archive/archive-pdfs/build-better-brics.pdf>. Accessed on: April 10, 2015.

the report was released. The actual performance of these countries, however, significantly exceeded Goldman Sachs' most optimistic forecasts: in 2011, their share of the world's GDP was already above 18%. A subsequent report,[4] in 2003, made the boldest prediction, stating that in 2050 the BRICs would be among the six largest economies in the world, along with the United States and Japan – a projection that was later revised, to anticipate the period in which it would be confirmed. It should also be noted that the report devoted an entire page – out of a total of 17 – to an analysis of the South African economy that forecast outlooks and a profile comparable to the other four countries in the study.

The above reports were followed by others that were compiled in an in-depth 2007 publication.[5] The hype surrounding the BRICS is not only related to high growth rates; the absolute size of these countries' economies and the consequences of their continued growth are also factors. In this sense, the idea of grouping the original four countries in order to analyze the BRICs was not really an innovation. The reports' most famous precedent may be the designation of "monster countries," a term coined by the American historian and diplomat, George Kennan, in 1994,[6] referring to countries, such as the United States, and other holders of vast territories and populations: China, India, Russia and Brazil. Another such idea was that of "whale countries," introduced by the economist Roberto Macedo, and popularized by his fellow economist Ignacy

4 WILSON, Dominic; PURUSHOTHAMAN, Roopa. Dreaming with BRICs: the path to 2050. Oct. 1, 2003. (Global Economics Paper, n. 99). Available at: <http://www.goldmansachs.com/our-thinking/archive/archive-pdfs/brics-dream.pdf>. Accessed on: April 10, 2015.

5 O'NEILL, Jim (org.). BRICs and beyond. Goldman Sachs Global Economics Group, 2007. Available at:<http://www.goldmansachs.com/our-thinking/archive/archive-pdfs/brics-book/brics-full-book.pdf>. Accessed on: April 10, 2015.

6 The expression is introduced in Kenan's autobiography, *Around the cragged Hill: a personal and political philosophy*, published by W. W. Norton in 1994.

Sachs in an article published in 1997.[7] In fact, the original four BRICs members together correspond to 26% of the world's territory and over 40% of its population. They also boast reserves of various strategic natural resources, including hydrocarbons and rare earths, as well as being important sources of biodiversity.

This conceptual exercise of the 1990s, extending into the early 2000s, took place in the scenario of overcoming the bipolar order of the Cold War, at a time in which the uncertainties that would later mark an international order in transition were not so obvious. The rise of the BRICS cooperation mechanism – whereby the emerging greats would act in a coordinated manner on the international scenario – was not yet envisioned.

One should not, however, apply any excessive relevance to this previous history. Making an acronym out of a group of countries has become ordinary in the financial markets; it appears to be a passing fad. Recent acronyms like CIVETS (Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa) or VISTA (Vietnam, Indonesia, South Africa, Turkey and Argentina), were short-lived. "Asian Tigers" are often recalled, but the "Baltic Tigers" and the "Tiger Cub Economies" seem to have been all but forgotten. Moreover, the persistence of the BRICs acronym even inspired the formulation of other groups: the N-11 ("Next Eleven," the eleven most promising developing economies *after* the BRICs); CEMENT ("Countries in Emerging Markets Excluded by New Terminology"); and, more recently, MINT (Mexico, Indonesia, Nigeria and Turkey, promising economies supposedly overshadowed by enthusiasm over the BRICS).

Nonetheless, the continuity of the BRICS thirteen years after the acronym's creation is due to a diplomatic agenda of broad and growing cooperation by the five countries, effectively coordinated in

7 SACHS, Ignacy. Brazil and India: two whales in the global ocean. In: SINHA, Kamala; DUTTA, Pratim. *Globalisation and developing countries*. New Delhi: New Age International, 1997.

various international regimes, rather than by the financial markets. This mechanism only took hold of the idea; the creation of the group actually resulted from the clear political will of its governments.

The emergence in 2006 of a political mechanism for cooperation and coordination that brought the BRICs together constituted a new event at the time. From that year on, the group's foreign ministers began to meet annually at the same time as the UN General Assembly. Since 2009, the heads of state and government meet at the annual summits as well. Consequently, the means of dialogue and the joint action of the five member states at various levels of representation multiplied. The revamped version of the BRICS idea became the brand that represented the vision of the countries themselves on opportunities for joint action and their places in the international arena. In short, the BRICS group went far beyond its original concept.

Thus, to understand the "BRICS" – the broad agenda mechanism resulting from the political will of the parties involved – one must first consider that the member countries of the BRICS are noted for their common characteristics, in addition to those that are usually cited, such as economic growth and their "gigantic sizes" in many dimensions.

If, on the one hand, the BRICS are countries with their own particularities, there are many points that unite them: they are active protagonists in the politics of their respective regions, engaged in integration and cooperation projects with their neighbors; while their large sizes further place them in a singular situation regarding regional policy. In multilateral forums, the BRICS are autonomous and independent, with an active voice in various regimes, particularly in relation to other developed and developing countries. It is difficult to identify a global agenda issue that does not rely on the outstanding performance of some of the BRICS members.

The best known example of the BRICS role in international politics is their coordination in the financial arena, a point that will be discussed more in detail later. Equally notable is the political clout of the BRICS countries, as well as in the system of international security. Two countries, Russia and China, are permanent members of the UN Security Council, while the other three are among the most vocal advocates of the need to reform the Council, and they are candidates for permanent seats. In 2011, all the BRICS were simultaneously part of the Security Council as permanent or elected members. At that time, the policy coordination possibilities of the group became evident, which catapulted it into the highest political level.

Besides peace and security issues, the BRICS have sought a presence in various multilateral regimes, especially in areas such as sustainable development, international trade, and human rights. In 2014, the five BRICS participated on the UN Human Rights Council as members of the organization. Although it is not often possible to build common positions on specific issues, coordinated efforts in various multilateral forums are increasing.

Generally speaking, the consolidation of the BRICS reinforces the ongoing transformation trends in the international arena. The rise of the group goes hand-in-hand with the strong economic growth and greater political relevance of the developing world at large, as well as the spread of coordination and cooperation in the South-South model. In contrast, the developed economies were severely affected by the global financial crisis of 2008 and are still undergoing a recovery process today. Meanwhile, in large multilateral regimes, greater initiatives and negotiations sometimes face particular difficulties to move forward and thrive. For example, we can cite the Doha Round negotiations, the implementation of the Kyoto Protocol and the establishment of the International Criminal Court

as signs of the difficulties of updating and renewing these procedures and the need to resort to new arrangements or settings that lead negotiations in the right direction.

There was a certain symbolism in the fact that the first meeting of the heads of state and government for the 2009 BRICS summit in Yekaterinburg, Russia was held a few months after the outbreak of the financial crisis in September 2008. The moment was ripe for bringing to the fore the demands of large emerging countries, economies that were growing and more resistant to global crises, especially in the obsolescence of formerly eminent forums, such as the G-8. The 2008 crisis shed a light on the need for a reform of international governance institutions, particularly in the financial sphere, to reflect the new multi-polar setting, with the rise of the developing world in general and the major emerging economies in particular. It was also an opportunity for the BRICS to strengthen cooperation between themselves, since they faced similar challenges in their unique paths of development.

Yekaterinburg was followed by summits in Brasilia (2010); Sanya (China, 2011); New Delhi (India, 2012); Durban (South Africa, 2013); and Fortaleza (Brazil, 2014). In Durban, the first round of high-level meetings by the BRICS was concluded with each member country having hosted an edition of the meeting. The meeting in Fortaleza started the second cycle of the BRICS summits.

One particular feature of the BRICS is its informal nature; the group does not have a constituent treaty or any kind of secretariat. The association's activities are driven by the political will of the heads of state and government (the leaders), who, at each summit, adopt a statement and, from 2010 on, an action plan as well. Implementation of the activities decided on by the leaders takes place through sectoral meetings and activities, in the time period between the end of one summit and the beginning of another. Political dialogue is

conducted in meetings between the heads of state and government – including those that happen on the margins of the G20 summits – in foreign ministers' meetings, in coordination among delegations at international organizations, and through the constant interaction between the, so-called, "sherpas" and "sous-sherpas" (senior officials of the member countries' foreign ministries who are in permanent contact; the name comes from the Sherpa people who act as guide in the Himalayas). The BRICS organization has a rotating presidency that coordinates the implementation of decisions taken by its leaders.

From Yekaterinburg to Durban: the first cycle of Summits

In order to trace the course of the BRICS, it is important to review the history of the summit meetings and the results achieved by them.

The first BRIC summit, held in Yekaterinburg, Russia, in 2009, identified areas of interest used to initiate new dialogue at a higher level, as meetings had already taken place at the level of foreign ministers since 2006. The summit's Declaration was brief, only 16 paragraphs long, and it dealt with issues that would be included in the other such Declarations that followed, including such matters as: the promotion of sustainable development; the potential for cooperation in energy, science and technology; the Millennium Development Goals; a condemnation of terrorism; and a defense of multilateralism. As might be expected, financial and economic issues were at the forefront, especially given that the meeting took place a few months after the collapse of the global financial services firm, Lehman Brothers. The Yekaterinburg Declaration presented goals for the reform of the international economic and financial architecture – including the adoption of new decision-making processes, along with a more transparent and democratic nomination process – with a greater representation of emerging and developing countries in that decision making. Leaders also emphasized the need for a more

stable, predictable and diversified international monetary system. They further clamored for a comprehensive and balanced resolution of the Doha Round, which could contribute to the recovery of the world economy. The Declaration also stressed the central role of the G20 as a forum for political dialogue and coordination to confront the global economic crisis. At this first meeting, the BRICS' leaders defined the principles that guide the role of their organization on international financial matters, even today.

The second BRIC Summit, held in Brasilia, in 2010, incorporated new players in the inter-governmental dynamics of the growing organization. First, initiatives such as a business forum and a think tanks seminar added a new dimension of contact between the civil societies of the BRICS countries. Additionally, other conferences were held, including a cooperation forum, a meeting between national development banks, and a meeting of senior officials responsible for security issues. The Brasilia Declaration embraced other sectoral activities, such as the first meeting of the agriculture and agrarian development ministers and sessions between ministers of finance and the presidents of the countries' respective central banks. Together, these initiatives indicated that the efforts begun during the meetings of the leaders would continue through intergovernmental interaction among civil society sectors. The aforementioned meetings have become annual activities, with the think tanks seminar leading to the birth of the Academic Forum in a more open format, and the meeting between national development banks giving rise to the Financial Forum.

The Brasilia Summit embraced a joint reflection on the meaning of the BRICs association. It also set into motion a search for a greater common understanding between civil societies, including exchanges between those societies. Examples of this were the

aforementioned meetings on cooperation mechanisms, meetings between entrepreneurs, and the think tanks seminar.

The search for a common way of thinking is illustrated, again, by the think tanks seminar, and by cooperation between the national statistical institutes – which launched the first joint publication of the group's statistics, an initiative that has become a regular outcome of the organization. This moment of introspection created a solid basis for further development of relations, which were foreseen in the first sectoral activities.

Financial issues, especially the reform of international financial governance, also continued to be prominent at the Brasilia Summit, as they occupied nine of the 33 paragraphs in the Brasilia Declaration. Six months after the summit, the cooperation of the BRICs in the financial area bore fruit with the approval of a broad reformation of the IMF – refined with the guidelines advocated by countries within the group that included an agreement on an increase in the voting power of the four BRIC countries. (At the time of the writing of this article, however, the reform had not yet been put into practice, as it was pending a ratification of the agreement from the United States.)

At the Third BRICS Summit, in Sanya, China, 2011, the admission of South Africa as a full member of the forum was approved. Thus, the current composition of the group was determined, and the BRIC countries became the BRICS: an association with its own identity, detached from the conception originally conceived by the financial market. With the entrance of South Africa, the BRICS also increased its geographic representation, while maintaining a sufficiently reduced number of members to allow effective collective action.

The Sanya Action Plan envisaged 19 activities, four of which were related to new thematic areas for the BRICS, such as the first meetings of the member countries' health ministers, representatives

from sister cities, along with those of local governments. The plan listed five new proposals for activities to be considered in the areas of culture, sports, education, the green economy, and the pharmaceutical industry.

The Sanya Declaration also bore witness to the maturation of political coordination among the BRICS, with common positions increasingly advanced in areas such as climate change and sustainable development. The five countries demonstrated that coordination could also be effective in regard to traditional themes of the economic and financial agenda, an area in which the group had already demonstrated its capability for action. In the commercial area, the first meeting of BRICS ministers responsible for trade took place alongside the summit, an event that became part of the regular meetings. At Sanya, there was also a noted increase of dialogue concerning security. For the first time, the statement of the leaders made clear reference to a reform of the UN, while it addressed specific regional crises. In this respect, the coordination of the BRICS in this area, even today, is restricted to discussions on a reform of the United Nations, common positions on regional crises, and specific agenda issues, such as cyber security, and international transportation safety.

At the Fourth BRICS Summit, in New Delhi, India, in 2012, initial steps were taken in a new phase of joint activities in the financial area. At that time, the leaders instructed their finance ministers to examine the feasibility of creating a new development bank that would finance infrastructure projects and sustainable development in the BRICS and other emerging or developing economies. That same year, the leaders met ahead of the G20 Summit in Los Cabos, Mexico and discussed a Brazilian initiative: the possibility of a swap arrangement of reserves among the five members. The ministers of finance and central bank presidents were

instructed to also examine this proposal. The talks initiated the work that led to the 2014 signing, at the Fortaleza Summit, of treaties for the establishment of the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA). The New Delhi Declaration communicated concerns about delays in the implementation of IMF and World Bank reforms that had been agreed upon in 2010. On the periphery of the New Delhi Summit, there was also had a new meeting on new national development banks with the signing of two agreements. In addition to the financial area, the Delhi Declaration revealed a continued expansion and deepening of the BRICS agenda, including the introduction of coordination at the United Nations Conference on Trade and Development (UNCTAD), and a detailed articulation of positions on sustainable development issues during the year Brazil hosted the Rio+20 (2012).

The Fifth BRICS Summit, the last of the first cycle, was held in Durban, South Africa, in 2013. The meeting introduced the notable innovation of conducting a retreat among the BRICS leaders and the heads of states and governments from the African continent. The retreat was held the day after the summit, and it demonstrated the group's capability of projection. The meeting also aroused interest in the developing world. It was the first BRICS outreach exercise, and it was a dialogue not only with individual countries, but also with an entire continent.

In Durban, the two major proposals for initiatives in the financial area that had been suggested the previous year – the NDB and the CRA – were deemed viable and the ministers of finance and central bank presidents were instructed to negotiate their constituent agreements. The dialogue and intra-BRICS reflection, initiated in Brasilia, moved forward with the creation of the Business Council, bringing together the presidents of five major companies from each member country, and the Board of Think Tanks, integrated

by a research institution from each country. The two councils complemented the Business and Academic Forums, meetings which then held their fourth and fifth sessions, respectively.

Results from Fortaleza and its outlook

The Sixth Summit, held in Fortaleza, Brazil, in 2014, was one of the most successful meetings of the organization – perhaps the most important for the BRICS so far – both in terms of results and with respect to the extent and depth of the issues discussed. The summit marked the opening of a new BRICS cycle. In Fortaleza, it was possible to strengthen the forum, with a view towards achieving its full potential, as well as deriving concrete gains from its linear evolution over the course of its first cycle of summits – with their gradual increase of issues and initiatives. Ultimately, the completion and signing of the New Development Bank and the Contingent Reserve Agreement had historical significance.

The Fortaleza Declaration contained 72 paragraphs, compared to the mere 16 in the first such official statement. Its Action Plan included 28 items, including five new areas to be worked on. In addition to the meeting of the leaders, meetings were also held for the Business Forum, the Business Council, the Financial Forum, ministers of finance and central bank presidents, and the ministers responsible for trade. In preparation for the summit, meetings were held a few months earlier in Rio de Janeiro for the Academic Forum and the Board of Think Tanks. Inspired by the outreach initiative taken by South Africa the previous year – to meet with the leaders of other African countries – the Fortaleza Summit reinforced the provision of the BRICS to dialogue with other world actors in development by holding a meeting after the Summit, in Brasilia, between the BRICS leaders and all the South American presidents.

A theme of the meetings in both Fortaleza and Brasilia was "Inclusive Growth: Sustainable Solutions," which included economic, social and environmental dimensions, with a focus on inclusion and sustainability. The objective was to show the significant contribution of the BRICS in reducing inequalities and promoting social inclusion, either through economic growth or through inclusive social policies implemented by their governments.

The Fortaleza Summit also accentuated the trend of deepening political dialogue within the BRICS. A good way to measure the expansion of the BRICS agenda is by monitoring how regional crises are handled. At the Third Summit, in Sanya, China, for example, the BRICS expressed their views on situations in the Middle East, West Africa, and North Africa (with particular reference to Libya). The following year, in New Delhi, references were made to situations in Afghanistan, Syria, and the Horn of Africa, as well as the Israeli-Palestinian conflict, and the Iranian nuclear issue. At the Durban Summit, the crisis in Mali was addressed, as well as situations in the Central African Republic, and the Democratic Republic of Congo, plus issues involving Syria, Afghanistan, Iran and, again, the Israeli-Palestinian conflict.

At the Fortaleza Summit, fifteen paragraphs were devoted to regional crises, as the leaders spoke about situations in West Africa, with specific paragraphs on Guinea-Bissau, Mali and Nigeria, as well as in South Sudan, the Central African Republic, and the Democratic Republic of Congo. In addition, Syria, Afghanistan, Iraq, and Israel and Palestine were discussed, as was the Iranian nuclear issue, and proposals for a zone free of nuclear weapons in the Middle East. And in Europe, the conflict in Ukraine received attention.

Security issues were also raised in Fortaleza, with the discussions including positions on reform of the UN Security Council, cyber security, combating terrorism, transportation security, and issues

related to the use of outer space. Advances in sectoral cooperation were equally notable. In addition to a decision to address new areas that need to be worked on, some pre-existing cooperation mechanisms were reinforced. The association currently has over thirty different sectoral areas that are the subject of intra-BRICS dialogue. In areas such as agriculture and health, the ministerial interaction resulted in the adoption of cooperation milestones and sectoral action plans, with specific activities scheduled for the sub-issues that were identified as priorities. New areas of cooperation were also approved, such as the development of joint social indicators – an effort that will bring together national statistical institutes, health and education ministries, and institutions that are members of the Think Tanks Council. The coordination of positions on issues of international governance was also strengthened, including those related to the economy, finance and politics.

The Fortaleza Summit will be remembered for two major agreements. The proposals, first raised in 2012, materialized in 2014 with the signings of the Constitutive Agreement of the New Development Bank, with an initial registered capital of US$ 50 billion and initial authorized capital of US$ 100 billion, and the Agreement for the Establishment of the Contingent Reserve Arrangement, with total commitments of US$ 100 billion. The role of the BRICS in the financial area is increasingly evident and should be assessed separately.

Finances

The role of the BRICS in the financial sector is directed to a set of concerns, as stated at Yekaterinburg in 2009, and restated in all the subsequent summit declarations and the reports of meetings of leaders that took place on the periphery of G20 meetings.

The first concern is the lack of representation in the current architecture of international financial governance, which needs to adjust to the ongoing changes in the international scene with the ascension of the major emerging economies. Of equal importance are issues related to transparency in the decision-making process that threaten the effectiveness of their major institutions. If one takes as an example the existing voting power distribution currently in effect in the IMF, it is evident that China, the second largest world economy, is equivalent to 88% of that which is allocated to the United Kingdom, despite the fact that China has a GDP 3.7 times greater than that of the UK; and the voting power of Brazil is 82% that of Belgium, although Brazil's GDP is 4.4 times greater than Belgium's GDP.[8]

This inequality becomes even more evident when we remember that the BRICS countries are now major global creditors. Taking total international reserves[9] as a parameter, we can see that the Chinese reserves (around US$ 3.8 trillion) are not only the world's largest, but they are three times greater than those of Japan, the second largest holder of international reserves. Russia is the fifth largest holder with US$ 510 billion; Brazil is in the seventh position with US$ 359 billion; and India, the tenth, with US$ 298 billion. And for comparative purposes, Germany's reserves are US$ 199 billion, and France's are US$ 145 billion, while South Africa's international reserves, at US$ 50 billion, although significantly lower than the other BRICS, are comparable to those of Australia, at US$ 53 billion.

When the BRICS association began to coalesce, the main international forum for discussing global financial governance was still the G8, a like-minded group made up of seven developed

8 GDP data from 2013 released by the World Bank.

9 Comprising reserves in foreign currency, monetary gold, Special Drawing Rights and reserves in the IMF. World Bank data relating to 2013.

economies and Russia; it excluded Brazil, India, China and South Africa. While the G8's lack of effectiveness to satisfactorily perform its tasks was evident from the beginning of the last decade, discussions on an upgrade of the group were distressing. In 2005, an exercise was held for the first time by the G8 with what was called "the Outreach 5" (to Brazil, India, China and South Africa – all future members of the BRICS – and Mexico). The governing process, however, continued to focus on the eight members of the group. This initial outreach was followed by the Heiligendamm Process, an attempt to expand the G8 or institutionalize its dialogue with other emerging markets. Nevertheless, the attempt did not thrive due to disagreements between members of the group.

Reluctance to update the composition of the G8 resulted in a drastic reduction in the relevance of the group. The G8 was rapidly eclipsed by the G20 in the wake of the 2008 financial crisis, with the G20 then becoming the main forum for discussions on international financial governance. This transformation took place largely due to the assertive stance of the BRICS countries, which repeatedly demonstrated the greater capability of the G20 to play this larger role. As of 2008, the G20 – made up of the G8 countries, the BRICS, and other developed economies, such as Australia, as well as developing countries such as Argentina, Indonesia and Mexico – began to hold annual summit meetings.

The preeminence of the G20, a more representative and effective multilateral body, illustrates the transformation of financial governance advocated by the BRICS. The next steps in this transformation were the agreements signed in 2010 to reform the IMF and the World Bank; steps that review, among other things, the voting power of these institutions members. A source of increasing concern is the delay in implementing the reforms, which weakens the key institutions of the international financial system.

Another source of concern relates to the lack of funding for necessary investments in infrastructure in emerging and developing countries. According to World Bank estimates, the need for such investment by 2020 will be US$ 1 trillion higher than the available resources for funding. To ensure that these investments are sustainable, follow low-carbon regulations, and are resistant to climate change, the necessary funding increases by US$ 200-300 billion.[10] Meanwhile, the World Bank had an expenditure of only US$ 52.6 billion in 2013, lower even than the Brazilian national development bank (BNDES), which disbursed US$ 88 billion during the same period. The current environment of slow recovery in developed economies does not favor new capital contributions by the developed economies in support of multilateral credit institutions.

The decision to form the New Development Bank (NDB), to finance the necessary investments in infrastructure and sustainable development in the BRICS and other developing countries, was adopted only after the completion of a feasibility study conducted by the BRICS finance ministries. The study identified the existence of financing needs that had not been attended to in developing countries and, at the same time, the limitation or nearly exhausted credit capacity from traditional development banks such as the World Bank. Faced with a dearth of financing at the current proportions, there is no point in talking about competition between the relevant creditors institutions; there is, however, an inevitable complementary relationship. The NDB emerges as a complementary institution to those already in existence; it will coexist not only with the World Bank, but with several other regional and multilateral development banks, such as: the African Development Bank, the Asian Development Bank, the Islamic Development Bank, and the

10 THE WORLD BANK GROUP. Financing for development post-2015. Washington, D.C., 2013. Available at: <http://www.worldbank.org/content/dam/Worldbank/document/Poverty%20documents/WB-PREM%20financing-for-development-pub-10-11-13web.pdf>. Accessed on: April 10, 2015.

Corporación Andina de Fomento (the CAF, a development bank owned by nineteen countries from Latin America, the Caribbean, Spain and Portugal), along with other similar institutions.

The NDB constitutive agreement will enter into effect once all the members of the BRICS – the bank's founding members – have ratified it. That is, the effective constitution of the bank will depend on the fulfillment of constitutional requirements by the signatories of its ratification. After the start of the bank's operations, the addition of new members will be possible. In other words, the institution will be open to participation from countries that are not members of the BRICS. The price of a share will be relatively low, allowing resource-poor countries the ability to join. It will also have limits on investments such that the founders will maintain ownership control of the bank. Its initial subscribed capital will be US$ 50 billion, allocated in equal proportions among the founding members, and its initial authorized capital will be US$ 100 billion, which will be periodically reviewed. Once the bank is fully capitalized and operating with a degree of leverage comparable to similar institutions, the NDB can significantly help ease the shortage of financing in the developing world.[11]

Finally, a third concern repeatedly expressed by the BRICS in the financial area is volatility in the international economy. As an example of this, instability in the foreign currency exchange market, with detrimental effects on developing economies, can be caused by the monetary policies from issuers of the main currencies of international reserves; this was the case of monetary expansion in the United States and the Eurozone in response to the 2008 crisis. The BRICS have called for stronger macroeconomic coordination

11 Preliminary projections on the lending capacity that the NDB could effectively offer can be found in a report by the French investment bank Natixis. Available at: <http://cib.natixis.com/flushdoc.aspx?id=77984>. Accessed on: April 10, 2015. Of course, it is too early for projections of this type to not be highly speculative.

among the major economies, especially in the G20, to ensure macroeconomic stability and an economic environment that is conducive to development.

The Contingent Reserve Arrangement (CRA), another major outcome of the Fortaleza Summit, seeks to provide an additional line of defense for the BRICS in less likely scenarios of difficulties with balance of payments issues. The initial amount of the reserves will be US$ 100 billion, with differing contributions. In its conception and mode of operation, the CRA can be compared to the Chang Mai Initiative between China, Japan, Korea and the countries of the Association of Southeast Asian Nations (ASEAN). The CRA's nature is equally complementary and is expected to attend solely to members of the BRICS.

The CRA presents no opposition to the IMF – once again, they will have a complementary relationship. By creating ways that the largest emerging economies can support each other in instances of international financial instability, the CRA will ultimately free IMF resources, to be used to aid smaller economies or those in more fragile situations.

Trade

The trade dimension of the BRICS reveals another facet that distinguishes the grouping together of the five countries.

Between 2002 and 2013, the BRICS trade volume with the rest of the world experienced a growth of 525%, rising from US$ 1.04 trillion to US$ 6.49 trillion. The intra-BRICS trade volume in the same period experienced even more astonishing growth, going from US$ 74.9 billion to US$ 850.7 billion – an increase of 1,035%. The growth of trade, intra-BRICS and extra-BRICS, exceeded GDP growth in all five countries, estimated at 438% in nominal figures for the same period.

There are, however, no trade agreements between the BRICS. Intra-BRICS trade, in fact, thrives due to the complementarities among the trade agendas of the countries, which have allowed its volume to grow ten times in eleven years without trade deviation. The composition of trade agendas from countries in intra-BRICS trade, both for imports as well as exports, primarily reflected the patterns of trade in each case with the rest of the world. This complementary context on the trade of goods and services is completed by the services sector, where India stands out as an exporter. Within the BRICS, as well as in their economic relations with the rest of the world, India balances its trade deficit by exporting services to its partners.

A significant portion of the growth in the trade volume can be attributed to the prominence of China in international trade. In fact, China is the second largest trading partner of all the other BRICS, and is surpassed only by the European Union taken as a bloc. Increased trade among the other members, however, has also risen, although at a more modest pace in comparative terms. Given the strong complementarity between their economies, it is possible to identify a still vastly untapped potential for trade between Brazil, Russia, India and South Africa, that would result from efforts to increase mutual knowledge and the facilitation of trade, without being detrimental to the trade of these countries with China.

Strategies regarding trade within the BRICS are, therefore, multifaceted and focused on promotion and facilitation. Dialogue concerning trade between the BRICS, covering the interaction between tax and customs authorities and a technical "contact group," has emphasized issues such as the simplification of documents and procedures, regulatory consistency, harmonizing standards, and promoting transparency. Greater mutual understanding between the markets and identifying opportunities in the BRICS are promoted

through the Business Forum, which has been held annually since the Brasilia Summit, in 2010. And finally, the Business Council, created at the Durban Summit, in 2013, will have an important role in deliberations on possible measures to facilitate trade among the BRICS; it will provide a platform for the exchange of policy ideas among business people, resulting in suggestions for consideration by the leaders. The first report with suggestions from the Council was presented to the leaders at the Fortaleza Summit.

Conclusion

The identity of the BRICS, an innovative experiment, has gradually become clearer. With eight years having passed since the first meeting of the association's foreign ministers, and after six summits by heads of state and government, the organization has matured, largely dispelling the early doubts regarding the prospects for cooperation between such geographically distant countries as well as the differences among them.

The completion and signing of the constitutive agreements for the New Development Bank and the Contingent Reserve Arrangement represent decisive steps towards the institutionalization of the BRICS. From its inception as a political-diplomatic forum, the BRICS has functioned as an informal organization. Although there had been efforts to deepen the dialogue and build a comprehensive agenda for cooperation during the first cycle of summits, a BRICS *institution* had yet to materialize. The very function of a secretariat tasks the presidency with the bureaucratic workings of the association. With the creation of the New Development Bank, however, the BRICS took a fundamental – and very well measured and pondered – step towards institutionalization.

The BRICS are made up of a renewable force, simultaneously a reflection of and a catalyst for change within the international scene,

a result of the rise of emerging and developing economies. Through the BRICS, major emerging markets demonstrate their willingness to assume the responsibilities that their size has imposed on them, and this motivates them to reform those institutions that make these changes necessary.

In light of their shared experience as emerging powers, the BRICS are committed to a strengthening of multilateralism with the primacy of international law and reforms in institutions of global governance at every level. Far from the antagonistic fears that are sometimes aroused, the association seeks a constructive and, above all, an inclusive agenda. As major emerging countries that confront social challenges within their own borders, the BRICS recognize the need to promote the economic, social and environmental dimensions of development, as they have demonstrated by their comprehensive agenda of cooperation – as well as their decision to create a development bank that will not be restricted to projects in their five founding countries.

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THE NEW DEVELOPMENT BANK AND THE INSTITUTIONALIZATION OF THE BRICS[1]

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In 2014, the five heads of state of the BRICS countries (Brazil, Russia, India, China, and South Africa) announced the creation of a new development bank, meant primarily to help close the financing gap for infrastructure and sustainable development in the Global South. The announcement was met with a variety of reactions, from enthusiastic endorsements of the project as providing a positive alternative to existing development finance institutions, to highly skeptical receptions and affirmations that the new bank would pose a serious threat to Western development norms. Despite ongoing debate about the potential impact of the New Development Bank (NDB) on the field of development, there has been rather scarce discussion of how the initiative affects the BRICS

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coalition itself. What does the New Development Bank represent for institutionalization of the BRICS? Will concrete initiatives help grant the BRICS coalition greater agency as a collective actor?

Drawing on official BRICS documents released thus far, as well as interviews with government officials from BRICS countries, we analyze the NDB initiative from an institutionalist perspective that views organizations as socially embedded within multiple and interlocking levels of social interaction. More specifically, we consider the NDB in light of three key factors relevant to the process of institutionalization of a multilateral initiative: the creation of a coherent bureaucracy; the bank's degree of social embeddedness; and the formation of a normative platform able to influence the rules-making process in global development. All three factors are necessary for a sustainable institution that has both legitimacy and efficacy.

Since the NDB project is very much a moving target, we argue that important steps have been taken towards the first and second criteria, but that the role of the NDB as a normative platform for international development is still uncertain. If successfully implemented, the bank will help institutionalize the BRICS as an important collective actor within the field of development, but the legitimacy and authority gained from this strategy does not necessarily carry over into other fields of action present in the official BRICS discourse, such as international security.

This article is structured along two main sections and a conclusion. In the section immediately following this introduction, we offer an overview of the academic literature on the BRICS, particularly with respect to international development cooperation, and we summarize the institutionalist approach to international organizations. Next, we analyze the BRICS bank project with reference to the coalition's main goals. And finally, in the conclusion,

we examine some of the implications of this initiative for the field of development and offer some directions for future research.

The BRICS from an institutionalist perspective

The BRICS as a platform for convenience

Even during the Cold War, and despite the strict alliance system of that era, institutional frameworks were created advocating alternatives to the Western and Eastern economic and ideological proposals. Early efforts included the Non-Aligned Movement (NAM) and the Group of 77 (G77), both of which brought together developing countries from Asia, Africa, and Latin America. However, the overarching dispute between the two superpowers for the establishment and expansion of zones of influence around the world, along with inadequate resources with which to launch ambitious new initiatives, limited the scope of action of these "Third World" coalitions.

With the end of the Cold War, and especially after the decade of US hegemony, new debates have emerged concerning the possibility of a transition towards a more multipolar or multiplex system (ACHARYA, 2014). Against this backdrop of systemic reconfiguration, some rising powers – here defined as states that have experienced some degree of economic growth and use part of those resources to push for more influence within the international order – have worked to coordinate political positions and negotiate for a more multipolar international order (NARLIKAR, 2013). They can be thought of as what Kahler (2013) calls "moderate reformers" that challenge current global governance even as they seek to guarantee their own policy-making autonomy. These efforts have yielded a variety of informal platforms and coalitions. Some of these new arrangements, including the G20, seek to bridge the so-called North-South gap, while others,

such as the India-Brazil-South Africa Dialogue Forum (IBSA) and the BRICS, bring together states that either identify themselves as developing countries or that, as in the case of Russia, align with the developing world's calls for a more inclusive international order (VIEIRA; ALDEN, 2011).

The initial BRIC coalition – at first, without South Africa – was launched primarily to boost economic and political cooperation among its members and to press for a reform of global governance. Talks began at the ministerial level in 2006, and the 2008 onset of the global crisis provided additional impetus for the initiative. The inaugural head of state summit – the first of now annual meetings – was held in 2009 in Yekaterinburg, Russia.[4] In late 2010, South Africa was invited to join the group, and it officially attended the next summit (in Sanya, China) the following year, thereby causing the group to be known as the BRICS. Since then, the initiative has revolved around not only the head of state summits, but also regular ministerial meetings organized around specific topics, and the agenda has broadened to include themes as varied as development, security, and education, among others (KORNEGAY; BOHLER-MULLER, 2013).

By 2015, the BRICS represented around 42% of the global population, with a joint GDP of approximately US$ 16 trillion (21% of the world's total) and international reserves estimated around US$ 5 trillion, more than 80% of which came from China (WORLD BANK, 2013). Backed by years of strong although variable economic growth, and emboldened by their relatively robust response to the first shocks of the global crisis that began in 2008, the BRICS

4 Annual head of state summits have been held in Yekaterinburg (2009), Brasília (2010), Sanya (2011), Durban (2013), and Fortaleza (2014). As scheduled, Russia should host the Seventh Summit in the city of Ufa, in 2015 (BRAZIL, 2014) (note: since this article was first published, in 2015, the Ufa Summit did take place, as well as an Eighth BRICS Summit, which was held in Goa, India in 2016—per the BRICS Information Centre, University of Toronto.)

countries have become more vocal in the international arena. Their joint demand for reform of key international institutions, which they consider to be outdated since those arrangements do not reflect the current global power distribution, has been particularly salient with respect to international development. This stance stems not only from skepticism towards the models and norms promoted by Northern aid, but also from growing frustration at the lack of de facto reform in the Bretton Woods institutions and the UN system (VESTERGAARD; WADE, 2011).[5]

Despite being anti-hegemonic, in that they aspire to a more multipolar system, the BRICS does not aim for a systemic break. While the group's official discourse stresses the need for a multipolar, equitable, and democratic international order, these countries' primary aim is to expand their own influence in the world, rather than replace or disengage from established international institutions. The member states' dissatisfaction with the current global governance architecture is stressed in their summit declarations, which note that established international institutions have not proven able to adequately respond to global challenges (BRAZIL, 2014b). Their desire for change combined with the promotion of somewhat different approaches to certain international relations issues, as compared with those of Western countries – for example, regarding the importance of national sovereignty – has often led to the BRICS being characterized as an anti-Western bloc.[6] This umbrella statement tends to disregard the extent to which the

5 According to Vestergaard and Wade (2011), two years of intense negotiations at the World Bank, between 2008 and 2010, led to an increase in the share of low and middle income countries, from 34.67% of the votes to only 38.38%. This meant that high-income countries (which do not borrow), have more than 60% of the vote. In 2010, the IMF announced a reform that would represent only an increase of 2.6% in the participation of "emerging and developing countries." Accordingly, developed countries continue to ensure a comfortable majority. However, even this modest change was initially blocked by the US Congress.

6 As an example of this approach, see the study by Forsby and Kristensen, The fifth BRICS Summit: paving the road to "Western decline" with uneven BRICS? (2013).

individual BRICS rely upon international institutions and norms (HOU, 2014).

Another common motif is that the BRICS are awkward bedfellows. According to this view, the economic, historical, cultural, and geographic differences among these states render the coalition unlikely to find common ground on substantive issues.[7] Such narratives tend to attribute the origin of the BRICS to a Goldman Sachs paper on emerging markets (O'NEILL, 2001), overlooking not only the deeper historical roots of the coalition (the member states had already begun to deepen ties on a bilateral basis in the 1990s) but also its political dimension, which has expanded since the coalition's founding. The narrow focus on divergences leads to a pessimistic view concerning the ability of the BRICS to acquire agency as a collective and reasonably coherent actor; the summits, the reasoning goes, are "a mere photo opportunity."[8] Another variant on this way of thinking focuses on the asymmetries between China – whose GDP outweighs all of the other BRICS combined – and the remaining coalition members. In this narrative, the BRICS is nothing more than a thin multilateral veneer for Chinese interests and global ambition (PESEK, 2014).

Much of the skepticism stems from the fact that the BRICS is a recent creation. Despite the annual head of state summits since 2009, the coalition has no charter, headquarters, fixed secretariat, or dedicated funds to finance its activities (IPEA, 2014). Indeed, some analysts have argued that the development of a juridical apparatus, organizational mechanisms, and financial support systems are prerequisites for promoting wider intra-BRICS cooperation and launching robust multilateral projects (DAVIDOV, 2012). Others note

7 See the interview with Martin Wolf, Does the BRICS Group Matter? (Council on Foreign Relations, Mar. 30, 2012. Available at: <www.cfr.org/emerging-markets/does-brics-group-matter/p27802>. Accessed on: April 10, 2015.)

8 THE INDIAN EXPRESS. BRICS and Mortar. Nova Delhi, March 29, 2014.

a double standard, since the established international institutions took a lot longer to be negotiated and implemented (PIMENTEL, 2013).

Diplomats from the BRICS states note that, for such a new coalition, the degree of institutionalization can sometimes be a flawed metric for success, because flexibility generates some benefits.[9] At least during its initial stages, the loose grouping can be treated as a "platform of convenience" through which member states work to find areas in which they are likely to find common ground. This flexibility entails a process of negotiation and accommodation rather than rigidly following a prior agreed-upon template, and it allows for greater agility in the formulation and implementation of their first joint commitments. In some areas, such as international security, finding a path of least resistance is more difficult, partly because there is a salient cleavage within the coalition that affects some of their key stances on security issues: Russia and China are UN Security Council permanent seat holders, whereas Brazil, India, and South Africa aspire to such a position. Likewise, three members (Russia, China, and India) are nuclear powers, whereas both Brazil and South Africa voluntarily gave up their nuclear weapons programs. On any political topics involving domestic regimes, the three democratic BRICS (Brazil, India, and South Africa) would find little common ground with China and Russia.

Development cooperation: The path of least resistance

Despite their differences, the five member states seem to have many converging interests in development cooperation. First, the BRICS share the view that reform is needed within the current global governance architecture in international development. In addition to voicing demands for change within the Bretton Woods

9 Interview with a Brazilian diplomat: Brasilia, 2014.

institutions, the BRICS states have generally resisted efforts by the Organization for Economic Cooperation and Development (OECD) and its Development Assistance Committee (DAC)[10] to harmonize the principles of international development. The BRICS consider the OECD to be a "club of rich countries" promoting norms that privilege their own interests above those of recipients. Therefore, the OECD's attempt to become the center of gravity of the development field – for instance, through the Global Partnership launched in 2014 – lacks legitimacy from the BRICS point of view. Adopting a common discourse of non-interference, these states have strongly opposed (among other items) the DAC's endorsement of political conditionalities in exchange for provision of aid (MWASE; YANG, 2012).

After the 2008 onset of the global economic crisis, the BRICS countries perceived a window of opportunity to increase their role in, and influence over, development financing. While OECD official development assistance (ODA) flows temporarily retracted due to fiscal pressures within the donor states, South-South cooperation continued to expand (MAWDSLEY, 2012). With a greater ability to pool resources, the BRICS, as a collective entity, began pushing harder for change within the Bretton Woods institutions, exposing their frustration with the slow pace of these reforms, especially after the US Congress' veto against a 2010 agreement settled by the G20 to give more power to emerging economies within the IMF. In 2014, at least on two occasions, the BRICS countries threatened to veto a renewal of the IMF's "New Arrangements to Borrow" crisis funds in protest over the lack of reforms (YUKHANANOV, 2014).

Second, although the role of the state in domestic development varies widely among the five member states, the coalition's

10 Russia is in the process of joining the OECD and is an observer member in 13 committees and 13 working groups of the Organization, but is not part of the DAC.

discourse promotes a more state-centric approach to international development, reinforcing their common rejection of market fundamentalism. The 2010 BRICS Declaration, for instance, notes that "recent events have shattered the belief about the self-regulating nature of financial markets" and affirms the "pressing need to foster and strengthen cooperation regarding the regulation and supervision of all segments, institutions and instruments of financial markets." (BRAZIL, 2010)

The BRICS as a collective entity thus gathers steam at a time when the Bretton Woods institutions – resistant to the internal changes required to better reflect the current international order[11] – have lost their place as center of gravity in the field of development. Within this context, the creation of the NDB is part of a broader trend: the proliferation of development financing actors. In addition to bilateral providers of development financing and new private foundations, new regional development banks, such as the New Asian Infrastructure Investment Bank and the Shanghai Cooperation Organization bank, reflect a decentering of development financing (and its accompanying norms).

Third, the BRICS states make use of their provision of development not only to contest the OECD's role as a normative platform, but also to expand their own role as rules-makers (rather than simply rules-takers) in international development. All five states promote, to some degree, concepts that suggest South-South cooperation is fundamentally different from Northern aid, and thereby unburdened by the legacy of colonialism that they attribute to Northern assistance. These principles include horizontality, mutual benefit, solidarity, and non-conditionality. The idea that

11 In 2014, the president of the World Bank initiated an internal restructuring process (still in progress) which entails changing part of the structure of the bank and cutting expenses; the changes do not, however, extend to a reform of the voting system. The election of the main leadership of the institution doesn't reflect the growing role of South-South cooperation.

this cooperation is demand-driven is often stressed. While the promotion of these principles harkens back to the Cold War Era, in the post-millennium years the BRICS have been able to draw on the needed financial resources for engaging in international cooperation that were not always previously available in the past – with the exception of Russia, which during the era of the Soviet Union provided assistance socialist countries.

The scope of their bilateral development financing, although difficult to measure precisely due to widely divergent definitions of basic categories, has expanded rapidly in the past fifteen years (KHARAS; ROGERSON, 2012). Some of the BRICS states' key financing institutions have budgets that surpass those of established multilateral institutions. While in 2013 the World Bank disbursed US$40.8 billion, Brazil's national development bank, the BNDES (BNDES, 2015), disbursed loans worth US$ 88 billion, and the China Development Bank lent US$ 240 billion.[12] In other words, more development projects are being financed by banks whose norms differ from those of Western-dominated institutions.

Second, the coalition members see the provision of development cooperation as a tool for gaining influence and goodwill abroad. In the past few years, all five countries have vastly expanded their development cooperation projects. The provision of South-South cooperation is a way to facilitate economic, political, and defense ties bilaterally while facilitating some multilateral goals (for example, garnering support for candidates for leadership positions, boosting bids to host mega-events, and boosting bids to a permanent seat on the UN Security Council). The economic rationale of South-South cooperation is reflected in the concept of mutual benefit. The BRICS countries suggest that, by expanding their development cooperation projects, their governments can also boost profit opportunities for

12 2014 World Bank Annual Report.

their countries' companies investing abroad, while helping to foster growth and development in partner states.

There are also significant differences in the scope, reach, and composition of the South-South cooperation initiatives offered by individual BRICS members, including those related to development financing (MWASE; YANG, 2012). Of the five states, China is by far the largest provider of development financing, with a variety of institutions – primarily the People's Bank of China, the China Development Bank, and the Export-Import Bank of China – providing credit lines across the developing world, especially in Africa. Chinese projects are heavily anchored in government-to-government relationships meant to expand trade, and facilitate access to raw materials, although the private sector has been gaining ground over the past decade. China's South-South cooperation is conducted overwhelmingly through bilateral channels, but over the past few years it has also become a major contributor to multilateral organizations, especially the Asian Development Bank (ADB) and the African Development Bank (AfDB). In 2013, apart from engaging in the NDB initiative, the Chinese government participated in discussions to create a bank for the Shanghai Cooperation Organization (SCO) (this project is still under design), as well as a proposed Asian Infrastructure Investment Bank (AIIB). China has also launched new regional funds, such as the China-Africa Development Fund (XUEQING, 2014).

Brazil has provided official development cooperation to other developing countries since the 1970s. This role became more relevant over the past decade, as part of a foreign policy that sought to transform Brazil into a major global player – mainly by expanding Brazilian influence in South America and Africa. The Brazilian Cooperation Agency (ABC), a division of the Ministry of Foreign Affairs, is tasked with coordinating the country's

technical cooperation, which focuses on social policy niches, such as agriculture, health, and education. In addition, Brazil-based transnational companies such as the predominantly state-owned oil company, Petrobras, and the construction conglomerate, Odebrecht, carry out large-scale infrastructure projects abroad. These projects are often financed with credit lines from the Brazilian National Development Bank (BNDES), which has vastly expanded its financing for the export of goods and services over the past few years.

India has been a provider of development financing since shortly after its independence in 1947, but its South-South cooperation – like that of Brazil – increased significantly during the 2000s. In 2012, the Development Partnership Administration (DPA) was created within India's Ministry of External Affairs and made responsible for coordinating the implementation of India's grants and technical assistance, along with tracking the lines of credit offered by the country's Exim Bank. In 2013, India's development assistance reached its peak, with a budget of US$ 1.16 billion (MULLEN 2014). Most of the country's grants and loans go to South Asian countries (since 2000, around 80% of the total), while most of its credit line provisions go to African countries (currently about 60% of the total). Despite efforts by the government to increase the coordination of India's development projects, the country's development assistance programs remains highly decentralized, with a strong engagement of civil society entities in some areas.

The collapse of the Soviet Union and the subsequent political and economic crisis within Russia considerably weakened its role as a major development cooperation provider; instead, Russia became a net recipient of aid. In 2007, the Russian government officially expressed the desire to reverse this trend, laying out priority sectors of action[13]. The country began re-emerging as a significant provider

13 Russian Federation Ministry of Finance, The concept of Russia's participation in international development

of development cooperation, focusing on the health, energy, and security sectors. Although its engagement is concentrated on former Soviet Union countries, Russia has officially declared promoting relations with Africa a priority goal and launched initiatives such as the Russian-African Business Forum, created in 2011. More recently, however, with Western economic sanctions resulting from the annexation of Crimea and the ongoing conflict in eastern Ukraine, as well as the drop in oil and gas prices, Russia has come into new budgetary pressures that may constrain its provision of development cooperation.

As for South Africa, although it is by far the smallest of the BRICS economies, since the end of the Apartheid regime the country's development cooperation has increased considerably – mainly in Africa – with South Africa now being the largest provider of assistance on the continent. In 2007, in order to formalize and coordinate the country's development cooperation plans, the government established the South African International Development Agency (originally known as SAIDA, the name was later changed to the South African Development Partnership Agency, SADPA). Driven by the perception that the country's prosperity is directly linked to the development of the rest of Africa, the South African government has focused on a peacebuilding agenda that includes mediation, stabilization, and post-conflict reconstruction. There also, however, is growing engagement in agriculture and infrastructure projects as part of a broader effort to foment the region's trade and economic integration and, consequently, expand the market for South Africa's services and manufactures (BESHARATI, 2013).

In addition to a strategy for expanding influence abroad, the BRICS countries' development cooperation is also a response to

assistance, 2007. Available at: <http://www.minfin.ru/common/img/uploaded/library/2007/06/concept_eng.pdf>. Accessed on: April 10, 2015.

a real need: the scarcity of infrastructure and industrialization investment in much of the developing world. During the 1950s, the Bretton Woods institutions focused on major infrastructure projects. Over time, however, these institutions turned towards social policy, even as developing countries' infrastructure needs deepened (CHIN 2014). A recent report by the McKinsey Global Institute concluded that approximately US$57-67 trillion in infrastructure investment (DOBBS, 2014) would be needed in order to realize the world's potential growth by 2030 – an amount corresponding to approximately 60% more than the world's infrastructure investment during the last 18 years (CANUTO, 2014). Some analysts estimate that, given current rates of investment in infrastructure, an investment deficit of close to US$ 1 trillion annually will remain (BHATTACHARYA; ROMANI; STERN, 2012).

The above-mentioned infrastructure needs help to explain why development cooperation, and especially development financing, has emerged as the main path of least resistance for the BRICS – and therefore, a realistic starting point for the institutionalization process. Indeed, at the Sixth BRICS Summit, held in Fortaleza, Brazil, in July 2014, the BRICS announced the launch of two new international financial institutions, The Contingent Reserve Arrangement (CRA), and the New Development Bank (NDB).

The CRA consists of a US$100 billion monetary fund, which members can draw on to boost liquidity in cases of financial crises. As agreed upon in Fortaleza, China will provide US$41 billion to the CRA's initial capital; Brazil, Russia, and India will provide, US$18 billion each; and South Africa, will provide US$5 billion (BRAZIL, 2014c). While the BRICS stress the organization's complementarity with respect to existing international arrangements (indeed, the CRA treaty makes provisions for formal linkages to the IMF) (BRAZIL, 2014c), some analysts believe that – those links notwithstanding –

the CRA presents a direct challenge to the current global financial system (WEISBROT, 2014).

The other major initiative is the New Development Bank (NDB). The relevance of this initiative stems not only from the BRICS' push for global governance reform, but also from the ongoing debate on the role of rising powers in financing Sustainable Development Goals (SDGs). With the post-2015 debates in full swing, both the operational and normative roles of the BRICS have acquired greater prominence in global discussions of development (KHARAS et al., 2014).

Institutionalization and multilateralism

The role of multilateral organizations in international relations has recently been analyzed from a sociological standpoint that calls for analyzing these institutions not only with respect to inter-state relations, but also with reference to their organizational dynamics and their broader social relations (KOCH; STETTER, 2013). This approach has been applied not only to established multilateral organizations, but also to looser coalitions, including the BRICS (for example, see, LARIONOVA, 2012).

According to Barnett and Finnemore (2005), international organizations (IOs) – far from being the mere handmaidens of states – possess a degree of autonomy, to the extent that members have compelling reasons to delegate some authority. Once endowed with a degree of autonomy, IOs acquire agency in two key ways. First, they help define the interests of states and other actors by leveraging material resources that can be used to influence others – for example, financial resources. Second, IOs derive agency from their ability to guide behavior in other ways, such as through agenda-setting (influencing what is discussed and then decided on), as

well as norms-setting (shaping what is considered to be acceptable behavior by international relations actors).

The power of IOs depends, in part, on the degree of institutionalization of the organization – in other words, the development of rules, norms, and decision-making procedures that define the expectations, interests, and behaviors of the actors involved (GOLDSTEIN et al., 2000). From a legalistic perspective, institutionalization refers to the adoption of rules and commitments compatible with international law (ABBOTT et al., 2000).

In this article, we rely on the institutionalist perspective, to analyze the process by which the BRICS association develops as a distinct political space – a supranational locus of governance, structured by rules, procedures, and activities (SWEET et al., 2001). The importance of institutionalization is acknowledged in official BRICS documents of the member states. Brazil's Ministry of External Relations, for example, refers to the need for "vertical institutionalization" (a consolidation of regular meetings at different levels of government) as well as "horizontal institutionalization" of the coalition (a broadening of the coalition's agenda in order to include a wider variety of areas of practice) (KOCH; STETTER, 2013; BRECHIN; NESS, 2013; IPEA, 2014).

Drawing on the new economic sociology to analyze multilateral organizations, we adopt a broader view of institutionalization, going beyond the confines of international law, to consider the dynamics of the institution within its broader field of action (in this case, international development). More specifically, we examine the creation of the BRICS New Development Bank in light of three interrelated dimensions: the formation of a coherent bureaucracy, the degree of social embeddedness, and the creation of a normative platform.

A coherent bureaucracy refers to the ability to form an organizational structure approaching ideal-type Weberian characteristics with: "hierarchical organization; delineated lines of authority in a fixed area of activity; action taken on the basis of and recorded in written rules; bureaucratic officials with expert training; rules that are implemented by neutral officials; [and] career advancement dependent on technical qualifications judged by organization, not individuals" (WEBER, 1978). The rational-legal authority ascribed to the bureaucracy enables the organization to work towards stated and unstated goals without being captured by individual interests.

Social embeddedness refers to an actor's behavior within the context of the broader social relations in which it operates (GRANOVETTER, 1985). Organizational fields are composed not of isolated actors but rather of interlinked organizations that interact through formal and informal channels, and organizational change is caused in part by the diffusion of organizational repertoires of behaviors and models of action (DIMAGGIO; POWELL, 1991). This means international organizations cannot be examined solely with respect to the internal dynamics of their bureaucratic structures. Finally, in order to contribute to the institutionalization of the coalition, an initiative must be able not only to "do its job," but to engage in agenda – and norms – setting. If the BRICS are to have normative influence in the field of international development, the NDB must be relevant to broader discussions about what is termed acceptable behavior within international development.

All three factors are necessary for the consolidation of an institution that has both legitimacy and efficacy. The NDB will need to gain legitimacy not only in the eyes of the BRICS countries, but also those of the broader international development community.

The New Development Bank and the institutionalization of the BRICS

Prospects for a coherent bureaucracy

The BRICS New Development Bank was first proposed by the Indian delegation to the fourth BRICS summit, held in New Delhi, in 2012. At that time, the five heads of state asked their finance ministers to analyze the creation of a new development bank focused on infrastructure and sustainable development in the BRICS and other developing countries. Once the idea was deemed viable, at the next BRICS summit (in Durban, in March 2013), the leaders decided that the coalition would create the institution. Then, they met again that following September on the periphery of the G20 meeting in St Petersburg, in order to assess progress on the project.

In parallel, the development banks of the five BRICS countries – the BNDES of Brazil, Russia's Bank for Development and Foreign Economic Affairs (the Vnesheconombank), China's Development Bank Corporation (the CDB), the Export-Import Bank of India (the Exim Bank), and the Development Bank of Southern Africa Limited – signed cooperation agreements and memoranda of understanding on topics such as viability studies, personnel training, experience sharing, and discussions of credit facility in local currency.

It is worth noting that the NDB was not the only concrete initiative coming out of the Durban Summit, as two other agreements were signed. The "BRICS Multilateral Coop and Co-financing Agreement for Sustainable Development" aims to boost cooperation on sustainable development, for instance, by financing projects connected to sustainability and the low-carbon economy. And the "BRICS Multilateral Infrastructure Co-financing Agreement for Africa," reflects host president Jacob Zuma's efforts to place African infrastructure at the heart of the BRICS development

agenda (ZUMA, 2013). The agreement seeks to facilitate bilateral partnerships between BRICS countries' development banks, provide support for the development of infrastructure, boost trade, and expand investments on the African continent (BNDES, 2013).

By the sixth BRICS summit, held in Fortaleza, in 2014, the coalition was ready to formally announce the NDB. According to the summit's official Declaration, the institution is intended to "mobilize resources for infrastructure and sustainable development projects in the BRICS, and other emerging economies and developing countries, complementing the existing efforts of multilateral and regional financial institutions for global growth and development" by providing "loans, guarantees, equity participation and other financial instruments, cooperat[ing] with international and financial organizations, and also provid[ing] technical assistance for projects it will support" (BRAZIL, 2014a). The grouping also released the formal agreement for the new institution, with its 50 articles spelling out the bank's basic operations and governance structure (BRAZIL, 2014a).

What do these steps – and the plans outlined so far – mean for the institutionalization of the organization? First, with respect to the creation of a coherent bureaucracy, the agreement determines the rules of membership: it is open to all members of the United Nations, borrowing and non-borrowing alike, although the BRICS states will retain their status (and certain privileges) as founding members. The initial subscribed capital of US$ 50 billion is being equally distributed among the BRICS (with an initial authorized capital of US$ 100 billion), and the voting power of each member equals its subscribed shares in the bank's capital stock.[14]

The institution's basic governance structure is also clearly laid out and has no major departures from existing development banks:

14 Many other development banks follow this model, including the European Bank for Reconstruction and Development (EBRD).

the NDB will have a board of governors, a board of directors, a president, and vice-presidents. The president will be elected from one of the founding states on a rotational basis, and there will be at least one vice-president from each of those members. These provisions allow the BRICS to "lock in" a degree of influence over the bank even as the agreement permits some flexibility in the acceptance of new members.

The negotiations in Fortaleza also covered the location of the bank's headquarters. The dispute over the host country caused a last-minute stalemate in negotiations on the NDB, because India – as the original proponent of the institution – requested that the bank be headquartered in New Delhi. China, on the other hand, pressured other BRICS leaders to endorse Shanghai as the host city. The impasse was only overcome when Brazil – eager to have an agreement in place by the end of the summit – relinquished its bid for the bank's first presidency, granting that privilege to India, and accepting instead the first leadership of the board of directors (SOTO, 2014). These compromises allowed China to persevere, and Shanghai was selected as the NBD location.

Some analysts – especially those from China – argue that Shanghai is a natural choice because of the city's infrastructure and business and financial services.[15] Others believe that the decision not only reflects the Chinese government's efforts to make Shanghai into a global financial center, but also reaffirms China's dominant role within the BRICS. China's insistence on hosting the bank aroused concerns that the institution may serve Chinese priorities and pave the way for a "Beijing Consensus" (HEYDARIAN, 2014). Increasing China's proportion of capital in the bank may help to raise the institutions rating, since the Chinese government has a high Moody'

15 The following text is recommended for reading more on this point: Will the BRICS Development Bank settle in Shanghai? (Financial Research Center, Fudan University, 2012. Available at: <http://fudan-uc.ucsd.edu/_files/201306_China_Watch_BRICS_Development_Bank.pdf>. Accessed on: April 10, 2015.)

rating (GRIFFITH-JONES, 2014). However, unfettered dominance by China would be detrimental to the process of institutionalization because it would erode the new bank's legitimacy as a multilateral, counter-hegemonic effort (ABDENUR, 2014).

The NDB's implementation is by no means a given: the project needs parliamentary approval from all five states and is contingent upon the continuation of political as well as financial commitment.[16] In addition to oscillating growth rates, the BRICS face plummeting commodity prices, as well as lingering domestic challenges (ROUBINI, 2014). For now, however, the NDB agreement lays out the foundational stones of a bureaucracy that, while clearly advancing the common interests of the BRICS countries, also has elements of bureaucratic autonomy. Other aspects of this organizational structure – for example: From where will bank staff be drawn? What will career trajectories look like? – are still under design. If consolidated, a coherent bureaucracy would help make the BRICS more than the sum of its parts – at least within the realm of international development.

Social Embeddedness

Development finance institutions do not exist within a vacuum; they are interconnected to a global network through channels that include overlapping memberships, staff flows, and formal agreements for joint initiatives. The NDB, like other multilateral finance institutions, has built-in ties to key development banks from the BRICS founding members. In discussions leading up to the formal announcement of the bank, five institutions were identified and have been participating in the general discussions. The field

16 Some developing countries' initiatives never "left the drawing board". Banco do Sul, for example, was launched in September 2009 by seven South American countries whose governments did not approve of the "market-oriented policies" of the Bretton Woods institutions. However, the political commitments have weakened and the bank only exists as a legal entity.

of development can best be described as an interlocking web of multilateral institutions, bilateral providers, and a wide array of non-state actors that are deeply interconnected at multiple levels. Thus, social embeddedness of the NDB also relates to linkages with actors (state and non-state alike) beyond the founding members.

The announcement of the NDB was couched in the language of complementarity, not only from the BRICS grouping itself – the NDB agreement's first article refers to "complementing the existing efforts of multilateral and regional financial institutions"– but also from other actors within the field. During a July 2014 visit to New Delhi, President Jim Young Kim of the World Bank stated that his institution was ready to provide the new bank with technical assistance; he also played down the notion that the two institutions would vie for projects, saying that "The only competition we have is with poverty" (WORLD BANK, 2014).

Whether or not the two banks end up vying for the same markets and projects, the NDB project may contribute towards a re-adaptation of current financial institutions, including the ongoing restructuring of the World Bank. Furthermore, the NDB agreement makes provisions for interaction with other actors – primarily nation states – within the field of development. For example, the agreement allows for the future enlargement of the grouping's membership (presumably not just from developing countries), and it will allow prospective member states to sit in as observers during board meetings. In addition, contingent upon board approval, the agreement also accepts other international financial institutions as observers. The agreement openly states that, to fulfill its purpose, it will "cooperate as the bank may deem appropriate within its mandate, with international organizations, as well as national entities, whether public or private, in particular with international financial institutions and national development

banks." This phrasing leaves open the possibility of cooperating not only with state banks, Exim banks, and other development banks, along with other national institutions, but also with private sector entities involved in financing and implementing infrastructure projects internationally.

The agreement, however, makes no mention of civil society, and this is important for two key reasons. First, some of the BRICS – in bilateral plans – provide for development cooperation with close partnerships with civil society, entities such as NGOs, professional associations, diaspora communities, and labor unions. This is the case, for example, of both Brazilian and Indian South-South cooperation, parts of which have been pioneered by civil society. Second, civil society groups in the BRICS countries have been working together to accompany the process of institution-building, often contesting what they perceive to be a lack of both transparency and inclusion within the bank's creation process. During the Durban (2013) and Fortaleza (2014) summits, local civil society groups articulated with their counterparts in the other BRICS to hold "parallel" meetings dedicated to questioning the impact that such an institution would have, including with respect to environmental, human rights, and labor conditions (NOBREGA, 2014). There is also concern among such groups with the institution's transparency. Article 15 of the agreement ("Transparency and Accountability") is the most succinct within the document, mentioning only that "The Bank shall ensure that its proceedings are transparent and shall elaborate in its own Rules of Procedure specific provisions regarding access to its documents" (BRAZIL, 2014a).

One aspect of social embeddedness that will only become clear when and if the bank comes to full fruition concerns the interlocking social networks that typically emerge across international organizations, especially those acting within the

same field. There is significant cross-over in staff among related institutions; for instance, economists from the IMF and the World Bank often "migrate" to regional development organizations, and vice versa. In addition, employees also tend to come from a narrow background; according to Wade (1996), around two-thirds of World Bank economists were certified by US universities, and a full 80 percent had graduated from North American or British universities. While these trends reinforce linkages among institutions beyond the state-level, they also generate considerable redundancy in the knowledge and worldview of staff within those institutions. The NDB agreement does not mention the recruitment or training of its future staff, nor whether measures will be taken to ensure that a certain proportion of employees and contractors come from the founding states.

The NDB and development norms

The role of an institution as an arena for contesting, proposing, and launching norms emerges with time and cannot easily be gleaned from its foundational documents. Some elements can, however, be inferred from the BRICS' broader positions within the field of development. At the 2013 BRICS summit in Durban, Chinese President Xi Jinping called upon the group to help set the international development agenda[17] – a clear sign that the coalition's development initiatives are not merely designed to "fill the gap" in infrastructure financing.

Instead of just "filling the gap," the NDB is also being launched as an alternative to Western-dominated institutions. The BRICS have criticized not only the Bretton Woods institutions in their current configurations, but also the Organization for Economic

17 Ministry of Foreign Affairs of China, Chinese President Xi Jinping Attends 5th BRICS Summit in Durban and Delivers an Important Speech, Mar. 27, 2013. Available at: <http://www.fmprc.gov.cn/mfa_eng/topics_665678/xjpcf1_665694/t1026742.shtml>. Accessed on: April 10, 2015.

Cooperation and Development (OECD) and its Development Assistance Committee (DAC). The countries have, to varying degrees, resisted DAC's efforts to "harmonize" international development by codifying the norms, practices, and standards of assistance. The BRICS governments have insisted that South-South cooperation is fundamentally different from Northern aid in that these flows are more horizontal, based on relations of mutual benefit, and devoid of political conditionalities. As a result, the providers of South-South cooperation resist being pigeonholed as "new donors" and have been reluctant to adhere to the aid effectiveness agenda.[18]

Thus far, however, the BRICS have acted more as "norms blockers" (resisting the principles endorsed by Northern institutions) than "norms entrepreneurs." The concept of sustainable development, for instance, is at the heart of the NDB, but no robust definition has been provided in the bank agreement. In terms of operationalization, it is also not clear how (and to what extent) the new bank will develop models and standards for project monitoring and evaluation. In light of the current ambiguities, civil society groups – not only within the BRICS themselves but also elsewhere – may create new pressures for the NDB to address issues of human rights, environmental impact, and labor conditions.

Likewise, the BRICS have reaffirmed their stance on not applying political conditionality to loans, but it is still unclear how this position might affect the bank's operations and its normative influence. While all of the BRICS have stood by the position of non-interference in other countries' domestic affairs, some of the members may push for preferences in partnerships. China, for instance, typically does not provide major loans to states that maintain formal ties to Taiwan, in accordance with its "One China

18 India and China boycotted the Global Partnership introduced in 2014; Brazil, South Africa and Russia sent small delegations and made it clear they were not part of the initiative, which they didn't consider a true legitimate global platform (The Economic Times, 2014).

Policy"; and Russia, especially after the start of the Ukraine crisis, has adopted a stronger anti-Western stance and has sought to deepen its ties to former Soviet republics. At the BRICS summit in Fortaleza, Russian President Vladimir Putin called upon the group to create "a system of measures that would help prevent the harassment of countries that do not agree with some foreign policy decisions made by the United States and their allies" (TASS, 2014). The extent to which founding members' geopolitical considerations will influence the NDB's norms and practices – for instance through implicit diplomatic conditionalities and preferences – therefore, remains to be seen.

There are also lingering questions regarding how and to what extent the NDB will contribute to the post-2015 development framework, especially in light of matters related to sustainable development goals (SDGs). The 2014 BRICS Declaration issued claims that the BRICS' "economic growth and social inclusion policies have helped to stabilize the global economy, foster the creation of jobs, reduce poverty, and combat inequality, thus contributing to the achievement of the [UN's] Millennium Development Goals." And the Declaration further states that the BRICS will continue to help "define the international agenda in this area, building on its experience in addressing the challenges of poverty and inequality" (BRAZIL, 2014b). To date, however, the BRICS have issued no statement regarding the NDB project or, more broadly, how their evolving approach to international cooperation relates to the SDGs.

Finally, there are lingering questions about the NDB's heavy focus on large-scale infrastructure – an approach that harkens back to the early years of the Bretton Woods institutions, when a belief in "spatial trickle-down economics" led development specialists to believe that creating pockets of prosperity would automatically lead to broader externalities (RODRIK, 2013). If the NDB's focus

on heavy infrastructure leads to a neglect of other dimensions of socioeconomic development, some of the mistakes of that era may be repeated on an even grander scale. On the other hand, making the NDB relevant to global debates on development norms would allow the BRICS to increase the institution's influence even beyond its operations.

Conclusion

Development cooperation, and especially development financing, has emerged as the path of least resistance for the BRICS; it is the area in which the coalition members have been most successful at finding enough common ground to launch concrete initiatives with long-term goals. If successfully implemented, the NDB will grant legitimacy to – and boost the capacity of – this grouping of nations that openly challenges the current global governance system, thereby granting the coalition a degree of autonomy that it currently lacks. So far, the NDB's contributions towards an institutionalization of the BRICS – as an international relations actor in its own right, above and beyond the agency of its individual members – can only be gleaned from its foundational documents and the broader political negotiations surrounding this new bank.

From an institutionalist perspective, the project seems to be making progress in two important areas. First, the establishment of a coherent bureaucracy capable of carrying out the institution's primary functions appears to be feasible – partly due to these states' vast previous experiences with development financing, including through multilateral platforms. And second, the NDB also plans to include provisions to socially embed the new institution within a broader constellation of actors, both state and private. No mention, however, is made of civil society, which is not only an integral part of some of the BRICS' South-South cooperation initiatives, but it has also begun challenging the coalition, including the bank project itself.

As for the third criteria – the creation of a normative platform – the BRICS' ability to launch a purposeful normative agenda is still unclear, and its potential cannot be inferred from the NDB agreement. While the coalition has adopted clear stances against the imposition of political conditionalities, and it favors a discourse of non-interference in other countries' domestic affairs, the kind of large-scale infrastructure projects the NDB will finance invariably entail some degree of local and regional political impact. The BRICS concept of sustainable development, also featured prominently in NDB negotiations, remains underspecified.

The norms of the NDB are likely to emerge incrementally, as credit lines and other operational aspects are hammered out. Far from pragmatic details, these are focal points of negotiations where political and ideological differences will emerge and must be sorted in order to operationalize the new bank and provide it with a normative framework. More broadly, the BRICS must decide how the NDB fits within global discussions on international development, including those, such as the sustainable development goals, undertaken through the UN. This must be done as a truly multilateral effort, rather than as a China-dominated endeavor, which would undermine not only the legitimacy of the NDB, but that of the BRICS as a whole.

A successful implementation of the NDB would grant the coalition a higher degree of legitimacy and authority, allowing the BRICS to press more effectively for a reform of global governance. The NDB's contribution towards an institutionalization of the BRICS, however, will remain restricted to the domain of international development. If the BRICS leaders intend to make the coalition into a multi-faceted initiative able to yield concrete innovations in different areas of international relations, they cannot rely on the

NDB and CRA alone; other paths of least resistance must also be sought and followed.

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VISION OR MIRAGE? THE DEVELOPMENT BANK AND RESERVE ARRANGEMENT ON THE BRICS' HORIZON

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This paper directly benefits from my experience in discussions that I conducted between the BRICS countries[2] that led to the signing of the Treaty for the Establishment of a Contingent Reserve Arrangement (CRA) and the Agreement on the New Development Bank (NDB). The common thread here is how the countries involved in the talks, both collectively and individually, viewed the role of the institutions they were creating in the international financial system in light of their interests and their own position in the world order. Bearing in mind that other chapters of this book have already

1 The author is a diplomat and the former Secretary of International Affairs in the Brazilian Ministry of Finance, a position in which he acted as Deputy Finance Minister in both the G20 and BRICS meetings. The opinions expressed in this article are those of the author and do not necessarily reflect those of the Brazilian government.

2 Should *the acronym "BRICS"* be used in the plural or the singular form? Texts on the subject have used both formulations, and some even indistinctly use the term both ways. The plural form used in this text denotes that the grouping is not a bloc, let alone an international organization, but rather it denominates a cooperative process of countries mindful of their individuality and autonomy. In English one normally uses the expression "the BRICS," which can be used for either form, but it usually uses a plural verb. The Bank Agreement uses the original English expression "BRICS countries," which leads to formulating the sentence in the plural.

described the key features of these agreements, I will refrain from describing them yet again but rather, I will introduce salient points that are relevant to understanding the comments given.

The two signed agreements mentioned above created cooperation mechanisms between the BRICS that have a very tangible dimension, surprising even the most faithless critics of the group. At the same time, both agreements fall within the sphere in which cooperation among the BRICS has been considered more natural – that of international economic governance. In a way, it is a demonstration that the BRICS, given the difficulties and sluggish pace of governance reform by multilateral financial institutions – notably the IMF and the World Bank – are capable of creating their own instruments for participating in the management of the international finance system.

The Vision of the New Development Bank

The New Development Bank sprang from a finding that confirmed enormous needs for infrastructure projects in developing countries and emerging markets, starting with the BRICS themselves. The issue of financing for infrastructure had been sporadically raised by developing countries in the G20 without having been taken up as a focus of discussion by the French (2011) and Mexican (2012) presidencies of that group, before becoming an important issue during the Russian (2013), Australian (2014) and Turkish (2015) presidencies.

At an informal meeting in October 2011, after the formal meeting of the G20 finance ministers and central bank presidents in Paris earlier that year, a British economist, Nicholas Stern, presented to the BRICS "deputies"[3] a paper that he had jointly prepared with

3 As had been the case with the G7/8, there are two tracks in the structure of the G20 in which the year's projects are organized. On the track of the ministers of finance and central bank presidents,

Joseph Stiglitz,[4] an American counterpart. The paper proposed the formation of a South-South development bank. Such a bank, Stern and Stiglitz suggested, would include as initial shareholders, developing countries and emerging markets in the G20 that were not part of the G8,[5] with the purpose of financing sustainable infrastructure and new technology projects. The reactions of the deputies present at the meeting were varied and cautious; they did not foretell much of a chance the proposal would be taken up by the BRICS as a whole.

At the start of the following year, however, during initial preparations for the BRICS summit in New Delhi, the Indian government proposed that leaders ask their finance ministers to examine both the feasibility and the viability of establishing a development bank that would "cover the funding gap for infrastructure projects and sustainable development in the BRICS and other developing countries." Faced with this concrete proposal, the BRICS were quick to agree upon the idea of examining the creation of a development bank. As proposed by the Indian government, the paragraph with this mandate from the Declaration of the New Delhi Summit underwent some minor changes – such as the substitution of the term "mobilizing resources" for the phrase "cover the resource gap," which was considered an impractical goal given the scope of the

the works are prepared by deputy ministers and directors responsible for international issues in their respective ministries of finance and central banks. On the other track there are found issues that are normally outside the scope of the ministries of finance and central banks but are also discussed at the summit – such as trade, labor, the fight against corruption, etc. These are coordinated by a personal representative of the president or prime minister – known as a "sherpa," who analogous to the Himalayan guides for whom they are named, steer the leader to the "summit" (peak). The BRICS use a similar, although somewhat differently organized structure. Unlike the G20, in which the presidency prepares the results to be gathered at the summit throughout the year, the BRICS presidency begins *after* the summit in their country and is responsible for implementing the then approved work plan.

4 "An International Development Bank for Fostering South-South Investment: Promoting the New Industrial Revolution, Managing Risk and Rebalancing Global Savings", September of 2011, distributed electronically.

5 A G8 participant, Russia was not on the elaborated list in the article.

needs. Thus began the process that led to the decision to create the bank at the Durban Summit in 2013, and ultimately, to the signing of an agreement in Fortaleza in 2014.

Stern and Stiglitz conceived the bank as an important instrument for channeling the surplus savings of major emerging market countries, notably China, into more promising and profitable applications than the traditional destinations of developed markets. In this way, the bank would also contribute to a rebalancing of the global economy, reducing imbalances best expressed by the contrast between China's current account surplus and a deficit in that of the U.S. With a solid capital structure and a portfolio of adequately financed projects, Stern and Stiglitz recalled that the bank could obtain a risk rating higher than those of its individual members – similar to what had happened with *Corporación Andina de Fomento* (CAF) in South America – thereby allowing it to raise funds at lower costs. They also saw a privileged instrument within the bank to finance the needs arising from the fight against climate change in developing countries and emerging markets.

How does the design of the New Development Bank elaborated by the BRICS countries compare with the proposal made by Stern and Stiglitz?

The extension of the crisis and the use of unusual monetary instruments to combat it – in the form of interest rates close to zero and quantitative monetary expansion – led to great international liquidity and low profitability for financial investments. At the same time, the crisis greatly affected the banking system in the developed world, and the regulatory reform efforts to correct the problems identified as either the cause of or contributing factors to it – and its rapid expansion around the world – reduced the amount of additional funding, even after a round of capital expansion.

Affected by the second chapter of the financial crisis, European banks, the leading providers of so-called project finance, sharply curtailed their operations in financing infrastructure projects. Therefore, the perception of the BRICS at the start of the discussions about the new development bank was no longer focused on the need to contribute to the correction of global imbalances; rather, it was focused on the realization that there were, on the one hand, resources available in the global market and, on the other, financing needs for long-term infrastructure projects: two realities that were not being properly matched. Although the issue of preparing appropriate projects is a major challenge in this context, in light of new economic and regulatory conditions resulting from the financial crisis, the existence of an international financial intermediation problem was clearly noted.

Simultaneous to the above, Brazil and other BRICS countries were very close to the single borrower limit in the organizations they were part of, most notably the World Bank. Against this backdrop, developed countries repeatedly – and I personally witnessed it happen a few times in the G20 or the World Bank Development Committee/IMF – made it clear they would not engage that early in a new round of capital increase of multilateral banks they were a part of. In view of the needs of the BRICS and other developing countries his source of funding was, therefore, limited.

Blocking the increase of new capital not only means limiting the capacity of new funding opportunities, it also makes it very difficult to change the weights of countries in the decision-making process of these institutions, as the weights correspond to their shares of the capital. Naturally, it is easier to transfer voting power from developed countries to developing countries through a proportionally higher increase in their shares, under the conditions of a generalized increase of shares, rather than through an increase in their quotas

that would depend on the absolute reduction in shares from other countries.

The creation of a new bank, therefore, seemed like a viable way to reduce the problem of financial intermediation for infrastructure projects, while at the same time extending the participation of the BRICS into global financial governance, especially in light of the delay in the governance reform processes of multilateral financial institutions.

From the beginning, there has also been a convergence of ideas in making sure that the institution to be established is managed professionally and without waste. Stemming from the earliest discussions, the design was for a bank created for projects, not policies. In other words, the design was for a bank that would finance specific projects, which would be evaluated on their terms. In the new bank there would not be a comprehensive sector of research and guidance from countries on development policies, such as the ones at the World Bank and some other multilateral development banks. In this regard, the goal of obtaining a high-risk rating for the institution had always been present, and it drove the discussions on the structure of capital and the outline of the future institution's policies, which had been laid out in the Fortaleza Agreement.

After the initial discussions, although still in the phase of negotiating the overall idea from the New Delhi Summit, there was a consensus that the bank would not carry out concessional loans – at least not until it generated surpluses – and that its rates would be based on the funding costs. From the outset, the idea was to create a bank that had a funding intermediation function, turning to the financial market to raise funds and lending them under payment – not from a fund, which would have to be replenished with a new round of contributions once it was out of resources.

As for the bank's goals in terms of projects to support, the design from New Delhi, concerned with mobilizing resources for infrastructure projects and sustainable development, was consolidated and put into the final agreement. Brazil – busy with preparations for the Rio +20 Conference – proposed that the objective was to finance sustainable development projects, placing greater emphasis on the bank's connection with the conceptual framework of the conference. But the other BRICS, particularly India, preferred to keep the singularity of infrastructure projects as a hallmark of the bank's action. The issue of combating climate change that had been proposed by Stern and Stiglitz was present, if only indirectly, in the broader context of sustainable development. In this regard, Brazil has emphasized – in post-Fortaleza discussions in preparation for the implementation of the NDB – that the defined objective refers to infrastructure *and* sustainable development, not infrastructure *or* sustainable development, therefore understanding that infrastructure projects – which will certainly be the focus of the bank must, from their very beginnings – consider all economic, social, and environmental dimensions. Accordingly, based on the Brazilian proposal, the Interim Board of Directors of the NDB in charge of the preparation process, in February 2015, approved the following text for the "Mission" of the bank:

> *To mobilize resources for infrastructure and sustainable development projects in the BRICS and other emerging market economies and developing countries, [thereby] contributing to development plans established nationally through projects that are socially, environmentally, and economically sustainable from their inception.*

Although the bank's constitution agreement has only been open to signatories from the BRICS countries, the NDB was conceived to allow that other countries be incorporated within

it – either as borrowers of loans and other financial instruments, or as contributors of capital. The definition of a "borrower" was left on an *ad hoc* basis at the time of its adherence, to avoid any discussion over the candidate country's status concerning its degree of development. The rules of governance limit the space for non-borrowers and provide for the maintenance of most of the capital under the control of the BRICS as a whole. At the same time, in the configuration of initial capital, none of the BRICS has veto power on any of the planned voting systems. Even the very name of the bank – an item under discussion up until the very last moment – by not including the phrase "BRICS," was conceived to denote its openness to other countries.

The Vision of the Reserve Arrangement

The BRICS Contingent Reserve Arrangement is an additional element of the international financial safety network. Inspired by the Chiang Mai Initiative – a currency swap arrangement among ten countries in Asia – the mechanism emerged during discussions concerning the European financial crisis of 2011-2012. Those discussions involved measures that Europe could take to address doubts in the financial market of the ability of the so-called "peripheral countries" of the euro-zone, to meet their financing needs. It was argued that the European Union would need to equip itself with mechanisms that clearly demonstrated its ability to financially help the threatened countries. These mechanisms would have to be so potent – and have such massive resources – that the reassured market would, once again, loan money to those countries so that, ultimately, the full use of the mechanisms would not be necessary. This was known as the "big bazooka theory," and it had been successfully adopted in the United States as a reaction to the systemic threat generated by the collapse of the Lehman Brothers financial services firm in 2008. In the EU's case, the creation of bailout

funds were finally cemented into a permanent fund in 2012 with the creation of the ESM – the European Stability Mechanism – thereby allowing Europe to deal with the problems of smaller countries, such as Greece, Ireland, and Portugal. It was not enough, however, to quell the markets' worries in regard to larger countries like Spain and Italy; the crisis only abated in July 2012, when the European Central Bank, under the command of Mario Draghi, declared itself ready to fully enter the battle. Then, facing the potentially unlimited firepower of the creator of euros, the European financial market began to reduce the cost of financing to the besieged European governments, and the Outright Monetary Transactions program – released in 2012, and allocated to buy European sovereign bonds in the secondary markets – did not have to be used.

At the same time, in the wake of the 2008 crisis, the BRICS, along with other countries from the G20, were called on to contribute new resources to the International Monetary Fund. And for the IMF to immediately be able to make use of those resources, temporary loaning systems were utilized without modification of the equity shares system, which determine voting powers in the institution's decisions. The understanding was that this "down payment" would be effective while negotiating the modification of the shares and waiting for those modifications to go into effect. In 2012, in the face of the European crisis, another round of loans to the IMF was agreed upon under the leadership of the G20, and they were announced at the Los Cabos Summit in Mexico. At the time of this writing (2015), however, the modification of shares agreed to in 2010 has not yet come into effect due to the lack of ratification by the United States and, therefore, temporary resources continue to compose much of the firepower of the IMF.

In the context of the discussions on the creation of the European mechanisms, the BRICS leaders, inspired by the model

of the Chiang Mai Initiative, met in June 2012, on the periphery of the G20 summit in Los Cabos, Mexico, to explore the creation of a similar type of reserves swap arrangement among the group's five members. At the same time a new round of loans from the IMF was announced. The model is based on the establishment of a virtual pool of reserves in which countries do not place funds under common management, but only pledge to contribute reserves to any one of the partners who may need them. If the need should arise, there is a swap of a strong currency for the national currency, with a subsequent reversal: in practice, it is an interest-bearing loan of convertible currency. The idea was to create their own "big bazooka" at a time when none of the BRICS had a need for the mechanism, as they had all accumulated massive international reserves, under their own mattresses so to speak, as insurance for situations involving volatility in capital flows. Without this urgent need, negotiations could proceed without being run over, preparing the BRICS for any changing conditions in the future, while clearly confirming the grouping's capacity for joint action, as had already been asserted in the decision to discuss the creation of a development bank.

On the one hand, as with Chiang Mai, and as with the BRICS and other emerging and developing economies' own accumulation of reserves, the CRA is a demonstration of distrust and discomfort regarding the role of the International Monetary Fund, since the CRA has objectives that are in the IMF's scope of functions. On the other hand, the CRA is not intended to be an alternative to the Fund, not only for having an insufficient volume of funds, but also for limiting the de-linked access from an on-track arrangement by the applicant country with the IMF to 30% of the "line of credit" available to each of the BRICS under the agreement. This, once again, follows the model of the Chiang Mai Initiative, which initially de-linked 10% of the access limits, later expanding to 30%. The logic of the link to the IMF is that the countries would not be able to

follow up on the economic situation of countries requesting foreign exchange swaps and, much less, demand policies from them that ensure the future "repayment" of the committed foreign reserves. Until a secretariat with sufficient experience is available to the mechanism – the creation of which is authorized by the Agreement but not directly determined – it is expected that the linkage over a certain amount of resources will be maintained. For the record, China, who according to the agreed upon arrangement commits to the highest volume of reserves, was the most resistant to elevating the divestment to 30% from the start. A lower percentage, however, would strip away much of the sense of the CRA as, at the limit, a total tie-in with the IMF would be roughly equivalent to granting new features to the body without greater participation in its decision-making process, reproducing the problem of temporary loans to the Fund made in response to the international crisis.

Thus, the CRA, which unlike the New Development Bank is intended to attend only to the BRICS[6] themselves, has two main functions: a) to demonstrate the firepower of the members in order to help deter speculative attacks in the event of difficulties in the Balance of Payments; and b) to, if used, give a member country a chance to breathe during its negotiations of an adjustment program with the IMF, through the de-linked portion, thereby increasing the bargaining power of the members.

The NDB and the CRA are clearly complementary to the system established at Bretton Woods, but they do show its insufficiency as well as the BRICS' dissatisfaction with the system's governance, creating places to intervene in the system beyond the boundaries of participation in the IMF and World Bank Group's decision-making processes, which have been so difficult to alter.

6 The understanding and assumption of the negotiation has been that a mechanism was discussed only for the BRICS. The Treaty, however, contains adhesion devices.

Each BRICS' vision

In another text, I stated that:

> *The formation of the BRICS group was a political decision that, like the impact of the acronym itself, was born from the perception that there is a common element among these countries derived from the unique places they occupy in the contemporary international order. But this distinctive place itself is derived from the uniqueness of its individual members and the ability of each of those members to preserve and express their singularities. Hence, the BRICS cannot be expected to be a coherent body of doctrine on how the international economic order should be, or have a cohesive role in a broad thematic spectrum, or even less, to collectively express themselves through spokespeople*[7].

From another angle, each of the BRICS strives to be a hub in a multi-polar world that is still in the making, even though a variety of situations and capabilities implies heterogeneous positions in this new constellation. Each of the countries has differentiating features in their regional context and craves a global role; something they have already achieved in varying degrees. From this perspective, none of the BRICS, strictly speaking, has a need for the grouping, yet they all have something to gain from their participation. This fact is reflected in the processes that created the NDB and CRA in terms of what each country seeks in the creation of these institutions.

In Brazil's case, by strengthening the concept of the BRICS as a relevant group in the management of the international economic order, the two institutions help to consolidate their presence in international governance, receiving prestige from the company of

7 COZENDEY, C. M. BRIC a BRICS num mundo em transição. In: PIMENTEL, J. V. de S. (Org.). *O Brasil e os BRICS e a agenda internacional*. Brasília: Funag, 2012.

two members of the UN Security Council, three nuclear powers, the second largest economy in the world, etc. The NDB has potential importance to Brazil as an intermediary of resources for projects that will be conducted on both domestic and foreign fronts. With investments in infrastructure at the center of its development plans over the coming years, Brazil can use the bank to complement its financing needs that exceed the capacity of public and private national banks. On the foreign front, the bank can be instrumental in supporting physical integration projects in South America and in the financing of projects in which Brazilian companies are involved abroad, thereby strengthening the country's internationalization. Notably, the bank can act in a complementary way to the BNDES, which can finance the activities of Brazilian companies abroad – or the export of Brazilian goods and services – but not the local counterparts of these companies. Thus, for Brazil, the bank reinforces the arsenal of soft power instruments along with other developing countries that may be addressed through financing, and it strengthens the global role of the country, all while providing significant economic benefits.

Brazil had a very active role in the negotiations regarding the bank, and by proposing a number of solutions on the most difficult points and coordinating the final bargaining negotiations at the summit held in Fortaleza, it was responsible for the wording that served as the basis for the negotiations. A central concern throughout this exercise – in both the management and the initial shaping of the NDB's profile – was to ensure a balance of power among the members. Consequently, Brazil insisted on establishing a board of directors as a non-resident body, under a council of governors. In addition, similar to how it is done in modern corporations, the board would be in charge of overseeing the bank's management but, contrary what is usually seen in most multilateral financial organizations, the board president would not be the president of the bank.

Some final results of the balancing were that if the bank's headquarters became Shanghai, China would only appoint its fifth president, and the first regional office would be opened in South Africa – thereby avoiding an excessive concentration of power in Asia. In addition, while India obtained the right to designate the first president of the institution, Brazil would have the right to name the first president of the board of directors, and Russia would have similar rights in regard to the board of governors. Above all, the five countries would contribute the same fraction of capital and, therefore, each would have the same voting power in decision-making – and no one would have veto power over any decision. All of this would guarantee a balance of influences in the shaping of the bank's initial policies, as well as its strategy for the first five years.

The CRA, in turn, also boosted the visibility of Brazil's global presence. With a high level of reserves, there is no expectation of Brazil needing to resort to the mechanism, but China's monumental reserves, surely adds to Brazil's confidence. Brazil was responsible for preparing the basic wording in the CRA, besides having chaired the working group that conducted the negotiations. Among Brazil's main concerns in the establishment of the mechanism was the creation of a system of decision making that framed the huge disparity of international reserves between China and other countries, which is reflected in the creation of the three levels of commitment set out in the agreement: one for China; one for Brazil, India and Russia; and one for South Africa. The composition of these three levels – and of the voting system – carefully sought to avoid the ability of any one country to veto, or to make isolated decisions, in case any of the countries needed to make use of the mechanism. At the same time, the mechanism ensures that a member is not required to contribute, in the case of activation, if it is in an uncomfortable situation concerning its reserves itself; that is, sovereignty is preserved over the use of reserves. Finally, Brazil considered it

important that there be a reasonable level of disassociation from the IMF, so that the mechanism would not become a mere increase in funds available to that entity. This, it was believed, would be contrary to the reform efforts of the institution's governance and greatly reduce the political impact of the initiative.

Following the order of the BRICS, as is the convention at the group's meetings, we will now look at Russia, initially the most reticent concerning the creation of the NDB. The Russian Ministry of Finance, responsible for the negotiations, showed caution with regard to the budgetary consequences of the initiative. Having reorganized a number of banks from the Soviet era, and having recently created new regional banks, the country delayed giving a clear nod to the process until the eve of the Durban meeting (2013), where leaders of the BRICS announced the completion of the banks viability and launched negotiations for its creation as well as that of the CRA. Once the negotiations began, however, Russia joined the others in the enthusiasm for the initiative and sought to bring its experience to the discussions, such as when dealing with the European Bank for Reconstruction and Development (EBRD). Similar to Brazil, Russia was in favor of the bank being dedicated not only to sovereign loans, but also to a wider range of instruments that were directed towards the private sector. After some initial concerns, the importance of the new institution – in the context of transforming the governance of the international financial system – seems to have prevailed in Russia's perception, and the country was very flexible in the final stretch of negotiations. The country relinquished Moscow's candidacy to host the bank's headquarters, while maintaining caution regarding the demands on its budget, as reflected in the suggestion that the two billion dollars in "paid in" capital per country be paid over a longer term than the five years initially planned[8].

8 The final agreement called for contributions on an increasing scale for seven years.

The Russian Central Bank led the negotiations over the CRA. Its attitude towards the CRA ranged from an initial period marked by fluctuations and doubts concerning technical issues related to how the mechanism would function, to an attitude of frank collaboration and a search for solutions to those same problems. As with the other members, concern for the balance of decision-making – given the potential impact on the use of reserves – was important for Russia, which, during part of the negotiating process, advocated for decisions by consensus. This practice, however, could remove the credibility of the mechanism's deterrent power in the event of any threat of a crisis over the balance of payments by some members, as it would be much easier to block the decision-making process with the approval of resources being less guaranteed, if requested. This hypothesis was thus abandoned in favor of a more complex but balanced mechanism, which was agreed upon.

In India's case, the NDB was negotiated with the use of financial intermediation at the center of their concerns. India is a major user of funds from multilateral financial institutions and bilateral cooperation agencies, and only recently began its transition to stop receiving funding on concessional terms from the World Bank Group through the International Development Association (IDA). In light of its great domestic needs for infrastructure, India sees the NDB as an important tool to direct international financial surpluses, particularly Asian, to finance its domestic needs. The bank would also operate as a complement to the country's cooperation with multilateral financial institutions and, the country argued, in this sense they could participate in the bank's capital, a possibility that was not ultimately retained. Seeking to maintain the bank's high rating by credit rating agencies, India favored the possibility of an increased participation by developed countries in the capital structure of the bank, while still maintaining the prevalence of non-developed countries and the BRICS in particular. It was also opposed to the

Bank operating with developing non-member countries in light of the NDB's initial limited capacity, with the additional argument that it would reduce the incentive for them to become members[9].

Like other participants, India was concerned with the balance of the NDB's decision-making process, and it firmly insisted on equivalent contributions of capital and in equal voting power to all the founding members. And throughout the negotiations – until the end of New Delhi's candidacy to headquarter the bank – the country opposed the Chinese intention along those lines. In the end, however, India secured for itself the presidency of the bank, in accordance with the priority given to the subject when the country proposed the creation of the bank in the run-up to the New Delhi Summit and during the negotiating process. Besides the dimension of its insertion in global governance, the bank is also inserted into the complexity of a competition-cooperation model that currently presides over relations between India and China. One of the arguments in favor of India's candidature for hosting the bank's headquarters was that China was already creating another multilateral bank based in that country, the Asian Infrastructure Investment Bank (which includes India as a participant).

India's participation in the CRA talks was less prominent than its dealings had been on the NDB. It supported the mechanism and gave constructive participation in technical negotiations. The country also had the same concerns raised by others on the issue of the balance of power in decision-making, as well as the preservation of sovereignty in the use of reserves, and in its perception of the mechanism's importance in regard to the BRICS being able to occupy more space in international governance.

9 Actually, as the cost of loans for borrowers would decrease if they became members, the incentive would not disappear.

With respect to China, the NDB is part of a campaign for the acceptance of a greater multilateralization of its financial operations with developing countries. Although the resources that China will make available to the NDB are well below those it uses to mobilize aid and funding to developing countries bilaterally, the initiative is interesting on at least two dimensions. First of all, it – as well as other initiatives the country has recently conducted within a multilateral framework – the Chinese borrow legitimacy from the BRICS for its operations in developing countries, some of which have been criticized as neo-colonialism. And the second dimension is that it is part of a gradual assertion of China's economic power and the translation of that power into institutions capable of influencing global governance. This is seen even more clearly in the creation of the Asian Infrastructure Investment Bank[10], an institution that has an overlapping area of operation with the Asian Development Bank – an organization of the Bretton Woods institutions, traditionally chaired by a Japanese national.

In addition to the backdrop of attaining greater influence in global governance than the other BRICS members, the plan to back the NDB is also part of China's effort to make Shanghai an important international financial center. This project goes hand in hand with the promotion of the *renminbi* as a future international currency and is nourished by the same gradual modification process of controls for the flow of foreign capital, which are still quite strict.

At the beginning of the bank's negotiations, China sought to differentiate the contributions to capital and, therefore, the voting power in the new institution. The country even argued that capital shares proportional to GDP was the BRICS' position in the reforming

10 In the case of the Asian Infrastructure Investment Bank, China decided alone on the creation of the Bank and it was structured under its clear leadership and sponsorship, at which point it opened negotiations for those who wished to enter as founding partners. Several countries in the region joined and the BRICS were also invited to participate.

of IMF and World Bank shares, although in that case, the formula would lead to a reduction of the differentiation between developed countries and the BRICS. With the NDB, however, it would have obviously had an opposite effect – creating differentiation and hierarchy. There did not appear to be any intention on China's part to "control" the bank, but clearly it did strive for recognition of its greater economic power, similar to the way in which the CRA recognizes the scale of the firepower of its reserves. In the final phase of the negotiations, however, China focused its efforts on headquartering the institution, and it eased up on these other positions.

With China being a member of the Chiang Mai Initiative, its participation in the negotiation of the CRA was decisive. This is true, not only for having accepted the commitment of reserves made available to the association in a plan with a structure similar to that of Chiang Mai, but also for its negotiating experience gained from being a member of that initiative and for the transmission of its operating model.

In China's perspective, the CRA is an offshoot of the network of currency swaps carried out by its central bank with several countries, including Brazil. But while the network of bilateral agreements is made up of commitments to exchange currencies within the countries involved and, therefore, it is also a part of the promotion of the *renminbi* as an international currency, Chiang Mai and the CRA are commitments to provide reserves in now convertible currencies. Therefore, these initiatives give China a stronger role in contributing to the global financial safety net, and they increase its presence in global governance. While Chiang Mai has an immediate appeal in stabilizing the economies of its surrounding countries in Asia, the agreement with the BRICS deals with economies more distant from China. With this argument, China initially argued that the

disassociation from the IMF was lower, at levels of only 10% of the total available to each country, than it originally was with Chiang Mai (which at that time was already using a level of 30%). With reserves far superior to its fellow BRICS members, China evidently sees itself as a provider in the mechanism, consequently indicating concern over this and other dimensions of the association linked to the repayment capacity of the countries that will eventually trigger it.

As for South Africa, in addition to the NDB meeting their funding needs, the bank is also an instrument of regional projection. Accordingly, ahead of the BRICS Durban Summit, the South African government organized a "retreat" for the leaders of the BRICS countries – along with their counterparts from Africa, whose own talks were set to start at that time – all under the cloak of expectations generated by the possible creation of the bank. In fact, a discussion on the future activities of the bank was one of the themes chosen for the retreat. And in the final negotiations for the NDB agreement, the regional dimension of the bank for South Africa was also made clear: by relinquishing Johannesburg's candidacy to house the bank's headquarters, South Africa sought a commitment that the NDB's first regional headquarters be located in that city in order to steer the bank's interaction with Africa. Despite its lower economic capacity, as expressed in its domestic product, South Africa also insisted that the capital shares of the founding members be equal, with consequent equal participation in decision-making. In addition, South Africa chaired the working group that prepared the agreement and suggested the president of its development bank for that role, denoting the importance in arriving at a satisfactory result that it attributed to the talks.

The South African Central Bank presented itself as the most mindful of its independence during the negotiations for the CRA's structure and governance. It defended the need for an agreement

between central banks that implemented practical aspects of the CRA. Although many aspects of their proposal had not prevailed, inasmuch as they duplicate or interfere in the structure and the provisions of the treaty itself, the idea of having a treaty complemented by an agreement between central banks prevailed, along with strong support from the Brazilian Central Bank.

Conclusion: vision or mirage?

Even before the signing of the Fortaleza agreements, the prospect of creating new BRICS institutions had already generated huge interest and even concrete reactions. In contacts with delegations from other countries, the interest of both developed and developing countries was quite notable. On the part of developing countries, it was a desire to learn more about the project with questions about the possibility of participation and, of course, in obtaining loans. From the developed countries, there were mainly inquiries over whether the project would indeed move forward, as well as about its scope. Especially in the case of the bank, there was concern with potential overlaps with the work of the World Bank. The announcement of the NDB's creation reinforced the international community's attention to the issue of financing infrastructure projects, which was later explored by the G20. In turn, the World Bank began to explore the creation of a Global Infrastructure Facility directed towards using the World Bank's leverage power to attract private funds for infrastructure projects in developing countries. In its initial conception, the facility would comply as a trust fund financed mainly by the large emerging countries with specific governance managed by taxpayers. I will let the reader evaluate to what extent this initiative constituted a direct reaction to the future NDB or simply to the closer attention that the issue of infrastructure started to receive. The fact is that the project had to be considerably overhauled because the developed countries

that control the World Bank were not keen on the idea of creating a parallel financing vehicle – one that would only be feasible with financing from the BRICS and other developing countries – if the BRICS were effectively in control of its management.

Among international analysts, the signing of the Fortaleza Agreements was generally received positively. Much of the analyses, particularly in developed countries, interpreted the creation of the NDB and CRA as a response to the slow pace of the IMF's governance and the World Bank Group's reform processes, but they also noted the positive role that the new bank could have in channeling additional resources to the BRICS and other developing and emerging economies. It was generally recognized that the two institutions give solidity to the cooperation between the BRICS due to the benefit of its influence on the international system. Reactions that came primarily from developed countries – along with some nongovernmental organizations in developing countries – showed concern that the NDB would serve to circumvent some conditions demanded on their loans by the World Bank, especially in the area of so-called environmental and social "safeguards." On the other side of the spectrum, however, particularly in developing countries, the NDB was hailed as a way to avoid being subject to conditionalities imposed by the Bretton Woods institutions that affect the formulation of public policies.

After the impact from the signing of the agreements, scant media exposure drew some questions over the pace of effectively implementing the undertaken commitments. The preparatory processes have developed satisfactorily. While awaiting a ratification of the agreements, work programs were set up in both cases, seeking to ensure a rapid entry into operation once internal approval of the agreements was completed. In the NDB's case, an interim board of directors was formed, and it agreed on the terms of reference and the selection process for the president and vice-presidents. The interim

board also established the formation of a pre-management group that would select a team dedicated to the bank's preparation, as well as define the steps needed to have the bank become operational in 2016. The goal of the CRA is to conclude the agreement between the central banks and the treaty's main supporting documents by the time of the BRICS Summit in July 2015, leaving everything almost ready for it to become effective.

It looks like work is well underway to create an issue for those who still do not believe in the functionality and significance of the BRICS. It is hardly a vision of the Promised Land, but it is no longer a mirage in the desert.

March, 2015

BRICS: APPROACHES TO A DYNAMIC PROCESS

Renato G. Flôres Jr.[1] [2]

1. Introduction

With their at least six years of semiformal existence, the BRICS – originally BRIC – warrant a reassessment of their position in the world and, above all, a definition of what they really are. In these initial pages, I will attempt to accomplish this task succinctly, without losing an evolutionary perspective because, more than an association or a grouping of countries, I consider the BRICS to be a dynamic process.

In the following section, I will emphasize three points essential to understanding the phenomenon as it exists, today. And in section 3, I will elaborate on the theoretical conditions for the sustainability of the process and the innovation it represents on the global stage. As there have been neither impacts nor dynamic changes in the

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2 Needless to say, faults, mistakes and poverty of imagination are entirely due to me, and do not at all represent the views of the institution to which I am affiliated. If, by fortune or by accident, there are any flashes of brilliance, it will have been thanks to innumerable conversations with my colleagues in other BRICS countries, especially in India and Russia, and with the various Brazilian diplomats currently, or previously, interested in the subject of this text.

surrounding media, I have made some comments as to the forms and possible terms of the group's development. I present here a conceptual test to identify stable developments that encourage unity as well as the convergence of potential disruptions.

In the final section I conclude in a possibly anticlimactic fashion.

In a world in which the most robust integration experience of the previous century, the European Union, struggles in all types of areas and, notwithstanding nationalist rhetoric – *et pour cause* – from Brussels, tackles many uncertainties about its future *Gestalt*, the BRICS are neither less nor more stable; and on the not too distant horizon, one can assume new configurations that would preserve a reasonable continuity with the present. But in order to not end up with more questions than could be justified in a minimally rigorous exercise, I will try to select, among the possible directions – even if in a general way – the outlines of those that are presented to me, if not as the most probable, at least as the most desired.

2. The BRICS today: three points to help understand them

2.1. Forget O'Neill

I apologize for recalling that in 2001, Jim O'Neill, the then head of Global Economic Research at Goldman Sachs, highlighted a group of countries – large in both territory and population – that presented positive demographics and were going through significant structural changes. He described these countries as interesting destinations for investment, and he used the pun, BRIC – for "brick," evoking solidity in construction and in investment decisions. The acronym proved to be catchy, and the group formed by the then four countries – Brazil, Russia, India, and China – began to attract general attention in a unified way.

In 2003, an interesting article by O'Neill's team[3] redoubled interest that was already underway, and this and other developments led to the informal creation of the group in 2008. Then, in a skillful and rapid Russian diplomatic gesture, the first BRICs summit was held, in 2009, in Yekaterinburg, Russia's fourth largest city, approximately a thousand miles east of Moscow. The idea of the summit "took off," and it was followed by subsequent summits in: Brasilia (Brazil, 2010), Sanya (China, 2011), Delhi (India, 2012) and Durban (South Africa, 2013). The latter meeting took place due to the fact that in late 2010, and more formally, in Sanya, in 2011, China proposed that South Africa be admitted as a member, adding an "S" to the acronym: BRICS[4]. The countries met again (in Fortaleza, Brazil) in 2014, and the cycle of summits was restarted. All this demonstrated that the idea, once consecrated, had become habitual.

During those years, or better yet, during this still incomplete one and a half decade at the beginning of the century, enormous transformations occurred, both in the world and in the five members of the grouping. The result is that this "community," which has met regularly for the last 6 years and is beginning to show concrete achievements – such as the New Development Bank – bears no resemblance to what was imagined by O'Neill: it is another being, something quite different.

And so, what is it then? This is a question that always appears, as a result of several distinct considerations.

I often say that the BRICS are the Unicorn – that creature from medieval legend – or, in other words, it is a being (an animal) so rare

3 WILSON; PURUSHOTHAMAN, 2003. O'Neill's team maintained the analytical interest alive – within the original conception itself – for more years, as in O'NEILL et al. (2005).

4 Throughout this text, I will use both the plural and the singular indifferently to refer to the BRICS; the first when referring to the five member countries, and the second, the unity of the group or the set.

and unknown that when it appears, nobody will realize what it is.[5] For now, this is how I prefer to characterize the group.

2.2 Neither a success nor a failure

From the desperation of trying to classify (the Unicorn) and not being able to, it is natural then, to try to evaluate it, in a Cartesian manner, as a success or a failure, categories that make more sense if applied to actions, policies or fait accompli. It is more difficult and elusive to classify, in an evolutionary way, a process that "makes mistakes" and has "successes"; one that searches, innovates and transforms; defying analysis with strong static assumptions.

Neither a success nor a failure, the BRICS group develops, and follows new paths; it searches for ways in which to insert itself in the world; it tries affirmative acts, makes pronouncements, and avoids in-fighting, as it builds consensus; and, from that consensus, it takes joint actions, while it coordinates, imagines, provokes, stumbles, and runs in different directions: in short, it evolves.

2.3 Forget everything you have learned about Regional Integrations (at least when dealing with the BRICS)

As iconic concepts that were entrenched in the previous century, Regional Integration and International Associations populate our analytical imagination and compel us to immediately label any group or movement linked to countries in the international scene as a clear expression of these phenomena.

The BRICS is not one of them; on the contrary, it forces a mental change upon us. Yet, again, the urge to classify arises: what, then is it? The question is now part of a bigger problem: the dismay that the world has begun to express concerning the multilateral option.

5 I used this illustration for the first time at the 6th BRICS Academic Forum in March 2014 in Rio de Janeiro (FLÔRES, 2014). The metaphor was appreciated by all delegations, especially the Chinese...

The number of global issues has increased and become excessively complicated; and the quintessentially slow and laborious multilateral option, with obvious increasing difficulties derived from the number of parties involved, began to not produce appropriate responses. While the few (and frustrating) ones that were obtained, also failed to be so in due time.

Would the BRICS be the harbinger of a new form of association, one that could find a solution to the current crisis in this area?

I am tempted to say, yes, but I would prefer, as in the two previous items, to interrupt the reflection here in order to maintain the introduction aspect of the three points I have raised.

Mulling over the ironic tragedy of his *Funes, el Memorioso*, the brilliant Jorge Luis Borges[6] recalls that oblivion is an essential component of creation. Storing all concepts, facts and details, from the remote past to the endless succession of more recent changes – as in the case of the poor and lovely Funes – destroys the possibility of any unusual idea. Two of the abovementioned points need to be forgotten: this must be done in order to understand the novelty brought by the BRICS.

3. The sustainability of the process I: the present

It would be interesting to carry out a comparative content analysis of the final resolutions from the six BRICS summits that have been held thus far. This effort would reveal a commonality with rather general pronouncements that change, along with the changes in the world and its most pressing issues.

6 *Funes, the Memorious* is one of the accounts from its masterpiece – among several others by the Argentine writer, Jorge Luis Borges – *Ficciones*, a collection of tales first published in 1944. Exploring the interchangeable use of "to invent" (very frequent in Latino texts) and, by extension and affinity, to innovate, to create – come up from nothing, and "to discover," in his work Borges repeatedly stressed that for creation, it was necessary to have a void, a gap or oblivion.

Together with this nucleus, amid an inevitable dose of voluntarism, there is also a list of concrete measures and projects, whose percentage of achievement and progress could be considered reasonable. Very reasonable, in fact, considering that it is a group without a secretariat or any other of its own institutions; and that it works somewhat at the will of its diplomatic services, and their daily struggles between priorities and resources.[7]

What is the secret of this group's scant, yet significant, longevity, with its modest but meaningful successes?

The fundamental reason that justifies and ensures the advance of this (still) undefined "being" is surprisingly simple: all of its members gain from the association.

Without the world noticing, it created a nearly perfect set of "free riders."[8]

China rejoices because it belongs to a forum in which its economic and geopolitical strength – an eternal justification for a G2 that only exists in the minds of some pundits of international relations – is partially forgotten, and it transforms into a poor and heroic developing country, discussing with a handful of "brothers" in this same condition – particularly India and Brazil – formidable problems, such as: mega-urbanization, minimum levels of food security, rural-urban migration, and the ever-present reduction of poverty along with inequality.

7 This is an inconvenience which, unfortunately, seems to haunt all the diplomatic services of the five member countries – not just ours.

8 The concept of 'free riding' and, consequently, 'free rider,' comes from Games Theory. I use it informally in this article, as it is used in common language, to highlight what the participation of each member in the group has done without increased cost or political friction, but with specific gains for each. Nevertheless, a better elaboration of the argument, using the analytical tools of this theory, is worthy of, and will be, further developed. It should also be noted that, today, most members claim to work (hard) on behalf of the group...

With its traditional geopolitical ambitions, India gains a privileged stage where it even gets to sit next to its problematic Chinese neighbor – problems that are, of course, left out of these meetings – to outline ambitious alternative strategies with a global impact.

Brazil – which does not possess nuclear weapons like its original three colleagues in the grouping – ascends to a level of international leadership that finally dignifies its size and relevance. The country's renowned diplomatic skills enable it to position itself in a generally positive light among the three destructive military colleagues. Its social experiences earn attentive and needed listeners, who often turn into followers.

Following an identical line of reasoning, it is easy to see that a similar situation presents itself to South Africa. It could not have been a better gift for the country's aspirations of African leadership – at least in the vast Sub-Saharan space – than to belong to the BRICS.

And as for old Russia, forgotten and mistreated in a world where Fukuyama naively decreed the end of history, it rises like a Phoenix in an association where warm, tropical and African winds join those blowing from the economies of the future modernity, representing an unexpected dose of vitality. It was not by chance that the first summit was convened by Russian President Medvedev, assisted by a select core of strategists who even now look after the "BRICS relationship."

The fact that, almost miraculously, five relevant countries were united in a format in which everyone wins is essential to understanding the future steps that must be decided by the Unicorn...

4. The sustainability of the process II

4.1 Perils

The least creative criticism to the BRICS stresses the differences between members, not to mention their considerable geographic sprawl. Additionally, it is common to recall the serious rivalries already externalized in past or existing conflicts – the case of Sino-Indian border is emblematic – and Russia's geopolitical position, which is perhaps more indecipherable than its colleagues.

The combination of these arguments meaninglessly leads to the inevitable prediction that, sooner or later, the bloc will break apart.

Another rhetoric, a Salvationist theory, strives to see each member as a leader in its region with the BRICS being a five-pointed star, each focusing on some manner of regional influence – expectedly a high one – gathering a good number of neighbors under its wings in the process. Yet it is precisely the interaction between these two dynamics – the vertices of the star trading on experiences and pleas that are no longer national, but regional, and thus refueling the local dynamics through this exchange – that will ensure a solid and creative future path to the group.

This idea is dear to India, since it provides the country with an exogenous and "impartial" reason for closer ties with their neighbors – difficult, but absolutely necessary – in particular, Pakistan and Bangladesh, but also Afghanistan. Brazil does not reject the idea[9] nor does South Africa, even though they would have liked it to be more comprehensive. The situation is a bit more complex, though not refuted, in the cases of China and Russia.

Evoking the two previous sections, I believe that the criteria for judging the scenarios outlined above are based on two pillars:

9 As evident in the collection published by IPEA (BAUMANN and OLIVEIRA, 2014; ALVES, 2014).

i. Are we creating innovative forms of association, or indirectly returning to the established models of the past century? (last point of section 2); and

ii. Is the principle of universal free riding being preserved? (Section 3).

As long as impulses – such as adopting the European model and progressively (or, worse, swiftly) imposing the "four fundamental freedoms" (from the Treaty of Rome) on the neighborhood, or reproducing the interesting and much lighter experience of ASEAN – can be kept under control, while the condition that "everyone wins" is carefully secured, the proposal can contribute with synergies and gains.

It is also imperative to address two issues here. The first is to more explicitly underline the fact that the BRICS bring a new format of association to a scenario, and that it is still a work in progress. Being careful not to fall into established black holes, we feel incapable of completely characterizing that format. As with various philosophical and scientific debates, we do not yet know what it is or what it will be; we do, however, know what we do not want it to be, or better yet, what we think it *should* not be.[10]

The second issue brings an opposing force into the process – to which I will establish a connection in the final conclusions in the next section.

To date, other actors, such as the United States and the European Union, have viewed the BRICS with curiosity and with little to no apprehension. I believe I am not exaggerating by saying that – despite some media coverage at the time of the summits, or

10 Within the Kantian categories of the "known" and "unknown", the BRICS would be something perhaps beyond "the unknown known" because we feel capable (or so we wish) of also stating what it is not.

in articles concerned with the unending alterations in the weight of IMF member votes – the group is mainly seen as irrelevant.

At the Fortaleza Summit, in 2014, the initial level of detail in the final approval of the New Development Bank caused a small commotion, although this subsided somewhat, once the sums involved were considered. The stronger the BRICS grouping becomes, however, the more it will occupy space now filled by other actors, and further reactions to it are expected.

If the model of the star with its regional focal points comes to fruition, new struggles for power will occur. The evolution of the international financial system – with the G20 simmering in a sauce pan, a growing assertiveness of the BRICS, and the inevitable, albeit carefully controlled, process of transforming the Chinese *Renminbi* into an internationally convertible currency – may be the sources of other frictions. And other examples abound.

On the one hand, everything will depend on how the five BRICS countries will assume joint positions that preserve universal free-riding and, on the other hand, how the affected powers react – whether it is with a local or a global geopolitical calculation, and if the reaction is an immediate or long-term one.

However you look at it, a serious threat to the sustainability of the process can take place.

4.2 Futures

Let us imagine a scenario, environment, stage or finite space in which objects and forms move and exist. A new form appears and it begins to evolve and expand in this landscape. Naturally, with this new development, the new form will begin to occupy new spaces – some of which were empty, others not. This new form will be tangent to, push away from, compress or want to enter, assimilate or even destroy other shapes and objects. At the same time, this evolution

and expansion creates demands on the form's internal structure, regarding its cohesion, consistency, and sustainability.

This is how the BRICS should be viewed. In the previous section, we saw that the progressive occupation of spaces reserved for the "greats" will inevitably be a source of conflict, as well as accommodation and transformation. But the rich and powerful are not the only ones that are disturbed. Other emerging groups suggest associations –and the alphabet soup of acronyms depends solely on one's imagination.[11] Then, despite their denial of being in competition with, or a "response" to, the BRICS, in reality they are just that. Some such groupings even propose the inclusion of countries which would be so irrelevant to it that their inclusion undoubtedly lacks a logical justification.

All of these alternatives distract and disrupt the course of events and further undermine the fragile universalism of free-riding. They do not seem appropriate or interesting to me, at least at this point in history. Looking for the reason for a BRICS of 5, 6 or 7 countries is a useless discussion; reality orders an advancement of the experiment as it stands today. Speculations of this kind are, I repeat, deviations that only disrupt.

Similarly, internal development initiatives – such as efforts for a more vigorous institutionalization – may compromise the group's flexibility and its good relations, eventually weakening its cohesion. This could be detrimental even if the intention were precisely the opposite. And in the apparently harmless area of international trade, depending on the way the development initiatives are handled, tensions may arise.[12]

11 So much that it is often not known whether it is not just a game of combining initials (see, for example, MICAS – Mexico, Indonesia, Canada, Australia and South Korea, or MINT—Mexico, Indonesia, Nigeria and Turkey, or...).

12 In FLÔRES (2013) I qualify the illusory interpretation of the (lesser) text by Kant, that trade would be one and, for many, the instrument of said universal peace. In the case of the BRICS, an idea that is

There is much to do outside of these perilous paths, and areas have already been suggested by several authors, not only from the one writing these lines. The question always comes back to one of desire and interest or additional benefits – for everyone and for every undertaking.

Will it be possible to sustain this evolution within the hypotheses of survival which, at times, seem extremely fragile? I believe so, but it is important to analyze and continuously monitor the process, to ensure that it is smooth and efficient instead of catastrophic.

5. Conclusion

There are several definitions for the concept of global or world governance, an idea that has been overly exploited, even frayed, for various purposes and justifications. A fairly cynical definition, but one with a certain amount of truth, is: a strategy to manage the architecture and international transactions so that the status quo will be preserved to the maximum. From this view, it is no wonder that the number of critical and negative theories about the BRICS only increases: according to the central argument of this paper, they bring to the table a new element, a force, an unknown process that raises more uncertainty over this already so weakened architecture.[13]

If the above is true, the group cannot rejoice over it. Advancing, as is always insisted here, is paramount, yet it is very much an exploratory process, and one in which correcting the course and constantly learning from each larger step must be the primary goal.

starting to be explored is that of a coordinated effort to strengthen regional value chains, where each member has a key role (see FLÔRES, 2010 and GEREFFI and FERNANDEZ-STARK, 2011, among many others, on the issue of value chains, and UNGER, 2010 for a more general, almost Lacanian at times, view of the basic conflicts inherent in an order for international trade).

13 I developed that point in writing for the first time, systematically, in FLÔRES, 2013b.

Speaking in ordinary Hegelian terms, at each moment the decision or synthesis will come from the dialectical conflict between the forces that pull each member to their local realities and ambitions, and those that they anguish over and gravitate towards in their desires for a central role in the international landscape. Instead of seeing this as a problem, we must see it as perhaps the most subtle and unique feature of the BRICS[14] – the group's comparative and innovative advantage. And still remaining in Hegel, it is an advantage that must be explored a number of times through what the German philosopher called *List der Vernunft* ["the cunning of Reason"][15] – an artful shifting and sharing of tasks, minimizing conflicts of growth, and only resorting to attitudes of rupture at precise, carefully chosen times.

Is it easy? Of course not; but therein lies the fascination of this process called the BRICS.

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14 In the standard regional integration among countries whose union of territories is an associated domain, this dialectic is (usually) greatly attenuated by the convergence between local interests and the group's protagonist aspirations on the foreign front. Convergence will obviously never be perfect: the case closest to the ideal being the European Union; Mercosur, on the other hand, has some problems in this area, despite having been originally motivated by the EU.

15 Sometimes translated as the "cunning of reason," a classic (and fundamental) illustration of the concept is using water to drive the watermill and not one's own physical exertion or, generally, the use of machines to replace a lot of manual labor.

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POSTFACE

Positive developments have occurred since the original Portuguese version of this book was published soon after the 2014 BRICS Summit in Fortaleza, Brazil. As a very brief update, the Department for Financial Affairs and Services of the Brazilian Ministry of Foreign Affairs presented the following summary of the evolution of two institutions created by the BRICS: the New Development Bank and the Contingent Reserve Agreement.

New Development Bank

Following the 2014 BRICS Summit in Fortaleza member countries made swift and steady progress in effectively establishing the New Development Bank (NDB).

By July 2015, all of the member countries had ratified the bank's Articles of Agreement. This allowed for the overall Agreement on the NDB, itself, to enter into force, and the inaugural meeting of the new institution's Board of Governors was held soon thereafter. Work also began on defining and implementing organizational and operational policies for the bank, which were fully approved by the first quarter of 2016. Additionally, in January, of both 2016 and 2017, as required by the Agreement, member countries paid the first installments of the bank's subscribed capital.

The NDB differs from most other development banks, which are more universal in scope, in that it is truly *multilateral*. It also has a more concentrated objective, as it is specifically focused in the sector of sustainable infrastructure. This sector – which includes transportation, energy, water and telecommunications – is of the utmost relevance to achieving faster and higher quality economic growth and, more broadly, sustainable development. Despite the high demand for finance and technical expertise for sustainable infrastructure, resources and specialized expertise are often limited due to the complex nature of many infrastructure projects. The NDB will provide a vital role in meeting these needs.

In April 2016, the NDB approved the financing of its first projects with each member country receiving one project. A total of US$ 911 million will be financed – with US$ 300 million of that amount going to Brazil. In July of that same year, the bank issued US$ 450 million of its first *green bonds* in the Chinese interbank market, which helped to strengthen the bank's financing capacity. More recently, a second round of loans – totaling US$ 645 million – were approved. In keeping with the bank's focus on sustainable infrastructure, these loans will finance wind energy projects in China and roads in India.

The agility of member countries to quickly ratify the Articles of Agreement, then set up the operational structure of the bank, and start the approval of loans testifies to their commitment to this initiative of strategic importance. It is indicative of the new kind of multilateral bank the NDB aspires to be: one that is fast, flexible and efficient. In pursuing these key goals, the NDB seeks to learn from existing practices, reduce unnecessary bureaucracy, and streamline as much as possible without sacrificing quality and soundness.

In early 2017, the NDB approved a project preparation fund, which will provide technical assistance for the preparation of

proposals of projects that the bank may finance. The preparation of project proposals is an extremely relevant initial phase, typically involving such matters as: project definition, feasibility studies, structuring, transaction support, monitoring, and evaluation plans. Well-designed project proposals – ones that make good economic sense and have the correct structures and processes in place – contribute to galvanizing support and attracting private capital to infrastructure efforts.

Moving forward, an important task for the NDB will be to define a strategy for the admission of new members. The Articles of Agreement provide broad guidelines: any United Nations member country may become a member of the bank; founding members shall never have jointly less than 55% of the voting power; no new member may have more than 7% of the voting power; and non-borrowing members total voting power shall not exceed 20%.

Expanding membership to new countries will further strengthen the bank's financial standing and enhance both its operational capacity and access to capital markets. New members will also help position the bank as a global player with a higher profile as they contribute to the NDB's credit rating and diversify the bank's sphere of operation to more countries, thereby expanding opportunities to find good projects and improving the quality of the bank's portfolio. A bank with an expanded membership will also gain the experience of other countries in areas such as project design and implementation. It is important that the admission of new members ensure geographic distribution and an adequate mix of countries.

Having successfully established itself and initiated operations, the NDB must now quickly build practical, specialized expertise; develop its human resource base and internal systems; strengthen operational and financial capacity; and consolidate a high credit

rating – all essential conditions to realize its potential as a premier development financing institution.

Contingent Reserve Agreement

The Contingent Reserve Agreement (CRA), which was also created at the Fortaleza Summit in 2014, was ratified by all parties by June 30, 2015, and it quickly became fully operational in July of that year.

The CRA contributes to international financial stability by complementing the present financial safety net consisting of international reserves of sovereigns, as well as international organizations – most notably the IMF. It also reinforces the confidence of economic agents on the soundness of the member countries' economies, while mitigating spillover risks from possible economic shocks.

Kenneth Félix Haczynski da Nóbrega
January, 2017

ANNEXES

ANNEX A

STATEMENTS BY LEADERS AND ACTION PLANS

First Summit: Joint Statement
Yekaterinburg, June 16, 2009

Second Summit: Joint Statement
Brasilia, April 16, 2010

Third Summit: Sanya Declaration and Action Plan
Sanya, April 14, 2011

Fourth Summit: New Delhi Declaration and Action Plan
New Delhi, March 29, 2012

Fifth Summit: eThekwini Declaration and Action Plan
Durban, March 27, 2013

Sixth Summit: Fortaleza Declaration and Action Plan
Fortaleza, July 15, 2014

FIRST SUMMIT: JOINT STATEMENT OF THE BRIC COUNTRIES LEADERS

Yekaterinburg, Russia, June 16, 2009

We, the leaders of the Federative Republic of Brazil, the Russian Federation, the Republic of India and the People's Republic of China, have discussed the current situation in global economy and other pressing issues of global development, and also prospects for further strengthening collaboration within the BRIC, at our meeting in Ekaterinburg on 16 June, 2009.

We have arrived at the following conclusions:

1. We stress the central role played by the G20 Summits in dealing with the financial crisis. They have fostered cooperation, policy coordination and political dialogue regarding international economic and financial matters.

2. We call upon all states and relevant international bodies to act vigorously to implement the decisions adopted at the G20 Summit in London on 2 April, 2009. We shall cooperate closely among ourselves and with other partners to ensure further progress of collective action at the next G20 Summit to be held in Pittsburgh in September 2009. We look forward to a successful outcome of the

United Nations Conference on the World Financial and Economic Crisis and its Impact on Development to be held in New York on 24-26 June 2009.

3. We are committed to advance the reform of international financial institutions, so as to reflect changes in the world economy. The emerging and developing economies must have greater voice and representation in international financial institutions, and their heads and senior leadership should be appointed through an open, transparent, and merit-based selection process. We also believe that there is a strong need for a stable, predictable and more diversified international monetary system.

4. We are convinced that a reformed financial and economic architecture should be based, inter alia, on the following principles:

- democratic and transparent decision-making and implementation process at the international financial organizations;

- solid legal basis;

- compatibility of activities of effective national regulatory institutions and international standard-setting bodies;

- strengthening of risk management and supervisory practices.

5. We recognize the important role played by international trade and foreign direct investments in the world economic recovery. We call upon all parties to work together to improve the international trade and investment environment. We urge the international community to keep the multilateral trading system stable, curb trade protectionism, and push for comprehensive and balanced results of the WTO's Doha Development Agenda.

6. The poorest countries have been hit hardest by the financial crisis. The international community needs to step up efforts to provide liquidity for these countries. The international community should also strive to minimize the impact of the crisis on development

and ensure the achievement of the Millennium Development Goals. Developed countries should fulfill their commitment of 0.7% of Gross National Income for the Official Development Assistance and make further efforts in increasing assistance, debt relief, market access and technology transfer for developing countries.

7. The implementation of the concept of sustainable development, comprising, inter alia, the Rio Declaration, Agenda for the 21st Century and multilateral environmental agreements, should be a major vector in the change of paradigm of economic development.

8. We stand for strengthening coordination and cooperation among states in the energy field, including amongst producers and consumers of energy and transit states, in an effort to decreasing uncertainty and ensuring stability and sustainability. We support diversification of energy resources and supply, including renewable energy, security of energy transit routes and creation of new energy investments and infrastructure.

9. We support international cooperation in the field of energy efficiency. We stand ready for a constructive dialogue on how to deal with climate change based on the principle of common but differentiated responsibility, given the need to combine measures to protect the climate with steps to fulfill our socio-economic development tasks.

10. We reaffirm to enhance cooperation among our countries in socially vital areas and to strengthen the efforts for the provision of international humanitarian assistance and for the reduction of natural disaster risks. We take note of the statement on global food security issued today as a major contribution of the BRIC countries to the multilateral efforts to set up the sustainable conditions for this goal.

11. We reaffirm to advance cooperation among our countries in science and education with the aim, inter alia, to engage in fundamental research and development of advanced technologies.

12. We underline our support for a more democratic and just multi-polar world order based on the rule of international law, equality, mutual respect, cooperation, coordinated action and collective decision-making of all states. We reiterate our support for political and diplomatic efforts to peacefully resolve disputes in international relations.

13. We strongly condemn terrorism in all its forms and manifestations and reiterate that there can be no justification for any act of terrorism anywhere or for whatever reasons. We note that the draft Comprehensive Convention against International Terrorism is currently under the consideration of the UN General Assembly and call for its urgent adoption.

14. We express our strong commitment to multilateral diplomacy with the United Nations playing the central role in dealing with global challenges and threats. In this respect, we reaffirm the need for a comprehensive reform of the UN with a view to making it more efficient so that it can deal with today's global challenges more effectively. We reiterate the importance we attach to the status of India and Brazil in international affairs, and understand and support their aspirations to play a greater role in the United Nations.

15. We have agreed upon steps to promote dialogue and cooperation among our countries in an incremental, proactive, pragmatic, open and transparent way. The dialogue and cooperation of the BRIC countries is conducive not only to serving common interests of emerging market economies and developing countries, but also to building a harmonious world of lasting peace and common prosperity.

16. Russia, India and China welcome the kind invitation of Brazil to host the next BRIC summit in 2010.

SECOND SUMMIT: JOINT STATEMENT

Brasilia, April 16, 2010

We, the leaders of the Federative Republic of Brazil, the Russian Federation, the Republic of India and the People's Republic of China, met in Brasília on 15 April 2010 to discuss major issues of the international agenda as well as concrete steps to move forward the cooperation and coordination within BRIC.

We have agreed on the following:

Common Vision and Global Governance

1. We share the perception that the world is undergoing major and swift changes that highlight the need for corresponding transformations in global governance in all relevant areas.

2. We underline our support for a multipolar, equitable and democratic world order, based on international law, equality, mutual respect, cooperation, coordinated action and collective decision-making of all States.

3. We stress the central role played by the G-20 in combating the crisis through unprecedented levels of coordinated action. We

welcome the fact that the G-20 was confirmed as the premier forum for international economic coordination and cooperation of all its member states. Compared to previous arrangements, the G-20 is broader, more inclusive, diverse, representative and effective. We call upon all its member states to undertake further efforts to implement jointly the decisions adopted at the three G-20 Summits.

We advocate the need for the G-20 to be proactive and formulate a coherent strategy for the post-crisis period. We stand ready to make a joint contribution to this effort.

4. We express our strong commitment to multilateral diplomacy with the United Nations playing the central role in dealing with global challenges and threats. In this respect, we reaffirm the need for a comprehensive reform of the UN, with a view to making it more effective, efficient and representative, so that it can deal with today's global challenges more effectively. We reiterate the importance we attach to the status of India and Brazil in international affairs, and understand and support their aspirations to play a greater role in the United Nations.

5. We believe the deepened and broadened dialogue and cooperation of the BRIC countries is conducive not only to serving common interests of emerging market economies and developing countries, but also to building a harmonious world of lasting peace and common prosperity. We have agreed upon steps to promote dialogue and cooperation among our countries in an incremental, proactive, pragmatic, open and transparent way.

International Economic and Financial Issues

6. The world economic situation has improved since our first meeting in June 2009, in Ekaterinburg. We welcome the resumption of economic growth, in which emerging market economies are playing a very important role.

However, we recognize that the foundation of world economic recovery is not yet solid, with uncertainties remaining. We call upon all states to strengthen macroeconomic cooperation, jointly secure world economic recovery and achieve a strong, sustainable and balanced growth. We reiterate our determination to make positive efforts in maintaining domestic economic recovery and promoting development in our own countries and worldwide.

7. We underline the importance of maintaining relative stability of major reserve currencies and sustainability of fiscal policies in order to achieve a strong, long-term balanced economic growth.

8. We are convinced that emerging market economies and developing countries have the potential to play an even larger and active role as engines of economic growth and prosperity, while at the same time commit to work together with other countries towards reducing imbalances in global economic development and fostering social inclusion.

9. G-20 members, with a significant contribution from BRIC countries, have greatly increased resources available to the IMF. We support the increase of capital, under the principle of fair burden-sharing, of the International Bank for Reconstruction and Development and of the International Finance Corporation, in addition to more robust, flexible and agile client-driven support for developing economies from multilateral development banks.

10. Despite promising positive signs, much remains to be done. We believe that the world needs today a reformed and more stable financial architecture that will make the global economy less prone and more resilient to future crises, and that there is a greater need for a more stable, predictable and diversified international monetary system.

11. We will strive to achieve an ambitious conclusion to the ongoing and long overdue reforms of the Bretton Woods institutions. The

IMF and the World Bank urgently need to address their legitimacy deficits. Reforming these institutions' governance structures requires first and foremost a substantial shift in voting power in favor of emerging market economies and developing countries to bring their participation in decision making in line with their relative weight in the world economy. We call for the voting power reform of the World Bank to be fulfilled in the upcoming Spring Meetings, and expect the quota reform of the IMF to be concluded by the G-20 Summit in November this year. We do also agree on the need for an open and merit based selection method, irrespective of nationality, for the heading positions of the IMF and the World Bank. Moreover, staff of these institutions needs to better reflect the diversity of their membership. There is a special need to increase participation of developing countries. The international community must deliver a result worthy of the expectations we all share for these institutions within the agreed timeframe or run the risk of seeing them fade into obsolescence.

12. In the interest of promoting international economic stability, we have asked our Finance Ministers and Central Bank Governors to look into regional monetary arrangements and discuss modalities of cooperation between our countries in this area. In order to facilitate trade and investment, we will study feasibilities of monetary cooperation, including local currency trade settlement arrangement between our countries.

13. Recent events have shattered the belief about the self-regulating nature of financial markets. Therefore, there is a pressing need to foster and strengthen cooperation regarding the regulation and supervision of all segments, institutions and instruments of financial markets. We remain committed to improve our own national regulations, to push for the reform of the international

financial regulatory system and to work closely with international standard setting bodies, including the Financial Stability Board.

International Trade

14. We stress the importance of the multilateral trading system, embodied in the World Trade Organization, for providing an open, stable, equitable and non discriminatory environment for international trade. In this connection, we commit ourselves and urge all states to resist all forms of trade protectionism and fight disguised restrictions on trade. We concur in the need for a comprehensive and balanced outcome of the Doha Round of multilateral trade talks, in a manner that fulfills its mandate as a "development round", based on the progress already made, including with regard to modalities. We take note and strongly support Russia's bid for accession to the WTO.

Development

15. We reiterate the importance of the UN Millennium Declaration and the need to achieve the Millennium Development Goals (MDGs). We underscore the importance of preventing a potential setback to the efforts of poor countries aimed at achieving MDGs due to the effects of the economic and financial crisis. We should also make sustained efforts to achieve the MDGs by 2015, including through technical cooperation and financial support to poor countries in implementation of development policies and social protection for their populations. We expect the UN MDG Summit, in September 2010, to promote the implementation of MDGs through policy recommendations. We stress that sustainable development models and paths of developing countries should be fully respected and necessary policy space of developing countries should be guaranteed.

16. The poorest countries have been the hardest hit by the economic and financial crisis. The commitments regarding the aid to the developing states, especially those related to the MDGs, should be fulfilled, and there should be no reduction in development assistance. An inclusive process of growth for the world economy is not only a matter of solidarity but also an issue of strategic importance for global political and economic stability.

Agriculture

17. We express our satisfaction with the Meeting of Ministers of Agriculture and Agrarian Development in Moscow, where they discussed ways of promoting quadripartite cooperation, with particular attention to family farming. We are convinced that this will contribute towards global food production and food security. We welcome their decision to create an agricultural information base system of the BRIC countries, to develop a strategy for ensuring access to food for vulnerable population, to reduce the negative impact of climate change on food security, and to enhance agriculture technology cooperation and innovation.

Fight Against Poverty

18. We call upon the international community to make all the necessary efforts to fight poverty, social exclusion and inequality bearing in mind the special needs of developing countries, especially LDCs, small islands and African Countries. We support technical and financial cooperation as means to contribute to the achievement of sustainable social development, with social protection, full employment, and decent work policies and programmes, giving special attention to the most vulnerable groups, such as the poor, women, youth, migrants and persons with disabilities.

Energy

19. We recognize that energy is an essential resource for improving the standard of living of our peoples and that access to energy is of paramount importance to economic growth with equity and social inclusion. We will aim to develop cleaner, more affordable and sustainable energy systems, to promote access to energy and energy efficient technologies and practices in all sectors. We will aim to diversify our energy mix by increasing, where appropriate, the contribution of renewable energy sources, and will encourage the cleaner, more efficient use of fossil fuels and other fuels. In this regard, we reiterate our support to the international cooperation in the field of energy efficiency.

20. We recognize the potential of new, emerging, and environmentally friendly technologies for diversifying energy mix and the creation of jobs. In this regard we will encourage, as appropriate, the sustainable development, production and use of biofuels. In accordance with national priorities, we will work together to facilitate the use of renewable energy, through international cooperation and the sharing of experiences on renewable energy, including biofuels technologies and policies.

21. We believe that BRIC member countries can cooperate in training, R&D, Consultancy services and technology transfer, in the energy sector.

Climate Change

22. We acknowledge that climate change is a serious threat which requires strengthened global action. We commit ourselves to promote the 16th Conference of the Parties to the United Nations Framework Convention on Climate Change and the 6th Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol, in Mexico, to achieve a comprehensive, balanced and

binding result to strengthen the implementation of the Convention and the Protocol. We believe that the Convention and the Protocol provide the framework for international negotiations on climate change. The negotiations in Mexico should be more inclusive, transparent, and should result in outcomes that are fair and effective in addressing the challenge of climate change, while reflecting the principles of the Convention, especially the principle of equity and common but differentiated responsibilities.

Terrorism

23. We condemn terrorist acts in all forms and manifestations. We note that the fight against international terrorism must be undertaken with due respect to the UN Charter, existing international conventions and protocols, the UN General Assembly and Security Council resolutions relating to international terrorism, and that the prevention of terrorist acts is as important as the repression of terrorism and its financing. In this context, we urge early conclusion of negotiations in the UN General Assembly of the Comprehensive Convention on International Terrorism and its adoption by all Member States.

24. Brazil and China express their sympathy and solidarity with the people and Governments of Russia and India which suffered from recent barbaric terrorist attacks. Terrorism cannot be justified by any reason.

Alliance of Civilizations

25. We affirm the importance of encouraging the dialogue among civilizations, cultures, religions and peoples. In this respect, we support the "Alliance of Civilizations", a United Nations' initiative aimed at building bridges, mutual knowledge and understanding around the world. We praise the Brazilian decision to host, in Rio

de Janeiro, in May 2010, the 3rd Global Forum and confirm our intention to be present at the event, in appropriate high level.

Haiti

26. We reaffirm our solidarity towards the Haitian people, who have been struggling under dire circumstances since the earthquake of January 12th, and reiterate our commitment to gather efforts with the international community in order to help rebuilding the country, under the guidance of the Haitian government, and according to the priorities established by the Action Plan for National Recovery and Development of Haiti.

Cooperation

27. We welcome the following sectoral initiatives aimed at strengthening cooperation among our countries:

a. the first Meeting of Ministers of Agriculture and Agrarian Development;

b. the Meetings of Ministers of Finance and Governors of Central Banks;

c. the Meetings of High Representatives for Security Issues;

d. the I Exchange Program for Magistrates and Judges, of BRIC countries, held in March 2010 in Brazil following the signature in 2009 of the Protocol of Intent among the BRIC countries' Supreme Courts;

e. the first Meeting of Development Banks;

f. the first Meeting of the Heads of the National Statistical Institutions;

g. the Conference of Competition Authorities;

h. the first Meeting of Cooperatives;

i. the first Business Forum;

j. the Conference of think tanks.

28. We also endorse other important manifestations of our desire to deepen our relationship, such as:

a. the joint publication by our respective national statistical institutions which is going to be released today;

b. a feasibility study for developing a joint BRIC encyclopedia.

29. We reaffirm our commitment to advance cooperation among BRIC countries in science, culture and sports.

30. We express our confidence in the success of the 2010 World Expo in Shanghai, the 2010 Commonwealth Games in New Delhi, the 2013 World Student Games in Kazan, the 2014 Winter Olympic and Paralympic Games in Sochi, the FIFA 2014 World Cup in Brazil and the 2016 Olympic and Paralympic Games in Rio de Janeiro.

31. We reaffirm the efforts to strengthen our cooperation and assistance for reduction of natural disasters. Russia and India express their condolences and solidarity with the people and Governments of Brazil and China, for the lives lost in the mudslide in Rio de Janeiro, Brazil, and in the earthquake in Yushu, China.

III BRIC Summit

32. Brazil, Russia and India appreciate the offer of China to host the III BRIC Summit in 2011.

33. Russia, India and China express their profound gratitude to the Government and people of Brazil for hosting the II BRIC Summit.

THIRD SUMMIT: SANYA DECLARATION AND ACTION PLAN

Sanya, Hainan, China, April 14, 2011

1. We, the Heads of State and Government of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa, met in Sanya, Hainan, China for the BRICS Leaders Meeting on 14 April 2011.

2. The Heads of State and Government of Brazil, Russia, India and China welcome South Africa joining the BRICS and look forward to strengthening dialogue and cooperation with South Africa within the forum.

3. It is the overarching objective and strong shared desire for peace, security, development and cooperation that brought together BRICS countries with a total population of nearly 3 billion from different continents. BRICS aims at contributing significantly to the development of humanity and establishing a more equitable and fair world.

4. The 21st century should be marked by peace, harmony, cooperation and scientific development. Under the theme "Broad Vision, Shared Prosperity", we conducted candid and in-depth discussions and reached broad consensus on strengthening BRICS cooperation as well as on promoting coordination on international and regional issues of common interest.

5. We affirm that the BRICS and other emerging countries have played an important role in contributing to world peace, security and stability, boosting global economic growth, enhancing multilateralism and promoting greater democracy in international relations.

6. In the economic, financial and development fields, BRICS serves as a major platform for dialogue and cooperation. We are determined to continue strengthening the BRICS partnership for common development and advance BRICS cooperation in a gradual and pragmatic manner, reflecting the principles of openness, solidarity and mutual assistance. We reiterate that such cooperation is inclusive and non-confrontational. We are open to increasing engagement and cooperation with non-BRICS countries, in particular emerging and developing countries, and relevant international and regional organizations.

7. We share the view that the world is undergoing far-reaching, complex and profound changes, marked by the strengthening of multipolarity, economic globalization and increasing interdependence. While facing the evolving global environment and a multitude of global threats and challenges, the international community should join hands to strengthen cooperation for common development. Based on universally recognized norms of international law and in a spirit of mutual respect and collective decision making, global economic governance should be strengthened, democracy in international relations should be

promoted, and the voice of emerging and developing countries in international affairs should be enhanced.

8. We express our strong commitment to multilateral diplomacy with the United Nations playing the central role in dealing with global challenges and threats. In this respect, we reaffirm the need for a comprehensive reform of the UN, including its Security Council, with a view to making it more effective, efficient and representative, so that it can deal with today's global challenges more successfully. China and Russia reiterate the importance they attach to the status of India, Brazil and South Africa in international affairs, and understand and support their aspiration to play a greater role in the UN.

9. We underscore that the concurrent presence of all five BRICS countries in the Security Council during the year of 2011 is a valuable opportunity to work closely together on issues of peace and security, to strengthen multilateral approaches and to facilitate future coordination on issues under UN Security Council consideration. We are deeply concerned with the turbulence in the Middle East , the North African and West African regions and sincerely wish that the countries affected achieve peace, stability, prosperity and progress and enjoy their due standing and dignity in the world according to legitimate aspirations of their peoples. We share the principle that the use of force should be avoided. We maintain that the independence, sovereignty, unity and territorial integrity of each nation should be respected.

10. We wish to continue our cooperation in the UN Security Council on Libya. We are of the view that all the parties should resolve their differences through peaceful means and dialogue in which the UN and regional organizations should as appropriate play their role. We also express support for the African Union High-Level Panel Initiative on Libya.

11. We reiterate our strong condemnation of terrorism in all its forms and manifestations and stress that there can be no justification, whatsoever, for any acts of terrorism. We believe that the United Nations has a central role in coordinating the international action against terrorism within the framework of the UN Charter and in accordance with principles and norms of the international law. In this context, we urge early conclusion of negotiations in the UN General Assembly of the Comprehensive Convention on International Terrorism and its adoption by all Member States. We are determined to strengthen our cooperation in countering this global threat. We express our commitment to cooperate for strengthening international information security. We will pay special attention to combat cybercrime.

12. We note that the world economy is gradually recovering from the financial crisis, but still faces uncertainties. Major economies should continue to enhance coordination of macro-economic policies and work together to achieve strong, sustainable and balanced growth.

13. We are committed to assure that the BRICS countries will continue to enjoy strong and sustained economic growth supported by our increased cooperation in economic, finance and trade matters, which will contribute to the long-term steady, sound and balanced growth of the world economy.

14. We support the Group of Twenty (G20) in playing a bigger role in global economic governance as the premier forum for international economic cooperation. We expect new positive outcomes in the fields of economy, finance, trade and development from the G20 Cannes Summit in 2011. We support the ongoing efforts of G20 members to stabilize international financial markets, achieve strong, sustainable and balanced growth and support the growth and development of the global economy. Russia offers to host the

G20 Summit in 2013. Brazil, India, China and South Africa welcome and appreciate Russia's offer.

15. We call for a quick achievement of the targets for the reform of the International Monetary Fund agreed to at previous G20 Summits and reiterate that the governing structure of the international financial institutions should reflect the changes in the world economy, increasing the voice and representation of emerging economies and developing countries.

16. Recognizing that the international financial crisis has exposed the inadequacies and deficiencies of the existing international monetary and financial system, we support the reform and improvement of the international monetary system, with a broad-based international reserve currency system providing stability and certainty. We welcome the current discussion about the role of the SDR in the existing international monetary system including the composition of SDR's basket of currencies. We call for more attention to the risks of massive cross-border capital flows now faced by the emerging economies. We call for further international financial regulatory oversight and reform, strengthening policy coordination and financial regulation and supervision cooperation, and promoting the sound development of global financial markets and banking systems.

17. Excessive volatility in commodity prices, particularly those for food and energy, poses new risks for the ongoing recovery of the world economy. We support the international community in strengthening cooperation to ensure stability and strong development of physical market by reducing distortion and further regulate financial market. The international community should work together to increase production capacity, strengthen producer-consumer dialogue to balance supply and demand, and increase support to the developing countries in terms of funding

and technologies. The regulation of the derivatives market for commodities should be accordingly strengthened to prevent activities capable of destabilizing markets. We also should address the problem of shortage of reliable and timely information on demand and supply at international, regional and national levels. The BRICS will carry out closer cooperation on food security.

18. We support the development and use of renewable energy resources. We recognize the important role of renewable energy as a means to address climate change. We are convinced of the importance of cooperation and information exchange in the field of development of renewable energy resources.

19. Nuclear energy will continue to be an important element in future energy mix of BRICS countries. International cooperation in the development of safe nuclear energy for peaceful purposes should proceed under conditions of strict observance of relevant safety standards and requirements concerning design, construction and operation of nuclear power plants.

20. Accelerating sustainable growth of developing countries is one of the major challenges for the world. We believe that growth and development are central to addressing poverty and to achieving the MDG goals. Eradication of extreme poverty and hunger is a moral, social, political and economic imperative of humankind and one of the greatest global challenges facing the world today, particularly in Least Developed Countries in Africa and elsewhere.

21. We call on the international community to actively implement the outcome document adopted by the High-level Plenary Meeting of the United Nations General Assembly on the Millennium Development Goals held in September 2010 and achieve the objectives of the MDGs by 2015 as scheduled.

22. Climate change is one of the global threats challenging the livelihood of communities and countries. China, Brazil, Russia and

India appreciate and support South Africa's hosting of UNFCCC COP17/CMP7. We support the Cancun Agreements and are ready to make concerted efforts with the rest of the international community to bring a successful conclusion to the negotiations at the Durban Conference applying the mandate of the Bali Roadmap and in line with the principle of equity and common but differentiated responsibilities. We commit ourselves to work towards a comprehensive, balanced and binding outcome to strengthen the implementation of the United Nations Framework Convention on Climate Change and its Kyoto Protocol. The BRICS will intensify cooperation on the Durban conference. We will enhance our practical cooperation in adapting our economy and society to climate change.

23. Sustainable development, as illustrated by the Rio Declaration on Environment and Development, Agenda 21, the Johannesburg Plan of Implementation and multilateral environmental treaties, should be an important vehicle to advance economic growth. China, Russia, India and South Africa appreciate Brazil as the host of the 2012 UN Conference on Sustainable Development and look forward to working with Brazil to reach new political commitment and achieve positive and practical results in areas of economic growth, social development and environmental protection under the framework of sustainable development. Brazil, Russia, China and South Africa appreciate and support India's hosting of the eleventh meeting of the Conference of the Parties to the Convention on Biological Diversity. Brazil, China and South Africa also appreciate and support the sixth meeting of the Conference of the Parties serving as the meeting of the Parties to the Cartagena Protocol on Biosafety to be held in October 2012.

24. We underscore our firm commitment to strengthen dialogue and cooperation in the fields of social protection, decent work,

gender equality, youth, and public health, including the fight against HIV /AIDS.

25. We support infrastructure development in Africa and its industrialization within framework of the New Partnership for Africa's Development (NEPAD).

26. We have agreed to continue further expanding and deepening economic, trade and investment cooperation among our countries. We encourage all countries to refrain from resorting to protectionist measures. We welcome the outcomes of the meeting of BRICS Trade Ministers held in Sanya on 13 April 2011. Brazil, China, India and South Africa remain committed and call upon other members to support a strong, open, rule-based multilateral trading system embodied in the World Trade Organization and a successful, comprehensive and balanced conclusion of the Doha Development Round, built on the progress already made and consistent with its development mandate. Brazil, India, China and South Africa extend full support to an early accession of Russia to the World Trade Organization.

27. We reviewed the progress of the BRICS cooperation in various fields and share the view that such cooperation has been enriching and mutually beneficial and that there is a great scope for closer cooperation among the BRICS. We are focused on the consolidation of BRICS cooperation and the further development of its own agenda. We are determined to translate our political vision into concrete actions and endorse the attached Action Plan, which will serve as the foundation for future cooperation. We will review the implementation of the Action Plan during our next Leaders Meeting.

28. We intend to explore cooperation in the sphere of science, technology and innovation, including the peaceful use of space. We congratulate the Russian people and government upon the 50th

anniversary of the flight of Yury Gagarin into the space, which ushered in a new era in development of science and technology.

29. We express our confidence in the success of the 2011 Universiade in Shenzhen, the 2013 Universiade in Kazan, the 2014 Youth Olympic Games in Nanjing, the 2014 Winter Olympic and Paralympics Games in Sochi, the FIFA 2014 World Cup in Brazil, the 2016 Olympic and Paralympics Games in Rio de Janeiro and the FIFA 2018 World Cup in Russia.

30. We extend our deepest condolences to the people of Japan with the great loss of life following the disasters that struck the country. We will continue our practical support to Japan in overcoming consequences of these catastrophes.

31. The leaders of Brazil, Russia, India and South Africa extend our warm appreciation to China for hosting the BRICS Leaders Meeting and the Hainan Provincial Government and Sanya Municipal Government and their people for their support to the Meeting.

32. Brazil, Russia, China and South Africa thank India for hosting the BRICS Leaders Meeting in 2012 and offer their full support.

Action Plan

We formulated the Action Plan, laying the foundation for the BRICS cooperation, with the purpose to strengthen BRICS cooperation and benefit our peoples.

I. Enhance existing cooperation programs

1. Hold the third Meeting of High Representatives for Security Issues in the latter half of 2011 in China.

2. Hold the meeting of Ministers of Foreign Affairs during the 66th Session of the United Nations General Assembly.

3. Hold sherpas/sous-sherpas meeting in due time.

4. Representatives to international organizations based in New York and Geneva meet periodically in an informal manner.

5. Ministers of Finance and Governors of Central Banks meet under the G20 framework and during the annual meetings of the World Bank and International Monetary Fund.

6. Hold the Meeting of Agriculture Expert Working Group and the second Meeting of Ministers of Agriculture in 2011 in China, and cooperate in issues including establishment of BRICS System of Agricultural Information and holding a seminar on food security.

7. Hold the Meeting of the heads of the National Statistical Institutions in September 2011 in China.

8. Hold the second BRICS International Competition Conference in September 2011 in China, and explore the possibility of signing an Agreement on Cooperation between Antimonopoly Agencies.

9. Continue to hold the BRICS Think-tank Symposiums, and consider establishing a network of research centers of all BRICS countries.

10. Hold another Business Forum prior to the next BRICS Leaders Meeting.

11. Strengthen financial cooperation among the BRICS Development Banks.

12. Implement the Protocol of Intent among the BRIC Countries' Supreme Courts.

13. Release the Joint Statistical Publication by BRICS Countries.

14. Continue to hold the Meeting of Cooperatives.

II. New areas of cooperation

1. Host the first BRICS Friendship Cities and Local Governments Cooperation Forum in 2011 in China.

2. Host the Meeting of Ministers of Health in 2011 in China.

3. Engage in joint research on economic and trade issues.

4. Update, as appropriate, the Bibliography on the BRICS countries.

III. New proposals to explore

1. Cooperate in the cultural field according to the agreement of the BRICS leaders.

2. Encourage cooperation in sports.

3. Explore the feasibility to cooperate in the field of green economy.

4. Hold a meeting of Senior Officials for discussing ways of promoting scientific, technological and innovation cooperation in BRICS format, including by establishment a working group on cooperation in pharmaceutical industry.

5. Establish, at UNESCO, a "BRICS-UNESCO GROUP", aiming at developing common strategies within the mandate of the Organization.

FOURTH SUMMIT: DELHI DECLARATION AND ACTION PLAN

New Delhi, March 29, 2012

1. We, the leaders of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa, met in New Delhi, India, on 29 March 2012 at the Fourth BRICS Summit. Our discussions, under the overarching theme, "BRICS Partnership for Global Stability, Security and Prosperity", were conducted in an atmosphere of cordiality and warmth and inspired by a shared desire to further strengthen our partnership for common development and take our cooperation forward on the basis of openness, solidarity, mutual understanding and trust.

2. We met against the backdrop of developments and changes of contemporary global and regional importance – a faltering global recovery made more complex by the situation in the euro zone; concerns of sustainable development and climate change which take on greater relevance as we approach the UN Conference on Sustainable Development (Rio+20) and the Conference of Parties

to the Convention on Biological Diversity being hosted in Brazil and India respectively later this year; the upcoming G20 Summit in Mexico and the recent 8th WTO Ministerial Conference in Geneva; and the developing political scenario in the Middle East and North Africa that we view with increasing concern. Our deliberations today reflected our consensus to remain engaged with the world community as we address these challenges to global well-being and stability in a responsible and constructive manner.

3. BRICS is a platform for dialogue and cooperation amongst countries that represent 43% of the world's population, for the promotion of peace, security and development in a multi-polar, inter-dependent and increasingly complex, globalizing world. Coming, as we do, from Asia, Africa, Europe and Latin America, the transcontinental dimension of our interaction adds to its value and significance.

4. We envision a future marked by global peace, economic and social progress and enlightened scientific temper. We stand ready to work with others, developed and developing countries together, on the basis of universally recognized norms of international law and multilateral decision making, to deal with the challenges and the opportunities before the world today. Strengthened representation of emerging and developing countries in the institutions of global governance will enhance their effectiveness in achieving this objective.

5. We are concerned over the current global economic situation. While the BRICS recovered relatively quickly from the global crisis, growth prospects worldwide have again got dampened by market instability especially in the euro zone. The build-up of sovereign debt and concerns over medium to long-term fiscal adjustment in advanced countries are creating an uncertain environment for global growth. Further, excessive liquidity from the aggressive

policy actions taken by central banks to stabilize their domestic economies have been spilling over into emerging market economies, fostering excessive volatility in capital flows and commodity prices. The immediate priority at hand is to restore market confidence and get global growth back on track. We will work with the international community to ensure international policy coordination to maintain macroeconomic stability conducive to the healthy recovery of the global economy.

6. We believe that it is critical for advanced economies to adopt responsible macroeconomic and financial policies, avoid creating excessive global liquidity and undertake structural reforms to lift growth that create jobs. We draw attention to the risks of large and volatile cross-border capital flows being faced by the emerging economies. We call for further international financial regulatory oversight and reform, strengthening policy coordination and financial regulation and supervision cooperation, and promoting the sound development of global financial markets and banking systems.

7. In this context, we believe that the primary role of the G20 as premier forum for international economic cooperation at this juncture is to facilitate enhanced macroeconomic policy coordination, to enable global economic recovery and secure financial stability, including through an improved international monetary and financial architecture. We approach the next G20 Summit in Mexico with a commitment to work with the Presidency, all members and the international community to achieve positive results, consistent with national policy frameworks, to ensure strong, sustainable and balanced growth.

8. We recognize the importance of the global financial architecture in maintaining the stability and integrity of the global monetary and financial system. We therefore call for a more representative

international financial architecture, with an increase in the voice and representation of developing countries and the establishment and improvement of a just international monetary system that can serve the interests of all countries and support the development of emerging and developing economies. Moreover, these economies having experienced broad-based growth are now significant contributors to global recovery.

9. We are however concerned at the slow pace of quota and governance reforms in the IMF. We see an urgent need to implement, as agreed, the 2010 Governance and Quota Reform before the 2012 IMF/World Bank Annual Meeting, as well as the comprehensive review of the quota formula to better reflect economic weights and enhance the voice and representation of emerging market and developing countries by January 2013, followed by the completion of the next general quota review by January 2014. This dynamic process of reform is necessary to ensure the legitimacy and effectiveness of the Fund. We stress that the ongoing effort to increase the lending capacity of the IMF will only be successful if there is confidence that the entire membership of the institution is truly committed to implement the 2010 Reform faithfully. We will work with the international community to ensure that sufficient resources can be mobilized to the IMF in a timely manner as the Fund continues its transition to improve governance and legitimacy. We reiterate our support for measures to protect the voice and representation of the IMF's poorest members.

10. We call upon the IMF to make its surveillance framework more integrated and even-handed, noting that IMF proposals for a new integrated decision on surveillance would be considered before the IMF Spring Meeting.

11. In the current global economic environment, we recognise that there is a pressing need for enhancing the flow of development

finance to emerging and developing countries. We therefore call upon the World Bank to give greater priority to mobilising resources and meeting the needs of development finance while reducing lending costs and adopting innovative lending tools.

12. We welcome the candidatures from developing world for the position of the President of the World Bank. We reiterate that the Heads of IMF and World Bank be selected through an open and merit-based process. Furthermore, the new World Bank leadership must commit to transform the Bank into a multilateral institution that truly reflects the vision of all its members, including the governance structure that reflects current economic and political reality. Moreover, the nature of the Bank must shift from an institution that essentially mediates North-South cooperation to an institution that promotes equal partnership with all countries as a way to deal with development issues and to overcome an outdated donor- recipient dichotomy.

13. We have considered the possibility of setting up a new Development Bank for mobilizing resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, to supplement the existing efforts of multilateral and regional financial institutions for global growth and development. We direct our Finance Ministers to examine the feasibility and viability of such an initiative, set up a joint working group for further study, and report back to us by the next Summit.

14. Brazil, India, China and South Africa look forward to the Russian Presidency of G20 in 2013 and extend their cooperation.

15. Brazil, India, China and South Africa congratulate the Russian Federation on its accession to the WTO. This makes the WTO more representative and strengthens the rule-based multilateral trading system. We commit to working together to safeguard this system

and urge other countries to resist all forms of trade protectionism and disguised restrictions on trade.

16. We will continue our efforts for the successful conclusion of the Doha Round, based on the progress made and in keeping with its mandate. Towards this end, we will explore outcomes in specific areas where progress is possible while preserving the centrality of development and within the overall framework of the single undertaking. We do not support plurilateral initiatives that go against the fundamental principles of transparency, inclusiveness and multilateralism. We believe that such initiatives not only distract members from striving for a collective outcome but also fail to address the development deficit inherited from previous negotiating rounds. Once the ratification process is completed, Russia intends to participate in an active and constructive manner for a balanced outcome of the Doha Round that will help strengthen and develop the multilateral trade system.

17. Considering UNCTAD to be the focal point in the UN system for the treatment of trade and development issues, we intend to invest in improving its traditional activities of consensus-building, technical cooperation and research on issues of economic development and trade. We reiterate our willingness to actively contribute to the achievement of a successful UNCTAD XIII, in April 2012.

18. We agree to build upon our synergies and to work together to intensify trade and investment flows among our countries to advance our respective industrial development and employment objectives. We welcome the outcomes of the second Meeting of BRICS Trade Ministers held in New Delhi on 28 March 2012. We support the regular consultations amongst our Trade Ministers and consider taking suitable measures to facilitate further consolidation of our trade and economic ties. We welcome the conclusion of

the Master Agreement on Extending Credit Facility in Local Currency under BRICS Interbank Cooperation Mechanism and the Multilateral Letter of Credit Confirmation Facility Agreement between our EXIM/Development Banks. We believe that these Agreements will serve as useful enabling instruments for enhancing intra-BRICS trade in coming years.

19. We recognize the vital importance that stability, peace and security of the Middle East and North Africa holds for all of us, for the international community, and above all for the countries and their citizens themselves whose lives have been affected by the turbulence that has erupted in the region. We wish to see these countries living in peace and regain stability and prosperity as respected members of the global community.

20. We agree that the period of transformation taking place in the Middle East and North Africa should not be used as a pretext to delay resolution of lasting conflicts but rather it should serve as an incentive to settle them, in particular the Arab-Israeli conflict. Resolution of this and other long-standing regional issues would generally improve the situation in the Middle East and North Africa. Thus we confirm our commitment to achieving comprehensive, just and lasting settlement of the Arab-Israeli conflict on the basis of the universally recognized international legal framework including the relevant UN resolutions, the Madrid principles and the Arab Peace Initiative. We encourage the Quartet to intensify its efforts and call for greater involvement of the UN Security Council in search for a resolution of the Israeli-Palestinian conflict. We also underscore the importance of direct negotiations between the parties to reach final settlement. We call upon Palestinians and Israelis to take constructive measures, rebuild mutual trust and create the right conditions for restarting negotiations, while avoiding unilateral

steps, in particular settlement activity in the Occupied Palestinian Territories.

21. We express our deep concern at the current situation in Syria and call for an immediate end to all violence and violations of human rights in that country. Global interests would best be served by dealing with the crisis through peaceful means that encourage broad national dialogues that reflect the legitimate aspirations of all sections of Syrian society and respect Syrian independence, territorial integrity and sovereignty. Our objective is to facilitate a Syrian-led inclusive political process, and we welcome the joint efforts of the United Nations and the Arab League to this end. We encourage the Syrian government and all sections of Syrian society to demonstrate the political will to initiate such a process, which alone can create a new environment for peace. We welcome the appointment of Mr. Kofi Annan as the Joint Special Envoy on the Syrian crisis and the progress made so far, and support him in continuing to play a constructive role in bringing about the political resolution of the crisis.

22. The situation concerning Iran cannot be allowed to escalate into conflict, the disastrous consequences of which will be in no one's interest. Iran has a crucial role to play for the peaceful development and prosperity of a region of high political and economic relevance, and we look to it to play its part as a responsible member of the global community. We are concerned about the situation that is emerging around Iran's nuclear issue. We recognize Iran's right to peaceful uses of nuclear energy consistent with its international obligations, and support resolution of the issues involved through political and diplomatic means and dialogue between the parties concerned, including between the IAEA and Iran and in accordance with the provisions of the relevant UN Security Council Resolutions.

23. Afghanistan needs time, development assistance and cooperation, preferential access to world markets, foreign investment and a clear end-state strategy to attain lasting peace and stability. We support the global community's commitment to Afghanistan, enunciated at the Bonn International Conference in December 2011, to remain engaged over the transformation decade from 2015-2024. We affirm our commitment to support Afghanistan's emergence as a peaceful, stable and democratic state, free of terrorism and extremism, and underscore the need for more effective regional and international cooperation for the stabilisation of Afghanistan, including by combating terrorism.

24. We extend support to the efforts aimed at combating illicit traffic in opiates originating in Afghanistan within the framework of the Paris Pact.

25. We reiterate that there can be no justification, whatsoever, for any act of terrorism in any form or manifestation. We reaffirm our determination to strengthen cooperation in countering this menace and believe that the United Nations has a central role in coordinating international action against terrorism, within the framework of the UN Charter and in accordance with principles and norms of international law. We emphasize the need for an early finalization of the draft of the Comprehensive Convention on International Terrorism in the UN General Assembly and its adoption by all Member States to provide a comprehensive legal framework to address this global scourge.

26. We express our strong commitment to multilateral diplomacy with the United Nations playing a central role in dealing with global challenges and threats. In this regard, we reaffirm the need for a comprehensive reform of the UN, including its Security Council, with a view to making it more effective, efficient and representative so that it can deal with today's global challenges more successfully.

China and Russia reiterate the importance they attach to the status of Brazil, India and South Africa in international affairs and support their aspiration to play a greater role in the UN.

27. We recall our close coordination in the Security Council during the year 2011, and underscore our commitment to work together in the UN to continue our cooperation and strengthen multilateral approaches on issues pertaining to global peace and security in the years to come.

28. Accelerating growth and sustainable development, along with food, and energy security, are amongst the most important challenges facing the world today, and central to addressing economic development, eradicating poverty, combating hunger and malnutrition in many developing countries. Creating jobs needed to improve people's living standards worldwide is critical. Sustainable development is also a key element of our agenda for global recovery and investment for future growth. We owe this responsibility to our future generations.

29. We congratulate South Africa on the successful hosting of the 17th Conference of Parties to the United Nations Framework Convention on Climate Change and the 7th Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP17/CMP7) in December 2011. We welcome the significant outcomes of the Conference and are ready to work with the international community to implement its decisions in accordance with the principles of equity and common but differentiated responsibilities and respective capabilities.

30. We are fully committed to playing our part in the global fight against climate change and will contribute to the global effort in dealing with climate change issues through sustainable and inclusive growth and not by capping development. We emphasize that developed country Parties to the UNFCCC shall provide

enhanced financial, technology and capacity building support for the preparation and implementation of nationally appropriate mitigation actions of developing countries.

31. We believe that the UN Conference on Sustainable Development (Rio+20) is a unique opportunity for the international community to renew its high-level political commitment to supporting the overarching sustainable development framework encompassing inclusive economic growth and development, social progress and environment protection in accordance with the principles and provisions of the Rio Declaration on Environment and Development, including the principle of common but differentiated responsibilities, Agenda 21 and the Johannesburg Plan of Implementation.

32. We consider that sustainable development should be the main paradigm in environmental issues, as well as for economic and social strategies. We acknowledge the relevance and focus of the main themes for the Conference namely, Green Economy in the context of Sustainable Development and Poverty Eradication (GESDPE) as well as Institutional Framework for Sustainable Development (IFSD).

33. China, Russia, India and South Africa look forward to working with Brazil as the host of this important Conference in June, for a successful and practical outcome. Brazil, Russia, China and South Africa also pledge their support to working with India as it hosts the 11th meeting of the Conference of Parties to the Convention on Biological Diversity in October 2012 and look forward to a positive outcome. We will continue our efforts for the implementation of the Convention and its Protocols, with special attention to the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization, Biodiversity Strategic Plan 2011-2020 and the Resource Mobilization Strategy.

34. We affirm that the concept of a 'green economy', still to be defined at Rio+20, must be understood in the larger framework of sustainable development and poverty eradication and is a means to achieve these fundamental and overriding priorities, not an end in itself. National authorities must be given the flexibility and policy space to make their own choices out of a broad menu of options and define their paths towards sustainable development based on the country's stage of development, national strategies, circumstances and priorities. We resist the introduction of trade and investment barriers in any form on the grounds of developing green economy.

35. The Millennium Development Goals remain a fundamental milestone in the development agenda. To enable developing countries to obtain maximal results in attaining their Millennium Development Goals by the agreed time-line of 2015, we must ensure that growth in these countries is not affected. Any slowdown would have serious consequences for the world economy. Attainment of the MDGs is fundamental to ensuring inclusive, equitable and sustainable global growth and would require continued focus on these goals even beyond 2015, entailing enhanced financing support.

36. We attach the highest importance to economic growth that supports development and stability in Africa, as many of these countries have not yet realised their full economic potential. We will take our cooperation forward to support their efforts to accelerate the diversification and modernisation of their economies. This will be through infrastructure development, knowledge exchange and support for increased access to technology, enhanced capacity building, and investment in human capital, including within the framework of the New Partnership for Africa's Development (NEPAD).

37. We express our commitment to the alleviation of the humanitarian crisis that still affects millions of people in the Horn of Africa and support international efforts to this end.

38. Excessive volatility in commodity prices, particularly those for food and energy, poses additional risks for the recovery of the world economy. Improved regulation of the derivatives market for commodities is essential to avoid destabilizing impacts on food and energy supplies. We believe that increased energy production capacities and strengthened producer-consumer dialogue are important initiatives that would help in arresting such price volatility.

39. Energy based on fossil fuels will continue to dominate the energy mix for the foreseeable future. We will expand sourcing of clean and renewable energy, and use of energy efficient and alternative technologies, to meet the increasing demand of our economies and our people, and respond to climate concerns as well. In this context, we emphasise that international cooperation in the development of safe nuclear energy for peaceful purposes should proceed under conditions of strict observance of relevant safety standards and requirements concerning design, construction and operation of nuclear power plants. We stress IAEA's essential role in the joint efforts of the international community towards enhancing nuclear safety standards with a view to increasing public confidence in nuclear energy as a clean, affordable, safe and secure source of energy, vital to meeting global energy demands.

40. We have taken note of the substantive efforts made in taking intra-BRICS cooperation forward in a number of sectors so far. We are convinced that there is a storehouse of knowledge, know-how, capacities and best practices available in our countries that we can share and on which we can build meaningful cooperation for the

benefit of our peoples. We have endorsed an Action Plan for the coming year with this objective.

41. We appreciate the outcomes of the Second Meeting of BRICS Ministers of Agriculture and Agrarian Development at Chengdu, China in October 2011. We direct our Ministers to take this process forward with particular focus on the potential of cooperation amongst the BRICS to contribute effectively to global food security and nutrition through improved agriculture production and productivity, transparency in markets and reducing excessive volatility in commodity prices, thereby making a difference in the quality of lives of the people particularly in the developing world.

42. Most of BRICS countries face a number of similar public health challenges, including universal access to health services, access to health technologies, including medicines, increasing costs and the growing burden of both communicable and non-communicable diseases. We direct that the BRICS Health Ministers meetings, of which the first was held in Beijing in July 2011, should henceforth be institutionalized in order to address these common challenges in the most cost-effective, equitable and sustainable manner.

43. We have taken note of the meeting of S&T Senior Officials in Dalian, China in September 2011, and, in particular, the growing capacities for research and development and innovation in our countries. We encourage this process both in priority areas of food, pharma, health and energy as well as basic research in the emerging inter-disciplinary fields of nanotechnology, biotechnology, advanced materials science, etc. We encourage flow of knowledge amongst our research institutions through joint projects, workshops and exchanges of young scientists.

44. The challenges of rapid urbanization, faced by all developing societies including our own, are multi-dimensional in nature covering a diversity of inter-linked issues. We direct our respective

authorities to coordinate efforts and learn from best practices and technologies available that can make a meaningful difference to our societies. We note with appreciation the first meeting of BRICS Friendship Cities held in Sanya in December 2011 and will take this process forward with an Urbanization and Urban Infrastructure Forum along with the Second BRICS Friendship Cities and Local Governments Cooperation Forum.

45. Given our growing needs for renewable energy resources as well as on energy efficient and environmentally friendly technologies, and our complementary strengths in these areas, we agree to exchange knowledge, know-how, technology and best practices in these areas.

46. It gives us pleasure to release the first ever BRICS Report, coordinated by India, with its special focus on the synergies and complementarities in our economies. We welcome the outcomes of the cooperation among the National Statistical Institutions of BRICS and take note that the updated edition of the BRICS Statistical Publication, released today, serves as a useful reference on BRICS countries.

47. We express our satisfaction at the convening of the III BRICS Business Forum and the II Financial Forum and acknowledge their role in stimulating trade relations among our countries. In this context, we welcome the setting up of BRICS Exchange Alliance, a joint initiative by related BRICS securities exchanges.

48. We encourage expanding the channels of communication, exchanges and people-to-people contact amongst the BRICS, including in the areas of youth, education, culture, tourism and sports.

49. Brazil, Russia, China and South Africa extend their warm appreciation and sincere gratitude to the Government and the people of India for hosting the Fourth BRICS Summit in New Delhi.

50. Brazil, Russia, India and China thank South Africa for its offer to host the Fifth BRICS Summit in 2013 and pledge their full support.

Delhi Action Plan

1. Meeting of BRICS Foreign Ministers on sidelines of UNGA.

2. Meetings of Finance Ministers and Central Bank Governors on sidelines of G20 meetings/other multilateral (WB/IMF) meetings.

3. Meeting of financial and fiscal authorities on the sidelines of WB/IMF meetings as well as stand-alone meetings, as required.

4. Meetings of BRICS Trade Ministers on the margins of multilateral events, or stand-alone meetings, as required.

5. The Third Meeting of BRICS Ministers of Agriculture, preceded by a preparatory meeting of experts on agro-products and food security issues and the second Meeting of Agriculture Expert Working Group.

6. Meeting of BRICS High Representatives responsible for national security.

7. The Second BRICS Senior Officials' Meeting on S&T.

8. The First meeting of the BRICS Urbanisation Forum and the second BRICS Friendship Cities and Local Governments Cooperation Forum in 2012 in India.

9. The Second Meeting of BRICS Health Ministers.

10. Mid-term meeting of Sous-Sherpas and Sherpas.

11. Mid-term meeting of CGETI (Contact Group on Economic and Trade Issues).

12. The Third Meeting of BRICS Competition Authorities in 2013.

13. Meeting of experts on a new Development Bank.

14. Meeting of financial authorities to follow up on the findings of the BRICS Report.

15. Consultations amongst BRICS Permanent Missions in New York, Vienna and Geneva, as required.

16. Consultative meeting of BRICS Senior Officials on the margins of relevant environment and climate related international fora, as necessary.

17. New Areas of Cooperation to explore:

i. Multilateral energy cooperation within BRICS framework.

ii. A general academic evaluation and future long-term strategy for BRICS.

iii. BRICS Youth Policy Dialogue.

iv. Cooperation in Population related issues.

FIFTH SUMMIT: ETHEKWINI DECLARATION AND ACTION PLAN

Durban, March 27, 2013

BRICS and Africa: Partnership for Development, Integration and Industrialisation

eThekwini Declaration

1. We, the leaders of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa, met in Durban, South Africa, on 27 March 2013 at the Fifth BRICS Summit. Our discussions took place under the overarching theme, "BRICS and Africa: Partnership for Development, Integration and Industrialisation". The Fifth BRICS Summit concluded the first cycle of BRICS Summits and we reaffirmed our commitment to the promotion of international law, multilateralism and the central role of the United Nations (UN). Our discussions reflected our growing intra-BRICS solidarity as well as our shared goal to contribute positively to global peace, stability,

development and cooperation. We also considered our role in the international system as based on an inclusive approach of shared solidarity and cooperation towards all nations and peoples.

2. We met at a time which requires that we consider issues of mutual interest and systemic importance in order to share concerns and to develop lasting solutions. We aim at progressively developing BRICS into a full-fledged mechanism of current and long-term coordination on a wide range of key issues of the world economy and politics. The prevailing global governance architecture is regulated by institutions which were conceived in circumstances when the international landscape in all its aspects was characterised by very different challenges and opportunities. As the global economy is being reshaped, we are committed to exploring new models and approaches towards more equitable development and inclusive global growth by emphasising complementarities and building on our respective economic strengths.

3. We are open to increasing our engagement and cooperation with non-BRICS countries, in particular Emerging Market and Developing Countries (EMDCs), and relevant international and regional organisations, as envisioned in the Sanya Declaration. We will hold a Retreat together with African leaders after this Summit, under the theme, "Unlocking Africa's potential: BRICS and Africa Cooperation on Infrastructure". The Retreat is an opportunity for BRICS and African leaders to discuss how to strengthen cooperation between the BRICS countries and the African Continent.

4. Recognising the importance of regional integration for Africa's sustainable growth, development and poverty eradication, we reaffirm our support for the Continent's integration processes.

5. Within the framework of the New Partnership for Africa's Development (NEPAD), we support African countries in their industrialisation process through stimulating foreign direct

investment, knowledge exchange, capacity-building and diversification of imports from Africa. We acknowledge that infrastructure development in Africa is important and recognise the strides made by the African Union to identify and address the continent's infrastructure challenges through the development of the Programme for Infrastructure Development in Africa (PIDA), the AU NEPAD Africa Action Plan (2010-2015), the NEPAD Presidential Infrastructure Championing Initiative (PICI), as well as the Regional Infrastructure Development Master Plans that have identified priority infrastructure development projects that are critical to promoting regional integration and industrialisation. We will seek to stimulate infrastructure investment on the basis of mutual benefit to support industrial development, job-creation, skills development, food and nutrition security and poverty eradication and sustainable development in Africa. We therefore, reaffirm our support for sustainable infrastructure development in Africa.

6. We note policy actions in Europe, the US and Japan aimed at reducing tail-risks in the world economy. Some of these actions produce negative spillover effects on other economies of the world. Significant risks remain and the performance of the global economy still falls behind our expectations. As a result, uncertainty about strength and durability of the recovery and the direction of policy in some major economies remains high. In some key countries unemployment stays unusually elevated, while high levels of private and public indebtedness inhibit growth. In such circumstances, we reaffirm our strong commitment to support growth and foster financial stability. We also underscore the need for appropriate action to be taken by advanced economies in order to rebuild confidence, foster growth and secure a strong recovery.

7. Central Banks in advanced economies have responded with unconventional monetary policy actions which have increased global liquidity. While this may be consistent with domestic monetary policy mandates, major Central Banks should avoid the unintended consequences of these actions in the form of increased volatility of capital flows, currencies and commodity prices, which may have negative growth effects on other economies, in particular developing countries.

8. We welcome the core objectives of the Russian Presidency in the G20 in 2013, in particular the efforts to increased financing for investment and ensure public debt sustainability aimed at ensuring strong, sustainable, inclusive and balanced growth and job creation around the world. We will also continue to prioritise the G20 development agenda as a vital element of global economic stability and long-term sustainable growth and job creation.

9. Developing countries face challenges of infrastructure development due to insufficient long-term financing and foreign direct investment, especially investment in capital stock. This constrains global aggregate demand. BRICS cooperation towards more productive use of global financial resources can make a positive contribution to addressing this problem. In March 2012 we directed our Finance Ministers to examine the feasibility and viability of setting up a New Development Bank for mobilising resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, to supplement the existing efforts of multilateral and regional financial institutions for global growth and development. Following the report from our Finance Ministers, we are satisfied that the establishment of a New Development Bank is feasible and viable. We have agreed to establish the New Development Bank. The initial

contribution to the Bank should be substantial and sufficient for the Bank to be effective in financing infrastructure.

10. In June 2012, in our meeting in Los Cabos, we tasked our Finance Ministers and Central Bank Governors to explore the construction of a financial safety net through the creation of a Contingent Reserve Arrangement (CRA) amongst BRICS countries. They have concluded that the establishment of a self-managed contingent reserve arrangement would have a positive precautionary effect, help BRICS countries forestall short-term liquidity pressures, provide mutual support and further strengthen financial stability. It would also contribute to strengthening the global financial safety net and complement existing international arrangements as an additional line of defence. We are of the view that the establishment of the CRA with an initial size of US$ 100 billion is feasible and desirable subject to internal legal frameworks and appropriate safeguards. We direct our Finance Ministers and Central Bank Governors to continue working towards its establishment.

11. We are grateful to our Finance Ministers and Central Bank Governors for the work undertaken on the New Development Bank and the Contingent Reserve Arrangement and direct them to negotiate and conclude the agreements which will establish them. We will review progress made in these two initiatives at our next meeting in September 2013.

12. We welcome the conclusion between our Export-Import Banks (EXIM) and Development Banks, of both the "Multilateral Agreement on Cooperation and Co-financing for Sustainable Development" and, given the steep growth trajectory of the African continent and the significant infrastructure funding requirements directly emanating from this growth path, the "Multilateral Agreement on Infrastructure Co-Financing for Africa".

13. We call for the reform of International Financial Institutions to make them more representative and to reflect the growing weight of BRICS and other developing countries. We remain concerned with the slow pace of the reform of the IMF. We see an urgent need to implement, as agreed, the 2010 International Monetary Fund (IMF) Governance and Quota Reform. We urge all members to take all necessary steps to achieve an agreement on the quota formula and complete the next general quota review by January 2014. The reform of the IMF should strengthen the voice and representation of the poorest members of the IMF, including Sub-Saharan Africa. All options should be explored, with an open mind, to achieve this. We support the reform and improvement of the international monetary system, with a broad-based international reserve currency system providing stability and certainty. We welcome the discussion about the role of the SDR in the existing international monetary system including the composition of SDR's basket of currencies. We support the IMF to make its surveillance framework more integrated and even-handed. The leadership selection of IFIs should be through an open, transparent and merit-based process and truly open to candidates from the emerging market economies and developing countries.

14. We emphasise the importance of ensuring steady, adequate and predictable access to long term finance for developing countries from a variety of sources. We would like to see concerted global effort towards infrastructure financing and investment through the instrumentality of adequately resourced Multilateral Development Banks (MDBs) and Regional Development Banks (RDBs). We urge all parties to work towards an ambitious International Development Association(IDA)17 replenishment.

15. We reaffirm our support for an open, transparent and rules-based multilateral trading system. We will continue in our efforts

for the successful conclusion of the Doha Round, based on the progress made and in keeping with its mandate, while upholding the principles of transparency, inclusiveness and multilateralism. We are committed to ensure that new proposals and approaches to the Doha Round negotiations will reinforce the core principles and the developmental mandate of the Doha Round. We look forward to significant and meaningful deliverables that are balanced and address key development concerns of the poorest and most vulnerable WTO members, at the ninth Ministerial Conference of the WTO in Bali.

16. We note that the process is underway for the selection of a new WTO Director-General in 2013. We concur that the WTO requires a new leader who demonstrates a commitment to multilateralism and to enhancing the effectiveness of the WTO including through a commitment to support efforts that will lead to an expeditious conclusion of the DDA. We consider that the next Director-General of the WTO should be a representative of a developing country.

17. We reaffirm the United Nations Conference on Trade and Development's (UNCTAD) mandate as the focal point in the UN system dedicated to consider the interrelated issues of trade, investment, finance and technology from a development perspective. UNCTAD's mandate and work are unique and necessary to deal with the challenges of development and growth in the increasingly interdependent global economy. We also reaffirm the importance of strengthening UNCTAD's capacity to deliver on its programmes of consensus building, policy dialogue, research, technical cooperation and capacity building, so that it is better equipped to deliver on its development mandate.

18. We acknowledge the important role that State Owned Companies (SOCs) play in the economy and encourage our SOCs

to explore ways of cooperation, exchange of information and best practices.

19. We recognise the fundamental role played by Small and Medium-Sized Enterprises (SMEs) in the economies of our countries. SMEs are major creators of jobs and wealth. In this regard, we will explore opportunities for cooperating in the field of SMEs and recognise the need for promoting dialogue among the respective Ministries and Agencies in charge of the theme, particularly with a view to promoting their international exchange and cooperation and fostering innovation, research and development.

20. We reiterate our strong commitment to the United Nations (UN) as the foremost multilateral forum entrusted with bringing about hope, peace, order and sustainable development to the world. The UN enjoys universal membership and is at the centre of global governance and multilateralism. In this regard, we reaffirm the need for a comprehensive reform of the UN, including its Security Council, with a view to making it more representative, effective and efficient, so that it can be more responsive to global challenges. In this regard, China and Russia reiterate the importance they attach to the status of Brazil, India and South Africa in international affairs and support their aspiration to play a greater role in the UN.

21. We underscore our commitment to work together in the UN to continue our cooperation and strengthen multilateral approaches in international relations based on the rule of law and anchored in the Charter of the United Nations.

22. We are committed to building a harmonious world of lasting peace and common prosperity and reaffirm that the 21st century should be marked by peace, security, development, and cooperation. It is the overarching objective and strong shared desire for peace, security, development and cooperation that brought together BRICS countries.

23. We welcome the twentieth Anniversary of the World Conference on Human Rights and of the Vienna Declaration and Programme of Action and agree to explore cooperation in the field of human rights.

24. We commend the efforts of the international community and acknowledge the central role of the African Union (AU) and its Peace and Security Council in conflict resolution in Africa. We call upon the UNSC to enhance cooperation with the African Union, and its Peace and Security Council, pursuant to UNSC resolutions in this regard. We express our deep concern with instability stretching from North Africa, in particular the Sahel, and the Gulf of Guinea. We also remain concerned about reports of deterioration in humanitarian conditions in some countries.

25. We welcome the appointment of the new Chairperson of the AU Commission as an affirmation of the leadership of women.

26. We express our deep concern with the deterioration of the security and humanitarian situation in Syria and condemn the increasing violations of human rights and of international humanitarian law as a result of continued violence. We believe that the Joint Communiqué of the Geneva Action Group provides a basis for resolution of the Syrian crisis and reaffirm our opposition to any further militarization of the conflict. A Syrian-led political process leading to a transition can be achieved only through broad national dialogue that meets the legitimate aspirations of all sections of Syrian society and respect for Syrian independence, territorial integrity and sovereignty as expressed by the Geneva Joint Communiqué and appropriate UNSC resolutions. We support the efforts of the UN-League of Arab States Joint Special Representative. In view of the deterioration of the humanitarian situation in Syria, we call upon all parties to allow and facilitate immediate, safe, full and unimpeded access to humanitarian

organisations to all in need of assistance. We urge all parties to ensure the safety of humanitarian workers.

27. We welcome the admission of Palestine as an Observer State to the United Nations. We are concerned at the lack of progress in the Middle East Peace Process and call on the international community to assist both Israel and Palestine to work towards a two-state solution with a contiguous and economically viable Palestinian state, existing side by side in peace with Israel, within internationally recognized borders, based on those existing on 4 June 1967, with East Jerusalem as its capital. We are deeply concerned about the construction of Israeli settlements in the Occupied Palestinian Territories, which is a violation of international law and harmful to the peace process. In recalling the primary responsibility of the UNSC in maintaining international peace and security, we note the importance that the Quartet reports regularly to the Council about its efforts, which should contribute to concrete progress.

28. We believe there is no alternative to a negotiated solution to the Iranian nuclear issue. We recognise Iran´s right to peaceful uses of nuclear energy consistent with its international obligations, and support resolution of the issues involved through political and diplomatic means and dialogue, including between the International Atomic Energy Agency (IAEA) and Iran and in accordance with the provisions of the relevant UN Security Council Resolutions and consistent with Iran's obligations under the Treaty on the Non-Proliferation of Nuclear Weapons (NPT). We are concerned about threats of military action as well as unilateral sanctions. We note the recent talks held in Almaty and hope that all outstanding issues relating to Iran's nuclear programme will be resolved through discussions and diplomatic means.

29. Afghanistan needs time, development assistance and cooperation, preferential access to world markets, foreign

investment and a clear end-state strategy to attain lasting peace and stability. We support the global community's commitment to Afghanistan, enunciated at the Bonn International Conference in December 2011, to remain engaged over the transformation decade from 2015-2024. We affirm our commitment to support Afghanistan's emergence as a peaceful, stable and democratic state, free of terrorism and extremism, and underscore the need for more effective regional and international cooperation for the stabilisation of Afghanistan, including by combating terrorism. We extend support to the efforts aimed at combating illicit traffic in opiates originating in Afghanistan within the framework of the Paris Pact.

30. We commend the efforts of the AU, the Economic Community of West African States (ECOWAS) and Mali aimed at restoring sovereignty and territorial integrity of Mali. We support the civilian efforts of the Malian Government and its international community partners in realising the transitional programme leading up to the presidential and legislative elections. We emphasise the importance of political inclusiveness and economic and social development in order for Mali to achieve sustainable peace and stability. We express concern about the reports of the deterioration in humanitarian conditions in Mali and call upon the international community to continue to cooperate with Mali and its neighbouring countries in order to ensure humanitarian assistance to civilian population affected by the armed conflict.

31. We are gravely concerned with the deterioration in the current situation in the Central African Republic (CAR) and deplore the loss of life. We strongly condemn the abuses and acts of violence against the civilian population and urge all parties to the conflict to immediately cease hostilities and return to negotiations. We call upon all parties to allow safe and unhindered humanitarian access.

We are ready to work with the international community to assist in this endeavour and facilitate progress to a peaceful resolution of the conflict. Brazil, Russia and China express their sympathy to the South African and Indian governments for the casualties that their citizens suffered in the CAR.

32. We are gravely concerned by the ongoing instability in the Democratic Republic of the Congo (DRC). We welcome the signing in Addis Ababa on 24 February 2013 of the Peace, Security and Cooperation Framework for the Democratic Republic of the Congo and the Region. We support its independence, territorial integrity and sovereignty. We support the efforts of the UN, AU and sub-regional organisations to bring about peace, security and stability in the country.

33. We reiterate our strong condemnation of terrorism in all its forms and manifestations and stress that there can be no justification, whatsoever, for any acts of terrorism. We believe that the UN has a central role in coordinating international action against terrorism within the framework of the UN Charter and in accordance with principles and norms of international law. In this context, we support the implementation of the UN General Assembly Global Counter-Terrorism Strategy and are determined to strengthen cooperation in countering this global threat. We also reiterate our call for concluding negotiations as soon as possible in the UN General Assembly on the Comprehensive Convention on International Terrorism and its adoption by all Member States and agreed to work together towards this objective.

34. We recognize the critical positive role the Internet plays globally in promoting economic, social and cultural development. We believe it's important to contribute to and participate in a peaceful, secure, and open cyberspace and we emphasise that security in the use of Information and Communication Technologies (ICTs)

through universally accepted norms, standards and practices is of paramount importance.

35. We congratulate Brazil on hosting the UN Conference on Sustainable Development (Rio+20) in June 2012 and welcome the outcome as reflected in "The Future we Want", in particular, the reaffirmation of the Rio Principles and political commitment made towards sustainable development and poverty eradication while creating opportunities for BRICS partners to engage and cooperate in the development of the future Sustainable Development Goals.

36. We congratulate India on the outcome of the 11th Conference of the Parties to the United Nations Conference on Biological Diversity (CBD COP11) and the sixth meeting of the Conference of the Parties serving as the Meeting of the Parties to the Cartagena Protocol on Biosafety.

37. While acknowledging that climate change is one of the greatest challenges and threats towards achieving sustainable development, we call on all parties to build on the decisions adopted in COP18/CMP8 in Doha, with a view to reaching a successful conclusion by 2015, of negotiations on the development of a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all Parties, guided by its principles and provisions.

38. We believe that the internationally agreed development goals including the Millennium Development Goals (MDGs) address the needs of developing countries, many of which continue to face developmental challenges, including widespread poverty and inequality. Low Income Countries (LICs) continue to face challenges that threaten the impressive growth performance of recent years. Volatility in food and other commodity prices have made food security an issue as well as constraining their sources of revenue. Progress in rebuilding macro-economic buffers has been relatively

slow, partly due to measures adopted to mitigate the social impact of exogenous shocks. Many LICs are currently in a weaker position to deal with exogenous shocks given the more limited fiscal buffers and the constrained aid envelopes, which will affect their ability to sustain progress towards achieving the MDGs. We reiterate that individual countries, especially in Africa and other developing countries of the South, cannot achieve the MDGs on their own and therefore the centrality of Goal 8 on Global Partnerships for Development to achieve the MDGs should remain at the core of the global development discourse for the UN System. Furthermore, this requires the honouring of all commitments made in the outcome documents of previous major international conferences.

39. We reiterate our commitment to work together for accelerated progress in attaining the Millennium Development Goals (MDGs) by the target date of 2015, and we call upon other members of the international community to work towards the same objective. In this regard, we stress that the development agenda beyond 2015 should build on the MDG framework, keeping the focus on poverty eradication and human development, while addressing emerging challenges of development taking into consideration individual national circumstances of developing countries. In this regard the critical issue of the mobilization of means of implementation in assisting developing countries needs to be an overarching goal. It is important to ensure that any discussion on the UN development agenda, including the "Post 2015 Development Agenda" is an inclusive and transparent inter-Governmental process under a UN-wide process which is universal and broad based.

40. We welcome the establishment of the Open Working Group on the Sustainable Development Goals (SDGs), in line with the Rio+20 Outcome Document which reaffirmed the Rio Principles of Sustainable Development as the basis for addressing new and

emerging challenges. We are fully committed to a coordinated inter-governmental process for the elaboration of the UN development agenda.

41. We note the following meetings held in the implementation of the Delhi Action Plan:

- Meeting of Ministers of Foreign Affairs on the margins of UNGA.
- Meeting of National Security Advisors in New Delhi.
- Meetings of Finance Ministers, and Central Bank Governors in Washington DC and Tokyo.
- Meeting of Trade Ministers in Puerto Vallarta.
- Meetings of Health Ministers in New Delhi and Geneva.

42. We welcome the establishment of the BRICS Think Tanks Council and the BRICS Business Council and take note of the following meetings which were held in preparation for this Summit:

- Fifth Academic Forum
- Fourth Business Forum
- Third Financial Forum

43. We welcome the outcomes of the meeting of the BRICS Finance Ministers and Central Bank Governors and endorse the Joint Communique of the Third Meeting of the BRICS Trade Ministers held in preparation for the Summit.

44. We are committed to forging a stronger partnership for common development. To this end, we adopt the eThekwini Action Plan.

45. We agree that the next summit cycles will, in principle, follow the sequence of Brazil, Russia, India, China and South Africa.

46. Brazil, Russia, India and China extend their warm appreciation to the Government and people of South Africa for hosting the Fifth BRICS Summit in Durban.

47. Russia, India, China and South Africa convey their appreciation to Brazil for its offer to host the first Summit of the second cycle of BRICS Summits, i.e. the Sixth BRICS Summit in 2014 and convey their full support thereto.

eThekwini Action Plan

1. Meeting of BRICS Ministers of Foreign Affairs on the margins of UNGA.

2. Meeting of BRICS National Security Advisors.

3. Mid-term meeting of Sherpas and Sous-Sherpas.

4. Meetings of Finance Ministers and Central Bank Governors in the margins of G20 meetings, WB/IMF meetings, as well as stand-alone meetings, as required.

5. Meetings of BRICS Trade Ministers on the margins of multilateral events, or stand-alone meetings, as required.

6. Meeting of BRICS Ministers of Agriculture and Agrarian Development, preceded by a preparatory meeting of experts on agro-products and food security issues and the Meeting of Agriculture Expert Working Group.

7. Meeting of BRICS Health Ministers and preparatory meetings.

8. Meeting of BRICS Officials responsible for population on the margins of relevant multilateral events.

9. Meeting of BRICS Ministers of Science and Technology and meeting of BRICS Senior Officials on Science and Technology.

10. Meeting of BRICS Cooperatives.

11. Meetings of financial and fiscal authorities in the margins of WB/IMF meetings as well as stand-alone meetings, as required.

12. Meetings of the BRICS Contact Group on Economic and Trade Issues (CGETI).

13. Meeting of the BRICS Friendship Cities and Local Governments Cooperation Forum.

14. Meeting of the BRICS Urbanisation Forum.

15. Meeting of BRICS Competition Authorities in 2013 in New Delhi.

16. 5th Meeting of BRICS Heads of National Statistical Institutions.

17. Consultations amongst BRICS Permanent Missions and/or Embassies, as appropriate, in New York, Vienna, Rome, Paris, Washington, Nairobi and Geneva, where appropriate.

18. Consultative meeting of BRICS Senior Officials in the margins of relevant sustainable development, environment and climate related international fora, where appropriate.

New areas of cooperation to be explored

- BRICS Public Diplomacy Forum.
- BRICS Anti-Corruption Cooperation.
- BRICS State Owned Companies / State Owned Enterprises.
- National Agencies Responsible for Drug Control.
- BRICS virtual secretariat.
- BRICS Youth Policy Dialogue.
- Tourism.
- Energy.
- Sports and Mega Sporting Events.

SIXTH SUMMIT: FORTALEZA DECLARATION AND ACTION PLAN

Fortaleza, July 15, 2014

1. We, the leaders of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa, met in Fortaleza, Brazil, on 15 July 2014 at the Sixth BRICS Summit. To inaugurate the second cycle of BRICS Summits, the theme chosen for our discussions was "Inclusive Growth: Sustainable Solutions", in keeping with the inclusive macroeconomic and social policies carried out by our governments and the imperative to address challenges to humankind posed by the need to simultaneously achieve growth, inclusiveness, protection and preservation.

2. In the aftermath of the first cycle of five Summits, hosted by every BRICS member, our coordination is well established in various multilateral and plurilateral initiatives and intra-BRICS cooperation is expanding to encompass new areas. Our shared views and commitment to international law and to multilateralism, with the United Nations at its center and foundation, are widely recognized

and constitute a major contribution to global peace, economic stability, social inclusion, equality, sustainable development and mutually beneficial cooperation with all countries.

3. We renew our openness to increasing engagement with other countries, particularly developing countries and emerging market economies, as well as with international and regional organizations, with a view to fostering cooperation and solidarity in our relations with all nations and peoples. To that effect, we will hold a joint session with the leaders of the South American nations, under the theme of the Sixth BRICS Summit, with a view to furthering cooperation between BRICS and South America. We reaffirm our support for the South American integration processes, and recognize in particular the importance of the Union of South American Nations (UNASUR) in promoting peace and democracy in the region, and in achieving sustainable development and poverty eradication. We believe that strengthened dialogue among BRICS and South American countries can play an active role in enhancing multilateralism and international cooperation, for the promotion of peace, security, economic and social progress and sustainable development in an interdependent and increasingly complex, globalizing world.

4. Since its inception the BRICS have been guided by the overarching objectives of peace, security, development and cooperation. In this new cycle, while remaining committed to those objectives, we pledge to deepen our partnership with a renewed vision, based on openness, inclusiveness and mutually beneficial cooperation. In this sense, we are ready to explore new areas towards a comprehensive cooperation and a closer economic partnership to facilitate market inter-linkages, financial integration, infrastructure connectivity as well as people-to-people contacts.

5. The Sixth Summit takes place at a crucial juncture, as the international community assesses how to address the challenges of strong economic recovery from the global financial crises, sustainable development, including climate change, while also formulating the post-2015 Development Agenda. At the same time, we are confronted with persistent political instability and conflict in various global hotspots and non-conventional emerging threats. On the other hand, international governance structures designed within a different power configuration show increasingly evident signs of losing legitimacy and effectiveness, as transitional and ad hoc arrangements become increasingly prevalent, often at the expense of multilateralism. We believe the BRICS are an important force for incremental change and reform of current institutions towards more representative and equitable governance, capable of generating more inclusive global growth and fostering a stable, peaceful and prosperous world.

6. During the first cycle of BRICS Summits, collectively our economies have consolidated their position as the main engines for sustaining the pace of the international economy as it recovers from the recent economic and financial global crisis. The BRICS continue to contribute significantly to global growth and to the reduction of poverty in our own and other countries. Our economic growth and social inclusion policies have helped to stabilize global economy, to foster the creation of jobs, to reduce poverty, and to combat inequality, thus contributing to the achievement of the Millennium Development Goals. In this new cycle, besides its contribution in fostering strong, sustainable and balanced growth, BRICS will continue to play a significant role in promoting social development and in contributing to define the international agenda in this area, building on its experience in addressing the challenges of poverty and inequality.

7. To better reflect the advancement of the social policies of the BRICS and the positive impacts of its economic growth, we instruct our National Institutes of Statistics and the Ministries of Health and Education to work on the development of joint methodologies for social indicators to be incorporated in the BRICS Joint Statistical Publication. We also encourage the BRICS Think Tanks Council to provide technical support in this task. We further request the BRICS National Institutes of Statistics to discuss the viability and feasibility of a platform for the development of such methodologies and to report thereon.

8. The world economy has strengthened, with signs of improvement in some advanced economies. Significant downside risks to this recovery remain, however. Unemployment and debt levels are worryingly high and growth remains weak in many advanced economies. Emerging market economies and developing countries (EMDCs) continue to contribute significantly to global growth and will do so in the years to come. Even as the global economy strengthens, monetary policy settings in some advanced economies may bring renewed stress and volatility to financial markets and changes in monetary stance need to be carefully calibrated and clearly communicated in order to minimize negative spillovers.

9. Strong macroeconomic frameworks, well regulated financial markets and robust levels of reserves have allowed EMDCs in general, and the BRICS in particular, to better deal with the risks and spillovers presented by the challenging economic conditions in the last few years. Nevertheless, further macroeconomic coordination amongst all major economies, in particular in the G20, remains a critical factor for strengthening the prospects for a vigorous and sustainable recovery worldwide. In this context, we reaffirm our strong commitment to continue working among ourselves and with the global community to foster financial stability, support

sustainable, stronger and inclusive growth and promote quality jobs. The BRICS stand ready to contribute to the G20 goal of lifting our collective GDP by more than 2 percent above the trajectory implied by current policies over the coming 5 years.

10. We commend Russia for the successful work during its presidency of the G20 in 2013. The institution of the BRICS Summits largely coincided with the beginning of the global crisis, the first G20 Summits and the consolidation of that Group as the premier forum for economic coordination among its members. As a new round of BRICS Summits begins, we remain committed to deliver constructive responses to global economic and financial challenges and to serve as a strong voice for the promotion of sustainable development, inclusive growth, financial stability and of more representative international economic governance. We will continue to pursue our fruitful coordination and to promote our development goals within the international economic system and financial architecture.

11. BRICS, as well as other EMDCs, continue to face significant financing constraints to address infrastructure gaps and sustainable development needs. With this in mind, we are pleased to announce the signing of the Agreement establishing the New Development Bank (NDB), with the purpose of mobilizing resources for infrastructure and sustainable development projects in BRICS and other emerging and developing economies. We appreciate the work undertaken by our Finance Ministers. Based on sound banking principles, the NDB will strengthen the cooperation among our countries and will supplement the efforts of multilateral and regional financial institutions for global development, thus contributing to our collective commitments for achieving the goal of strong, sustainable and balanced growth.

12. The Bank shall have an initial authorized capital of US$ 100 billion. The initial subscribed capital shall be of US$ 50 billion, equally shared among founding members. The first chair of the Board of Governors shall be from Russia. The first chair of the Board of Directors shall be from Brazil. The first President of the Bank shall be from India. The headquarters of the Bank shall be located in Shanghai. The New Development Bank Africa Regional Center shall be established in South Africa concurrently with the headquarters. We direct our Finance Ministers to work out the modalities for its operationalization.

13. We are pleased to announce the signing of the Treaty for the establishment of the BRICS Contingent Reserve Arrangement (CRA) with an initial size of US$ 100 billion. This arrangement will have a positive precautionary effect, help countries forestall short-term liquidity pressures, promote further BRICS cooperation, strengthen the global financial safety net and complement existing international arrangements. We appreciate the work undertaken by our Finance Ministers and Central Bank Governors. The Agreement is a framework for the provision of liquidity through currency swaps in response to actual or potential short-term balance of payments pressures.

14. We also welcome the signing of the Memorandum of Understanding on Cooperation among BRICS Export Credit and Guarantees Agencies that will improve the support environment for increasing trade opportunities among our nations.

15. We appreciate the progress our Development Banks have made in enhancing and strengthening the financial ties among BRICS countries. Given the importance of adopting innovation initiatives, we welcome the conclusion of the Cooperation Agreement on Innovation within the BRICS Interbank Cooperation Mechanism.

16. We recognize that there is potential for BRICS insurance and reinsurance markets to pool capacities. We direct our relevant authorities to explore avenues of cooperation in this regard.

17. We believe that sustainable development and economic growth will be facilitated by taxation of revenue generated in jurisdictions where economic activity takes place. We express our concern over the harmful impact of tax evasion, transnational fraud and aggressive tax planning on the world economy. We are aware of the challenges brought by aggressive tax avoidance and non-compliance practices. We, therefore, affirm our commitment to continue a cooperative approach on issues related to tax administrations and to enhance cooperation in the international forums targeting tax base erosion and information exchange for tax purposes. We direct our relevant authorities to explore ways of enhancing cooperation in this area. We also direct our relevant authorities to strengthen cooperation in the field of customs.

18. We remain disappointed and seriously concerned with the current non-implementation of the 2010 International Monetary Fund (IMF) reforms, which negatively impacts on the IMF's legitimacy, credibility and effectiveness. The IMF reform process is based on high-level commitments, which already strengthened the Fund's resources and must also lead to the modernization of its governance structure so as to better reflect the increasing weight of EMDCs in the world economy. The Fund must remain a quota-based institution. We call on the membership of the IMF to find ways to implement the 14th General Review of Quotas without further delay. We reiterate our call on the IMF to develop options to move ahead with its reform process, with a view to ensuring increased voice and representation of EMDCs, in case the 2010 reforms are not entered into force by the end of the year. We also call on the membership of the IMF to reach a final agreement on a new quota

formula together with the 15th General Review of Quotas so as not to further jeopardize the postponed deadline of January 2015.

19. We welcome the goals set by the World Bank Group to help countries end extreme poverty and to promote shared prosperity. We recognize the potential of this new strategy in support of the fulfillment of these ambitious goals by the international community. This potential will only be realized, however, if the institution and its membership effectively move towards more democratic governance structures, strengthen the Bank's financial capacity and explore innovative ways to enhance development financing and knowledge sharing while pursuing a strong client orientation that recognizes each country's development needs. We look forward to initiating the work on the next shareholding review at the World Bank as soon as possible in order to meet the agreed deadline of October 2015. In this sense, we call for an international financial architecture that is more conducive to overcoming development challenges. We have been very active in improving the international financial architecture through our multilateral coordination and through our financial cooperation initiatives, which will, in a complementary manner, increase the diversity and availability of resources for promoting development and ensuring stability in the global economy.

20. We are committed to raise our economic cooperation to a qualitatively new level. To achieve this, we emphasize the importance of establishing a road map for intra-BRICS economic cooperation. In this regard, we welcome the proposals for a "BRICS Economic Cooperation Strategy" and a "Framework of BRICS Closer Economic Partnership", which lay down steps to promote intra-BRICS economic, trade and investment cooperation. Based on the documents tabled and informed by the input of the BRICS Think Tanks Council (BTTC), we instruct our Sherpas to advance

discussions with a view to submit their proposal for endorsement by the next BRICS Summit.

21. We believe all countries should enjoy due rights, equal opportunities and fair participation in global economic, financial and trade affairs, recognizing that countries have different capacities and are at different levels of development. We strive for an open world economy with efficient allocation of resources, free flow of goods, and fair and orderly competition to the benefit of all. In reaffirming our support for an open, inclusive, non-discriminatory, transparent and rule-based multilateral trading system, we will continue our efforts towards the successful conclusion of the Doha Round of the World Trade Organization (WTO), following the positive results of the Ninth Ministerial Conference (MC9), held in Bali, Indonesia, in December 2013. In this context, we reaffirm our commitment to establish by the end of this year a post-Bali work program for concluding the Doha Round, based on the progress already made and in keeping with the mandate established in the Doha Development Agenda. We affirm that this work program should prioritize the issues where legally binding outcomes could not be achieved at MC9, including Public Stock-Holding for Food Security Purposes. We look forward to the implementation of the Agreement on Trade Facilitation. We call upon international partners to provide support to the poorest, most vulnerable WTO members to enable them to implement this Agreement, which should support their development objectives. We strongly support the WTO dispute settlement system as a cornerstone of the security and predictability of the multilateral trading system and we will enhance our ongoing dialogue on substantive and practical matters relating to it, including in the ongoing negotiations on WTO Dispute Settlement Understanding reform. We recognize the importance of Regional Trade Agreements, which should complement the multilateral trading system, and of keeping them open, inclusive

and transparent, as well as refraining from introducing exclusive and discriminatory clauses and standards.

22. We reaffirm the United Nations Conference on Trade and Development's (UNCTAD) mandate as the focal point in the UN system dedicated to consider the interrelated issues of trade, investment, finance and technology from a development perspective. UNCTAD's mandate and work are unique and necessary to deal with the challenges of development and growth in the increasingly interdependent global economy. In congratulating UNCTAD for the 50th anniversary of its foundation in 2014, which is also the anniversary of the establishment of the Group of 77, we further reaffirm the importance of strengthening UNCTAD's capacity to deliver on its programs of consensus building, policy dialogue, research, technical cooperation and capacity building so that it is better equipped to deliver on its development mandate.

23. We acknowledge the important role that State Owned Companies (SOCs) play in the economy and encourage our SOCs to continue to explore ways of cooperation, exchange of information and best practices. We also recognize the fundamental role played by small and medium-sized enterprises in the economies of our countries as major creators of jobs and wealth. We will enhance cooperation and recognize the need for strengthening intra-BRICS dialogue with a view to promote international exchange and cooperation and to foster innovation, research and development.

24. We underline that 2015 marks the 70th anniversary of the founding of the United Nations (UN) and the end of the Second World War. In this connection, we support the UN to initiate and organize commemorative events to mark and pay tribute to these two historical moments in human history, and reaffirm our commitment to safeguarding a just and fair international order

based on the UN Charter, maintaining world peace and security, as well as promoting human progress and development.

25. We reiterate our strong commitment to the UN as the fundamental multilateral organization entrusted with helping the international community maintain international peace and security, protect and foster human rights and promote sustainable development. The UN enjoys universal membership and is at the very center of global governance and multilateralism. We recall the 2005 World Summit Outcome Document. We reaffirm the need for a comprehensive reform of the UN, including its Security Council, with a view to making it more representative, effective and efficient, so that it can adequately respond to global challenges. China and Russia reiterate the importance they attach to Brazil, India and South Africa's status and role in international affairs and support their aspiration to play a greater role in the UN.

26. We recall that development and security are closely interlinked, mutually reinforcing and key to attaining sustainable peace. We reiterate our view that the establishment of sustainable peace requires a comprehensive, concerted and determined approach, based on mutual trust, mutual benefit, equity and cooperation, that addresses the root causes of conflicts, including their political, economic and social dimensions. In this context, we also stress the close interrelation between peacekeeping and peacebuilding. We also highlight the importance of bringing gender perspectives to conflict prevention and resolution, peacebuilding, peacekeeping, rehabilitation and reconstruction efforts.

27. We will continue our joint efforts in coordinating positions and acting on shared interests on global peace and security issues for the common well-being of humanity. We stress our commitment to the sustainable and peaceful settlement of disputes, according to the principles and purposes of the UN Charter. We condemn

unilateral military interventions and economic sanctions in violation of international law and universally recognized norms of international relations. Bearing this in mind, we emphasize the unique importance of the indivisible nature of security, and that no State should strengthen its security at the expense of the security of others.

28. We agree to continue to treat all human rights, including the right to development, in a fair and equal manner, on the same footing and with the same emphasis. We will foster dialogue and cooperation on the basis of equality and mutual respect in the field of human rights, both within BRICS and in multilateral fora – including the United Nations Human Rights Council where all BRICS serve as members in 2014 – taking into account the necessity to promote, protect and fulfill human rights in a non-selective, non-politicized and constructive manner, and without double standards.

29. We commend the efforts made by the United Nations, the African Union (AU), Economic Community of West African States (ECOWAS) and the Community of Portuguese-Speaking Countries (CPLP), among others, in support for the realization of legislative and presidential elections in Guinea Bissau, paving the way for the return to constitutional democracy in the country. We recognize the importance of promoting long-term political stability in Guinea-Bissau, which necessarily encompasses measures to reduce food insecurity and to advance a comprehensive security sector reform, as proposed by the Guinea-Bissau Configuration of the UN Peacebuilding Commission. Similarly, we also welcome the efforts of the UN, AU and Southern African Development Community (SADC) in support of legislative and presidential elections in Madagascar, assisting in the return of constitutional democracy in the country.

30. We commend the efforts of the international community in addressing instability in Africa through engagement with, and

coordination by, the AU and its Peace and Security Council. We express our deep concern at the deterioration of the security and the humanitarian situation in West Africa. We call upon all parties in these conflicts to cease hostilities, exercise restraint and engage in dialogue to ensure return to peace and stability. However, we also note the progress that has been made in areas of the region in addressing political and security challenges.

31. We also express our concern with the plight of the abducted women and children of Chibok and call for an end to the continued terrorist acts perpetrated by Boko Haram.

32. We support the efforts of the UN Multidimensional Integrated Stabilization Mission in Mali (MINUSMA) in its task to help the Government of Mali fully stabilize the country, facilitate national political dialogue, protect civilians, monitor the human rights situation, create conditions for the provision of humanitarian assistance and the return of displaced persons, and extend the State authority in the whole country. We emphasize the importance of an inclusive political process; the immediate implementation of a disarmament, demobilization and reintegration (DDR) process; and political, economic and social development in order for Mali to achieve sustainable peace and stability.

33. We express our concern about the ongoing political and humanitarian crises in South Sudan. We condemn the continuation of violence against civilians and call upon all parties to ensure a safe environment for the delivery of humanitarian assistance. We also condemn the continuation of confrontations despite the successive commitments to the cessation of hostilities and express our belief that a sustainable solution to the crisis is only possible through an inclusive political dialogue aimed at national reconciliation. We support, in this regard, the regional efforts to find a peaceful solution to the crisis, especially the mediation process led by the

Intergovernmental Authority on Development (IGAD). We welcome the "Agreement to Resolve the Crisis in South Sudan", signed on May 9, and expect the political leaders of South Sudan to remain committed to the negotiation process and to the completion of dialogue on the formation of a transitional government of national unity within 60 days, as announced by IGAD on June 10. We commend the efforts of the United Nations Mission in South Sudan to fulfill its mandate and express our deep concern about the armed attacks that were led against UN bases in the country.

34. We reiterate our grave concern with the situation in the Central African Republic (CAR). We strongly condemn the abuses and acts of violence against the civilian population, including sectarian violence, and urge all armed groups to cease hostilities immediately. We recognize the efforts of the Economic Community of Central African States and the AU to restore peace and stability in the country. We commend the establishment of the UN Multidimensional Integrated Stabilization Mission in the CAR (MINUSCA). We express our support for a successful transition from the African-led International Support Mission to the CAR (MISCA) to MINUSCA by 15 September 2014. We urge the transitional authorities in the CAR to adhere strictly to the N'Djamena Roadmap. We call upon all parties to allow safe and unhindered humanitarian access to those in need. We reaffirm our readiness to work with the international community to assist the CAR in accelerating the implementation of the political process of the country.

35. We support the efforts by the UN, in particular the UN Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO), deployed under UN Security Council resolution 2098, and the regional and sub-regional organizations to bring peace and stability to the Democratic Republic of the Congo

(DRC), and we call upon all involved to honor their obligations in order to achieve lasting peace and stability in the DRC.

36. We welcome the AU Malabo Summit decision to establish an interim African Capacity for Immediate Response to Crises (ACIRC) by October 2014 to respond quickly to crisis situations as they arise. We stress the importance of adequate support to ensure the timely operationalization of the ACIRC, pending the final establishment of the African Stand-by Force.

37. We express deep concern about the ongoing violence and the deterioration of the humanitarian situation in Syria and condemn the increasing violations of human rights by all parties. We reiterate our view that there is no military solution to the conflict, and highlight the need to avoid its further militarization. We call upon all parties to commit immediately to a complete cease-fire, to halt violence and to allow and facilitate immediate, safe, full and unimpeded access for humanitarian organizations and agencies, in compliance with the UN Security Council resolution 2139. We recognize practical steps undertaken by the Syrian parties in implementing its requirements, including the practice of local cease-fire agreements reached between the Syrian authorities and the opposition forces.

We reiterate our condemnation of terrorism in all its forms and manifestations, wherever it occurs. We are gravely concerned at the continued threat of terrorism and extremism in Syria. We call on all Syrian parties to commit to putting an end to terrorist acts perpetrated by Al-Qaeda, its affiliates and other terrorist organizations.

We strongly condemn the use of chemical weapons in any circumstances. We welcome the decision of the Syrian Arab Republic to accede to the Chemical Weapons Convention. In accordance with related Organization for the Proscription of

Chemical Weapons (OPCW) Executive Council decisions and UN Security Council resolution 2118, we reiterate the importance of the complete removal and elimination of the Syrian chemical weapons. We commend the progress in that regard and welcome the announcement that the removal of declared chemicals from the Syrian Arab Republic was completed. We call on all Syrian parties and interested external actors with relevant capabilities to work closely together and with the OPCW and the UN to arrange for the security of the monitoring and destruction mission in its final stage.

We support the mediation role played by the UN. We appreciate the contribution made by former Joint UN – Arab League Special Representative for Syria, Mr. Lakhdar Brahimi, and welcome the appointment of Mr. Staffan De Mistura as UN Special Envoy to Syria, and express our hope for his active efforts to promote an early resumption of comprehensive negotiations. We recall that national dialogue and reconciliation are key to the political solution for the Syrian crisis. We take note of the recent Syrian presidential elections. We stress that only an inclusive political process, led by the Syrians, as recommended in the Action Group on Syria Final Communiqué of 2012, will lead to peace, effective protection of civilians, the realization of the legitimate aspirations of the Syrian society for freedom and prosperity and respect for Syrian independence, territorial integrity and sovereignty. We emphasize that a national reconciliation process needs to be launched as early as possible, in the interest of the national unity of Syria. To that end, we urge all parties in Syria to demonstrate political will, enhance mutual understanding, exercise restraint and commit to seeking common ground in accommodating their differences.

38. We reaffirm our commitment to contribute to a comprehensive, just and lasting settlement of the Arab-Israeli conflict on the basis

of the universally recognized international legal framework, including the relevant UN resolutions, the Madrid Principles and the Arab Peace Initiative. We believe that the resolution of the Israeli-Palestinian conflict is a fundamental component for building a sustainable peace in the Middle East. We call upon Israel and Palestine to resume negotiations leading to a two-State solution with a contiguous and economically viable Palestinian State existing side by side in peace with Israel, within mutually agreed and internationally recognized borders based on the 4 June 1967 lines, with East Jerusalem as its capital. We oppose the continuous construction and expansion of settlements in the Occupied Palestinian Territories by the Israeli Government, which violates international law, gravely undermines peace efforts and threatens the viability of the two-State solution. We welcome recent efforts to achieve intra-Palestinian unity, including the formation of a national unity government and steps towards conducting general elections, which is key element to consolidate a democratic and sustainable Palestinian State, and call on the parties to fully commit to the obligations assumed by Palestine. We call on the UN Security Council to fully exercise its functions under the UN Charter with regard to the Israeli-Palestinian conflict. We recall with satisfaction the decision of the UN General Assembly to proclaim 2014 the International Year of Solidarity with the Palestinian People, welcome the efforts of UN Relief and Works Agency (UNRWA) in providing assistance and protection for Palestine refugees and encourage the international community to continue to support the activities of the agency.

39. We express our support for the convening, at the earliest possible date, of the Conference on the establishment of a Middle East zone free of nuclear weapons and all other weapons of mass destruction. We call upon all states of the region to attend the

Conference and to engage constructively and in a pragmatic manner with a view to advancing that goal.

40. Noting the open-ended consultations on a draft International Code of Conduct on Outer Space Activities, and the active and constructive engagement of our countries in these consultations, we call for an inclusive and consensus-based multilateral negotiation to be conducted within the framework of the UN without specific deadlines in order to reach a balanced outcome that addresses the needs and reflects the concerns of all participants. Reaffirming our will that the exploration and use of outer space shall be for peaceful purposes, we stress that negotiations for the conclusion of an international agreement or agreements to prevent an arms race in outer space remain a priority task of the Conference on Disarmament, and welcome the introduction by China and Russia of the updated draft Treaty on the Prevention of the Placement of Weapons in Outer Space, the Threat or Use of Force Against Outer Space Objects.

41. While reiterating our view that there is no alternative to a negotiated solution to the Iranian nuclear issue, we reaffirm our support to its resolution through political and diplomatic means and dialogue. In this context, we welcome the positive momentum generated by talks between Iran and the E3+3 and encourage the thorough implementation of the Geneva Joint Plan of Action of 24 November 2013, with a view to achieving a comprehensive and long-lasting solution to this issue. We also encourage Iran and the International Atomic Energy Agency (IAEA) to continue strengthening their cooperation and dialogue on the basis of the Joint Statement signed on 11 November 2013. We recognize Iran's inalienable right to the peaceful use of nuclear energy in a manner consistent with its international obligations.

42. Recognizing that peace, security and development are closely interlinked, we reaffirm that Afghanistan needs time, development assistance and cooperation, preferential access to world markets and foreign investment to attain lasting peace and stability. We support the commitment of the international community to remain engaged in Afghanistan during the transformation decade (2015-2024), as enunciated at the Bonn International Conference in December 2011. We stress that the UN should play an increasingly important role in assisting Afghanistan's national reconciliation, recovery and economic reconstruction. We also reaffirm our commitment to support Afghanistan's emergence as a peaceful, stable and democratic state, free of terrorism and extremism, and underscore the need for more effective regional and international cooperation for the stabilization of Afghanistan, including by combating terrorism. We extend support to the efforts aimed at combating illicit traffic in opiates originating in Afghanistan within the framework of the Paris Pact. We expect a broad-based and inclusive peace process in Afghanistan which is Afghan-led and Afghan-owned. We welcome the second round of the presidential elections in Afghanistan which contribute to the democratic transfer of power in this country. We welcome China's offer to host the Fourth Heart of Asia Ministerial Conference in August 2014.

43. We are deeply concerned by the situation in Iraq. We strongly support the Iraqi government in its effort to overcome the crisis, uphold national sovereignty and territorial integrity. We are concerned about spillover effects of the instability in Iraq resulting from increased terrorist activities in the region, and urge all parties to address the terrorist threat in a consistent manner. We urge all regional and global players to refrain from interference that will further deepen the crisis and to support the Iraqi government and the people of Iraq in their efforts to overcome the crisis, and build a stable, inclusive and united Iraq. We emphasize the importance of

national reconciliation and unity in Iraq, taking into consideration the wars and conflicts the Iraqi people have suffered and in this context we commend the peaceful and orderly holding of the latest parliamentary elections.

44. We express our deep concern with the situation in Ukraine. We call for a comprehensive dialogue, the de-escalation of the conflict and restraint from all the actors involved, with a view to finding a peaceful political solution, in full compliance with the UN Charter and universally recognized human rights and fundamental freedoms.

45. We reaffirm our commitment to continue to tackle transnational organized crime, with full respect for human rights, in order to reduce the negative impact it has on individuals and societies. We encourage joint efforts aimed at preventing and combating transnational criminal activities in accordance with national legislations and international legal instruments, especially the UN Convention against Transnational Organized Crime. In this regard, we welcome BRICS cooperation in multilateral fora, highlighting our engagement in the ECOSOC Commission on Crime Prevention and Criminal Justice.

46. Piracy and armed robbery at sea are complex phenomena that must be fought effectively in a comprehensive and integrated manner. We welcome the efforts made by the international community to counter maritime piracy and call upon all stakeholders – civilian and military, public and private – to remain engaged in the fight against this phenomenon. We also highlight the need for a transparent and objective review of the High Risk Areas, with a view to avoiding unnecessary negative effects on the economy and security of coastal states. We commit to strengthen our cooperation on this serious issue.

47. We are deeply concerned by the world drug problem, which continues to threaten public health, safety and well-being and to undermine social, economic and political stability and sustainable development. We are committed to countering the world drug problem, which remains a common and shared responsibility, through an integrated, multidisciplinary, mutually reinforcing and balanced approach to supply and demand reduction strategies, in line with the three UN drug conventions and other relevant norms and principles of international law. We welcome the substantive work done by Russia in preparing and hosting the International Ministers Meeting on 15 May 2014 to discuss the world drug problem. We take note of the proposal for the creation of an Anti-Drug Working Group presented at the Second Meeting of BRICS Heads of Drug Control Agencies.

48. We reiterate our strong condemnation of terrorism in all its forms and manifestations and stress that there can be no justification, whatsoever, for any acts of terrorism, whether based upon ideological, religious, political, racial, ethnic, or any other justification. We call upon all entities to refrain from financing, encouraging, providing training for or otherwise supporting terrorist activities. We believe that the UN has a central role in coordinating international action against terrorism, which must be conducted in accordance with international law, including the UN Charter, and with respect to human rights and fundamental freedoms. In this context, we reaffirm our commitment to the implementation of the UN Global Counter-Terrorism Strategy. We express our concern at the increasing use, in a globalized society, by terrorists and their supporters, of information and communications technologies (ICTs), in particular the Internet and other media, and reiterate that such technologies can be powerful tools in countering the spread of terrorism, including by promoting tolerance and dialogue among peoples. We will continue to work together to

conclude as soon as possible negotiations and to adopt in the UN General Assembly the Comprehensive Convention on International Terrorism. We also stress the need to promote cooperation among our countries in preventing terrorism, especially in the context of major events.

49. We believe that ICTs should provide instruments to foster sustainable economic progress and social inclusion, working together with the ICT industry, civil society and academia in order to realize the ICT-related potential opportunities and benefits for all. We agree that particular attention should be given to young people and to small and medium-sized enterprises, with a view to promoting international exchange and cooperation, as well as to fostering innovation, ICT research and development. We agree that the use and development of ICTs through international cooperation and universally accepted norms and principles of international law is of paramount importance, in order to ensure a peaceful, secure and open digital and Internet space. We strongly condemn acts of mass electronic surveillance and data collection of individuals all over the world, as well as violation of the sovereignty of States and of human rights, in particular the right to privacy. We take note of the Global Multistakeholder Meeting on the Future of Internet, held in São Paulo, on 23-24 April 2014. We thank Brazil for having organized it.

50. We will explore cooperation on combating cybercrimes and we also recommit to the negotiation of a universal legally binding instrument in that field. We consider that the UN has a central role in this matter. We agree it is necessary to preserve ICTs, particularly the Internet, as an instrument of peace and development and to prevent its use as a weapon. Moreover, we commit ourselves to working together in order to identify possibilities of developing joint activities to address common security concerns in the use of

ICTs. We reiterate the common approach set forth in the eThekwini Declaration about the importance of security in the use of ICTs. We welcome the decision of the National Security Advisors to establish a group of experts of BRICS member States which will elaborate practical proposals concerning major fields of cooperation and coordinate our positions in international fora. Bearing in mind the significance of these issues, we take note of Russia's proposal of a BRICS agreement on cooperation in this field to be jointly elaborated.

51. We reiterate our commitment to the implementation of the Convention on Biological Diversity and its Protocols, with special attention to the Strategic Plan for Biodiversity 2011-2020 and the Aichi Targets. We recognize the challenge posed by the agreed targets on conservation of biodiversity and reaffirm the need to implement the decisions on resource mobilization agreed to by all parties in Hyderabad in 2012, and set resource mobilization targets that are ambitious in order to allow for their fulfillment.

52. Acknowledging that climate change is one of the greatest challenges facing humankind, we call on all countries to build upon the decisions adopted in the UN Framework Convention on Climate Change (UNFCCC) with a view to reaching a successful conclusion by 2015, of negotiations on the development of a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all Parties, in accordance with the principles and provisions of UNFCCC, in particular the principle of common but differentiated responsibilities and respective capabilities. In this regard, we reiterate our support to the Presidency of the 20th session of the Conference of the Parties and the 10th session of the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol, to be held in Lima,

Peru, in December 2014. We also note the convening of the UN Climate Summit 2014 to be held this September.

53. While bearing in mind that fossil fuel remains one of the major sources of energy, we reiterate our belief that renewable and clean energy, research and development of new technologies and energy efficiency, can constitute an important driver to promote sustainable development, create new economic growth, reduce energy costs and increase the efficiency in the use of natural resources. Considering the dynamic link between renewable and clean energy and sustainable development, we reaffirm the importance of continuing international efforts aimed at promoting the deployment of renewable and clean energy and energy efficiency technologies, taking into account national policies, priorities and resources. We stand for strengthening international cooperation to promote renewable and clean energy and to universalize energy access, which is of great importance to improving the standard of living of our peoples.

54. We are committed to working towards an inclusive, transparent and participative intergovernmental process for building a universal and integrated development agenda with poverty eradication as the central and overarching objective. The agenda should integrate the economic, social and environmental dimensions of sustainable development in a balanced and comprehensive manner with concise, implementable and measurable goals, taking into account differing national realities and levels of development and respecting national policies and priorities. The Post-2015 Development Agenda must also be based on and fully respect all Rio principles on sustainable development, including the principle of common but differentiated responsibilities. We welcome the outcome document of the UN General Assembly Special Event on the Millennium Development Goals, which decided to launch an intergovernmental process at

the beginning of the 69th Session of the UN General Assembly that will lead to the adoption of the Post-2015 Development Agenda.

55. We reiterate our commitment to the UN General Assembly Open Working Group on Sustainable Development Goals (SDGs) and to working together to achieve a consensual and ambitious proposal on SDGs. We emphasize the importance of the work by the Intergovernmental Committee of Experts on Sustainable Development Financing and highlight the need for an effective sustainable development financing strategy to facilitate the mobilization of resources in achieving sustainable development objectives and supporting developing countries in the implementation efforts, with ODA as a major source of financing. We support the creation of a facilitation mechanism for the development, transfer and dissemination of clean and environmentally sound technologies and call for the establishment of a working group within the UN on this proposal, taking into account the Rio+20 outcome document and the Secretary General's reports on the issue. In this regard, we reaffirm that the outcome of each of these processes can contribute to the formulation of Sustainable Development Goals.

56. We recognize the strategic importance of education for sustainable development and inclusive economic growth. We reaffirm our commitment to accelerating progress in attaining the Education for All goals and education-related Millennium Development Goals by 2015 and stress that the development agenda beyond 2015 should build on these goals to ensure equitable, inclusive and quality education and lifelong learning for all. We are willing to strengthen intra-BRICS cooperation in the area and welcome the meeting of Ministers of Education held in Paris, in November 2013. We intend to continue cooperation with

relevant international organizations. We encourage the initiative to establish the BRICS Network University.

57. In March 2014 we agreed to collaborate through dialogue, cooperation, sharing of experiences and capacity building on population related matters of mutual concern to member states. We recognize the vital importance of the demographic dividend that many of us possess to advance our sustainable development as well as the need to integrate population factors into national development plans, and to promote a long-term balanced population and development. The demographic transition and post-transition challenges, including population ageing and mortality reduction are amongst the most important challenges facing the world today. We confirm our strong commitment to address social issues in general and in particular gender inequality, women's rights and issues facing young people and we reaffirm our determination to ensure sexual and reproductive health and reproductive rights for all.

58. We recognize that corruption negatively affects sustainable economic growth, poverty reduction and financial stability. We are committed to combat domestic and foreign bribery, and strengthen international cooperation, including law enforcement cooperation, in accordance with multilaterally established principles and norms, especially the UN Convention Against Corruption.

59. Considering the link between culture and sustainable development, as well as the role of cultural diplomacy as a promoter of understanding between peoples, we will encourage cooperation between BRICS countries in the cultural sector, including on the multilateral basis. Recognizing the contribution and the benefits of cultural exchanges and cooperation in enhancing our mutual understanding and friendship, we will actively promote greater awareness, understanding and appreciation of each other's arts and

culture. In this regard, we ask our relevant authorities responsible for culture to explore areas of practical cooperation, including to expedite negotiations on the draft agreement on cultural cooperation.

60. We are pleased with progress in implementing the eThekwini Action Plan, which further enhanced our cooperation and unleashed greater potential for our development. In this regard, we commend South Africa for the full implementation of the eThekwini Action Plan.

61. We are committed to promoting agricultural cooperation and to exchange information regarding strategies for ensuring access to food for the most vulnerable population, reduction of negative impact of climate change on food security and adaptation of agriculture to climate change. We recall with satisfaction the decision of UN General Assembly to declare 2014 the International Year of Family Farming.

62. We take note of the following meetings which were held in preparation for this Summit:

- Third BRICS Think Tanks Council (BTTC);

- Third BRICS Business Council;

- Sixth Academic Forum;

- Fifth Business Forum;

- Fourth Financial Forum.

63. We welcome the outcomes of the meeting of the BRICS Finance Ministers and Central Bank Governors and endorse the Joint Communiqué of the Meeting of the BRICS Trade Ministers held in preparation for the Summit.

64. The 5th edition of the BRICS Business Forum provided an opportunity for match-making and for in-depth discussion of

highly relevant issues of the trade and investment agenda. We welcome the meeting of the BRICS Business Council and commend it for its Annual Report 2013/2014. We encourage the respective business communities to follow-up the initiatives proposed and to deepen dialogue and cooperation in the five areas dealt with by the Industry/Sector Working Groups with a view to intensifying trade and investment flows amongst BRICS countries as well as between BRICS and other partners around the world.

65. We reiterate our commitment made during the BRICS Leaders-Africa Retreat at the 5th BRICS Summit to foster and develop BRICS-Africa cooperation in support of the socioeconomic development of Africa, particularly with regard to infrastructure development and industrialization. We welcome the inclusion of these issues in discussions during the BRICS Business Council Meeting, held in Johannesburg in August 2013.

66. We welcome the BTTC Study "Towards a Long-Term Strategy for BRICS: Recommendations by the BTTC". We acknowledge the decision taken by the BTTC, taken at its Rio de Janeiro meeting in March 2014 to focus its work on the five pillars upon which the BRICS long-term strategy for cooperation will rest. The BTTC is encouraged to develop strategic pathways and action plans that will lead to the realization of this long-term strategy.

67. We welcome the holding of the first Meeting of the BRICS Ministers of Science, Technology and Innovation and the Cape Town Declaration, which is aimed at: (i) strengthening cooperation in science, technology and innovation; (ii) addressing common global and regional socio-economic challenges utilizing shared experiences and complementarities; (iii) co-generating new knowledge and innovative products, services and processes utilizing appropriate funding and investment instruments; and (iv) promoting, where appropriate, joint BRICS partnerships with other strategic actors in

the developing world. We instruct the BRICS Ministers of Science and Technology to sign at their next meeting the Memorandum of Understanding on Science, Technology and Innovation, which provides a strategic framework for cooperation in this field.

68. We welcome the establishment of the BRICS Information Sharing and Exchange Platform, which seeks to facilitate trade and investment cooperation.

69. We will continue to improve competition policy and enforcement, undertake actions to address challenges that BRICS Competition Authorities face and further enable competitive environments in order to enhance contributions to economic growth in our economies. We note South Africa's offer to host the 4th Meeting of BRICS Competition Authorities in 2015.

70. We reiterate our commitment to fostering our partnership for common development. To this end, we adopt the Fortaleza Action Plan.

71. Russia, India, China and South Africa extend their warm appreciation to the Government and people of Brazil for hosting the Sixth BRICS Summit in Fortaleza.

72. Brazil, India, China and South Africa convey their appreciation to Russia for its offer to host the Seventh BRICS Summit in 2015 in the city of Ufa and extend their full support to that end.

Fortaleza Action Plan

1. Meeting of BRICS Ministers of Foreign Affairs / International Relations on the margins of UN General Assembly.

2. Meeting of BRICS National Security Advisors.

3. Mid-term meeting of BRICS Sherpas and Sous-Sherpas.

4. Meetings of BRICS Finance Ministers and Central Bank Governors on the margins of G20 meetings, WB/IMF meetings, as well as stand-alone meetings, as required.

5. Meetings of BRICS Trade Ministers on the margin of multilateral events, or stand-alone meetings, as required.

6. Meeting of BRICS Ministers of Agriculture and Agrarian Development, preceded by the Meeting of BRICS Agricultural Cooperation Working Group.

7. Meeting of BRICS Health Ministers.

8. Meeting of BRICS Ministers of Science, Technology and Innovation.

9. Meeting of BRICS Ministers of Education.

10. Meeting of Ministers or Senior Officials responsible for social security, on the margins of a multilateral meeting.

11. BRICS Seminar of Officials and Experts on Population Matters.

12. Meeting of BRICS Cooperatives (held in Curitiba on 14-16 May 2014).

13. Meetings of financial and fiscal authorities on the margins of WB/IMF meetings as well as stand-alone meetings, as required.

14. Meetings of the BRICS Contact Group on Economic and Trade Issues (CGETI).

15. Meeting of the BRICS Friendship Cities and Local Governments Cooperation Forum.

16. Meeting of the BRICS Urbanization Forum.

17. Meeting of BRICS Competition Authorities in 2015 in South Africa.

18. Meeting of BRICS Heads of National Statistical Institutions.

19. Meeting of Anti-Drug Experts.

20. Meeting of BRICS Experts on Anti-corruption cooperation, on the margins of a multilateral meeting.

21. Consultations amongst BRICS Permanent Missions and/or Embassies, as appropriate, in New York, Vienna, Rome, Paris, Washington, Nairobi and Geneva, where appropriate.

22. Consultative meeting of BRICS Senior Officials on the margins of relevant sustainable development, environment and climate related international fora, where appropriate.

23. Sports and Mega Sporting Events.

New areas of cooperation to be explored

- Mutual recognition of Higher Education Degrees and Diplomas;

- Labor and Employment, Social Security, Social Inclusion Public Policies;

- Foreign Policy Planning Dialogue;

- Insurance and reinsurance;

- Seminar of Experts on E-commerce.

ANNEX B

MEDIA NOTES ON THE INFORMAL MEETINGS OF BRICS LEADERS AT G20

Media Note on the Informal Meeting of BRICS Leaders ahead of G20 Summit in Los Cabos
Los Cabos, June 18, 2012

Media Note on the Informal Meeting of BRICS Leaders ahead of the G20 Summit in St. Petersburg
St. Petersburg, September 5, 2013

Media Note on the Informal Meeting of BRICS Leaders on the occasion of the G20 Summit in Brisbane
Brisbane, November 15, 2014

MEDIA NOTE ON THE INFORMAL MEETING OF BRICS LEADERS AHEAD OF G20 SUMMIT IN LOS CABOS

Los Cabos, Mexico, June 18, 2012

BRICS Leaders held an informal meeting on 18 June 2012 ahead of the formal opening of the G20 Summit in Los Cabos.

All the BRICS Leaders agreed that the Eurozone crisis threatened global financial and economic stability and that it was necessary to find cooperative solutions to resolve this crisis.

The Leaders also agreed to increase resources available with the International Monetary Fund. In this context, they agreed to enhance their own contributions to the IMF. This is with the understanding that these resources will be called upon only after existing resources, including the New Arrangements to Borrow, are substantially utilized. This would promote adequate burden sharing amongst IMF creditors. These new contributions are being made in anticipation that all the reforms agreed upon in 2010 will be fully implemented in a timely manner, including a comprehensive reform of voting power and reform of quota shares.

The Leaders discussed swap arrangements among national currencies as well as reserve pooling. They agreed to ask their Finance Ministers and Central Bank Governors to work on this important issue, in a manner compatible with internal legal frameworks, and report back to the Leaders at the 2013 BRICS Summit.

The Leaders also emphasized the need for increasing the resource base of Multilateral Development Banks, so that increased resources could be provided for development, particularly for investments in infrastructure and in the social sectors in developing countries. They felt that the G20 should pay importance to the development aspect in its agenda of work.

The Leaders emphasized that given the current global situation and the need to bolster market confidence, it was important that the G20 Summit issue a strong statement of intent in combating the international slowdown and the effects of the Eurozone crisis.

The Leaders agreed that this process of informal consultations on the sidelines of multilateral events was valuable and contributed to closer coordination on issues of mutual interest to BRICS economies.

MEDIA NOTE ON THE INFORMAL MEETING OF BRICS LEADERS AHEAD OF THE G20 SUMMIT IN ST. PETERSBURG

St. Petersburg, September 5, 2013

BRICS Leaders met on 5 September 2013, ahead of the formal opening of the G20 Summit in St Petersburg.

The Leaders noted the continued slow pace of the recovery, high unemployment in some countries, and on-going challenges and vulnerabilities in the global economy, particularly in advanced economies. They believe that major economies, including G20, could do more to boost global demand and market confidence.

In light of the increase in financial market and capital flow volatility during recent months, the BRICS Leaders reiterated their concerns they had expressed in the Durban Summit in March, regarding the unintended negative spillovers of unconventional monetary policies of certain developed economies. They emphasized that the eventual normalization of monetary policies needs to be effectively and carefully calibrated and clearly communicated.

BRICS Leaders also expressed their concern with the stalling of the International Monetary Fund reform process. They recalled the urgent need to implement the 2010 IMF Quota and Governance

Reform, as well as to complete the next general quota review by January 2014 as agreed at the G20 Seoul Summit in order ensure the Fund's credibility, legitimacy and effectiveness.

The Leaders look forward to the 9th World Trade Organisation's Ministerial conference to be held in December 2013, and expect that it will be a stepping stone to the successful and balanced conclusion of the Doha Development Round.

The Leaders of Brazil, India, China and South Africa congratulated Russia for the successful Presidency of the G20 in 2013 and appreciated the emphasis by the Russian Presidency on the development agenda.

The Leaders welcomed the good progress made towards the establishment of the BRICS-led New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA).

On the NDB, progress has been made in negotiating its capital structure, membership, shareholding and governance. The Bank will have an initial subscribed capital of US$ 50 billion from the BRICS countries.

On the CRA, consensus has been achieved on many key aspects and operational details regarding its establishment. As agreed in Durban, the CRA will have an initial size of US$100 billion. Country's individual commitments to the CRA will be as follows: China – US$ 41 billion; Brazil, India, and Russia – US$ 18 billion each; and South Africa – US$ 5 billion.

In light of the progress achieved both in the negotiations of the NDB and CRA the BRICS leaders expect tangible results by the time of the next Summit.

The Leaders welcomed the first meeting of the BRICS Business Council held recently in Johannesburg, South Africa, and encouraged the business community to increase contacts and cooperation.

MEDIA NOTE ON THE INFORMAL MEETING OF BRICS LEADERS ON THE OCCASION OF THE G20 SUMMIT IN BRISBANE

Brisbane, November 15, 2014

The BRICS Leaders met on 15 November 2014 on the occasion of the G20 Summit in Brisbane.

The Leaders commended Brazil for the successful Sixth BRICS Summit and noted progress in the implementation of the Fortaleza Action Plan.

They underscored that the signing of the agreements establishing the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA) brought BRICS cooperation to a fundamentally new level with the creation of instruments to contribute to the stability of the international financial system. They expressed their commitment towards the expeditious ratification of both instruments.

The Leaders were informed about the progress in implementation of the Work Plan for the establishment of the NDB. They asked their Finance Ministers to designate the President and the Vice-Presidents of the NDB well in advance of the next BRICS Summit

in Russia. The Leaders also announced the setting up of an Interim Board of Directors that will lead the next phase establishing the NDB.

The Leaders asked their Finance Ministers and Central Bank Governors to ensure that, by the next BRICS Summit, the CRA Working Group concludes the procedural rules and operational guidelines of the Governing Council and the Standing Committee of the CRA. They also asked their Central Bank Governors to ensure that the Inter-Central Bank Agreement foreseen in the CRA be concluded by the Summit in Russia.

The Leaders exchanged views and shared their perspectives on the main issues on the G20 Summit agenda as well as the expected outcomes, including measures to promote growth and job creation; investment and infrastructure; trade; strengthening of the financial system and cooperation on tax matters; and energy issues. They reaffirmed their willingness to work with other G20 members for a successful Summit in Brisbane.

As to the world economy, six years after the beginning of the international financial crisis, the Leaders noted that a strong and long-lasting recovery is yet to materialize. Emerging market economies have been contributing to global economic activity by sustaining high growth rates, despite adverse circumstances and spill-overs from policies of major advanced economies, especially monetary policies. The Leaders noted the G20 efforts, but underscored that more needs to be done to support global demand in the short-run, especially by advanced economies, and to promote an increase in investment and long-run growth potential. They underscored that investment and economic reforms are critically important to boosting demand and lifting long-term growth. Emerging market economies remain in general well prepared to face external shocks.

The Leaders also reaffirmed their disappointment and serious concern at the non-implementation of the 2010 IMF reforms, and its impact on the Fund´s legitimacy and credibility. Undue delays in ratifying the 2010 agreement are in contradiction with joint commitments by the G20 Leaders since 2009. In the event that the United States fails to ratify the 2010 reforms by the year-end, they called on the G20 to schedule a discussion of the options for next steps that the IMF has committed to present in January 2015. They also emphasized the need to continue the IMF reform processes.

Deeply concerned with the Ebola epidemic and its severe economic and social impact, the Leaders expressed their commitment to work with the international community in the response to this epidemic and supported efforts made by the United Nations and its agencies, including the World Health Organization, as well as other institutions.

As agreed at the Fortaleza Summit, the Leaders reaffirmed their commitment to reinforce full-fledged intra-BRICS cooperation, in the spirit of openness and inclusiveness particularly in the economic and financial domains and look forward to the formulation of a long-term economic cooperation framework to forge closer BRICS partnership.

ANNEX C

PRESS COMUNIQUÉS FROM MINISTERS OF FOREIGN AFFAIRS

BRICS Foreign Affairs Ministers' Meeting
Yekaterinburg, May 16, 2008

Meeting of Foreign Affairs Ministers
New York, September 24, 2009

Meeting of Foreign Affairs Ministers
New York, September 22, 2010

Meeting of Foreign Affairs Ministers
New York, September 24, 2011

Meeting of BRICS Foreign Affairs Ministers
New York, September 26, 2012

Meeting of BRICS Foreign Affairs Ministers
New York, September 26, 2013

BRICS Ministers Meet on the Sidelines of the Nuclear Security Summit in The Hague
The Hague, March 24, 2014

Press Release on the Meeting of BRICS Foreign Ministers
New York, September 25, 2014

BRICS FOREIGN AFFAIRS MINISTERS' MEETING

Yekaterinburg, May 16, 2008

Joint Communiqué

The Foreign Ministers of Brazil, Russia, India and China (BRIC) held their meeting in Yekaterinburg (Russia) on May 16, 2008.

1. They emphasized the prospects of the BRIC dialogue based on mutual trust and respect, common interests, coincidence or similarity of approaches toward the pressing problems of global development.

2. The Ministers agreed that building a more democratic international system founded on the rule of law and multilateral diplomacy is an imperative of our time. They reaffirmed the commitment of the BRICs to work together and with other states in order to strengthen international security and stability, ensure equal opportunities for development to all countries.

3. The Ministers reiterated that today's world order should be based on the rule of international law and the strengthening of multilateralism with the United Nations playing the central role. They reaffirmed the need for a comprehensive reform of the UN

with a view to make it more efficient so that it can deal with the current global challenges more effectively. The Ministers of Russia and China reiterated that their countries attach importance to the status of India and Brazil in international affairs, and understand and support India's and Brazil's aspirations to play a greater role in the United Nations.

4. The Ministers noted that sustainable development of global economy in the long-term as well as finding solutions to the acute global problems of our time, such as poverty, hunger and diseases are only possible if due account is taken of the interests of all nations and within a just global economic system. Among other issues they discussed the current global food crisis. The Foreign Ministers of Russia, India and China welcomed the initiative of Brazil to organize a meeting of economy and/or finance ministers of the BRIC countries to discuss global economic and financial issues.

5. The Ministers expressed their strong commitment to multilateral diplomacy in dealing with common challenges to international security. They reiterated their support for political and diplomatic efforts to peacefully resolve disputes in international relations. A cooperative approach to international security is required that takes into account the concerns of all and addresses them in a spirit of dialogue and understanding. The Ministers emphasized that disarmament and nonproliferation are mutually reinforcing. They also agreed on the need for multilateral efforts to prevent an arms race in outer space.

6. The Ministers unequivocally condemned terrorism in all its forms and manifestations, committed for whatever purposes. They reiterated their perception that terrorism constitutes one of the most serious threats to international peace and security and that the international community should take the necessary steps to enhance cooperation to prevent and combat terrorism. They

particularly highlighted the UN cooperation framework and the need for all member states to implement international conventions of the United Nations and UN Security Council resolutions on fighting terrorism. The Ministers emphasized the importance of the implementation of the UN Global Counter-Terrorism Strategy in all its aspects and expressed their opinion that all member states should make concerted efforts towards expeditious finalization of a Comprehensive Convention on International Terrorism at the UN.

7. The Ministers noted a close interconnection between energy security, socio-economic development and environmental protection. They reaffirmed their commitment to the multilateral efforts aimed at reaching an optimum balance of interests between producers, transit states and consumers of energy resources. In this respect the parties emphasized the need for supporting programmes to increase access to energy, energy efficiency as well as the development and use of new and renewable sources of energy, including biofuels, compatible with sustainable development.

8. The Ministers spoke in favour of strengthening international cooperation to address climate change in the context of the UN Framework Convention on Climate Change and its Kyoto Protocol. They expressed their desire to work closely together in order to carry out the Bali commitments.

9. The Ministers spoke in favour of intensifying the dialogue to achieve the internationally agreed development goals, primarily the Millennium Development Goals, on the basis of global partnership. They support international efforts to combat hunger and poverty.

10. The Ministers noted that the South-South cooperation is an important element of international efforts in the field of development. It was emphasized that the South-South cooperation does not replace but rather complements the traditional forms of development assistance.

11. The Ministers looked forward to continued cooperation between the Group of Eight and its traditional dialogue partners.

12. The Foreign Ministers of Brazil, Russia and India reaffirmed their countries' support for the 2008 Beijing Olympic Games.

13. The Ministers reached an understanding to hold the next BRIC ministerial meeting on the margins of the 63rd session of the UN General Assembly, in New York, in September 2008. The next standalone BRIC Ministerial will be hosted by India.

MEETING OF FOREIGN AFFAIRS MINISTERS

New York, September 24, 2009

Press Communiqué

A meeting of the BRIC countries was held today at the Residence of the Brazilian Mission to the United Nations in New York. The meeting was attended by the Minister of External Relations of Brazil, Celso Amorim, and the Ministers of Foreign Affairs of Russia, Serguei Lavrov and India, S.M. Krishna, as well as by Ambassador Liu Zhenmin, representative of the Foreign Minister of China, Yang Jiechi.

The meeting followed up on the process which began in 2006 with a BRIC Foreign Ministers' meeting parallel to the opening of the UN General Assembly.

It also follows up on the I BRIC Summit, in Yekaterinburg, on June 16, 2009.

The Ministers exchanged views on the results of the I BRIC Summit, on the outcome of the UN Summit on Climate Change, on the upcoming the G-20F Pittsburgh Meeting, as well as on energy-related matters. They also discussed the arrangements for the II BRIC Summit, to be held in Brazil.

The Ministers decided that a Business Forum and a Conference of Think Tanks will be organized parallel to the II Summit and that a meeting of Agricultural Ministers and a meeting of statistical bodies from the four countries should be held previously to the Summit.

MEETING OF FOREIGN AFFAIRS MINISTERS

New York, September 22, 2010

Press communiqué

A BRIC Foreign Ministers meeting took place during the 65th UNGA session in New York on September 21. It was attended by Foreign Ministers Sergey Lavrov of Russia, Yang Jiechi of China, Celso Amorim of Brazil and Hardeep Singh Puri, India's Permanent Representative to the United Nations.

They focused mainly on the problems of bolstering comprehensive cooperation between the BRIC nations and major developing countries during this post-crisis period, including within the G20 framework, and discussed key issues on the agenda of the current session of the UN General Assembly.

MEETING OF FOREIGN AFFAIRS MINISTERS

New York, September 24, 2011

Press Communiqué (Issued by the Ministry of Foreign Affairs of the Russian Federation)

Russian Foreign Minister Sergey Lavrov attended a meeting of BRICS foreign ministers, held in New York City on September 23, 2011.

At the forefront of the discussion was the situation in and around Syria. The ministers stated their resolve to maintain the unity of approaches to the Syrian issue at the UN Security Council. They noted that an escalation of sanctions against Damascus would provoke opposition to ratchet up confrontation with the authorities. And this would only aggravate the situation even more and put regional peace and security in jeopardy. At the same time, the Russian Minister at the meeting emphasized the urgency of carrying out the reforms announced by Syria's government so that people could really feel the benefits of the change.

The meeting also discussed the situation in Libya. In Russia's view, the main decision maker in devising the parameters for post-conflict settlement in the country must be the UN Security Council,

responsible for security matters. At the same time, the Russian Minister said that the BRICS countries should learn lessons from the Libyan crisis. It is important to firmly insist on the central role for the UN Security Council in questions of international peace and security. In order to avoid further abuse of sanctions resolutions of the Security Council, complete clarity ought to be sought in such matters as the nature of the sanctions and conditions for their imposition, the targets of sanctions pressure and the conditions for lifting the sanctions.

Lavrov informed his counterparts about the work being done in the Middle East Quartet, including in the context of the situation around the Palestinian UN bid for independence.

The Russian side expressed satisfaction with the high level of interaction among the BRICS states in the UN framework, characterized by coincidence or closeness of positions on a wide range of issues on the international agenda.

Lavrov noted the importance Russia attaches to developing interaction with its BRICS partners in the G20 framework. It is especially needed at this time when negative trends are growing in the world economy.

The meeting discussed questions of further development of cooperation among the BRICS states based on the Action Plan adopted by their leaders at the summit in Sanya. It stated that cooperation in the five-nation format is becoming ever more intensive and specific.

Russia regards participation in the BRICS as one of the main thrusts of its foreign policy, and intends to actively facilitate the strengthening of this association.

MEETING OF FOREIGN AFFAIRS MINISTERS

New York, September 26, 2012

Press Communiqué

The BRICS Ministers for Foreign Affairs met in New York on September 26th, 2012, on the sidelines of the UN General Assembly and discussed among other issues the situation in Syria.

They expressed their deep concern with the escalation of violence and the deterioration of the security and humanitarian situation in Syria and condemned the increasing violations of human rights and of international humanitarian law.

They called for an immediate simultaneous cease fire and the establishment of a political reconciliation process with the participation of all segments of society, through dialogue with the support of the international community.

In this regard, they reiterated their support to the work of Joint UN-Arab League Joint Special Representative, Lakhdar Brahimi, as well as to the Joint Communiqué of the Geneva Action Group.

MEETING OF FOREIGN AFFAIRS MINISTERS

New York, September 26, 2013

Press Communiqué

The BRICS Foreign Ministers met on 26 September 2013 on the margins of the 68th session of the United Nations General Assembly.

The Ministers congratulated the South African Presidency and appreciated the good pace of implementation of the eThekwini Action Plan.

The Ministers exchanged their points of view on the following issues of the United Nations agenda.

Syria

The Ministers expressed deep concern about the ongoing violence and the deterioration of the humanitarian situation in Syria. They called upon all parties to commit immediately to a complete cease-fire, to halt violence and to end all violations of human rights and humanitarian law.

Taking note of the Report of the United Nations Secretary-General, the Ministers strongly condemned the use of such weapons by anyone in any circumstances.

The Ministers expressed satisfaction with recent important developments that bring renewed hope for a peaceful resolution to the Syrian conflict. They welcomed the framework agreement for the elimination of Syrian chemical weapons reached by Russia and the United States. They further welcomed, in particular, the decision of the Government of the Syrian Arab Republic to accede to the Chemical Weapons Convention and the commitment of the Syrian authorities to provisionally apply the Convention prior to its entry into force and the delivery of the initial roster. They recognised the key responsibility of the Organisation for the Prohibition of Chemical Weapons (OPCW) in this regard and look forward to the decisions of the OPCW and the Security Council in support to the Framework Agreement.

The Ministers reiterated that there is no military solution to the conflict and that it is time for diplomacy.

They stressed that the elimination of chemical weapons and the political process aimed at resolving the Syrian conflict should be pursued in parallel. They also reiterated their support for the convening of an international conference on the Syrian situation as early as possible. They stressed that only an inclusive political process, led by the Syrians, as recommended in the Action Group on Syria Communiqué issued in 2012 could lead to peace, to the effective protection of civilians and to the realization of the legitimate aspirations of the Syrian society for freedom and prosperity. They expressed their full support to the efforts of the UN-Arab League Representative Lakhdar Brahimi in helping finding a political solution to the crisis.

Middle-East Peace Process

The Ministers welcomed the announcement of the resumption of negotiations between Palestinians and Israelis as an encouraging development. They reaffirmed that the resolution of the Israeli-Palestinian conflict is a prerequisite for building a sustainable and lasting peace in the Middle East region. They expressed their expectation that this renewed effort will lead to a two-state solution with a contiguous and economically viable Palestinian state, existing side by side in peace with Israel, within internationally recognized borders, based on those existing on 4 June 1967, with East Jerusalem as its capital. In recalling the primary responsibility of the UNSC in maintaining international peace and security, they noted the importance that the Quartet reports regularly to the Council about its efforts, which should contribute to concrete progress. They expressed concern about the construction of Israeli settlements in the Occupied Palestinian Territories, which constitutes a violation of international law and is harmful to the peace process.

Cyber Security

The Ministers expressed their concern about the reported practices of unauthorized interception of communications and data from citizens, businesses and members of governments, compromising national sovereignty and individual rights. They reiterated that it is important to contribute to and participate in a peaceful, secure, and open cyberspace and emphasized that security in the use of Information and Communication Technologies (ICTs) through universally accepted norms, standards and practices is of paramount importance.

The Ministers thanked Brazil for the briefing on the plans and preparations for the VI BRICS Summit to be held in 2014.

BRICS MINISTERS MEET ON THE SIDELINES OF THE NUCLEAR SECURITY SUMMIT IN THE HAGUE

the Hague, March 24, 2014

Press Communiqué (Issued by the Department of International Relations and Cooperation of South Africa)

Minister Maite Nkoana-Mashabane convened a BRICS Foreign/ International Relations Ministers' meeting on Monday, 24 March 2014, on the margins of the Nuclear Security Summit in The Hague, Netherlands.

The meeting was attended by Minister Sergey Lavrov of the Russian Federation, Minister Salaman Khursid of the Republic of India, Minister Wang Yi of the People's Republic of China and Ambassador Carlos Antonio Paranhos, Under-Secretary General for Political Affairs of the Federative Republic of Brazil.

The Ministers recalled the outcome of the Sanya Declaration adopted at the 3rd BRICS Summit held in China, in April 2011, which articulated the fundamental principles that brought the BRICS countries together, namely:

"the overarching objective and strong-shared desire for peace, security, development and cooperation that brought together BRICS countries with the total population of nearly 3 billion from different continents. BRICS aims at contributing significantly to the development of humanity and establishing a more equitably and fair world."

The Declaration further noted that:

"we affirm that the BRICS and other emerging countries have played an important role in contributing to world peace, security and stability, boosting global economic growth, enhancing multilateralism and promoting greater democracy in international relations."

The BRICS Foreign/International Relations Ministers reflected on the political developments in their regions, as well as reviewed cooperation among BRICS countries following the comprehensive implementation of the eThekwini Action Plan.

The Ministers reflected that the role of governments in contemporary world politics should focus on pertinent areas where leadership is required, notably in finance, security, information and production.

The Ministers noted with concern, the recent media statement on the forthcoming G20 Summit to be held in Brisbane in November 2014. The custodianship of the G20 belongs to all Member States equally and no one Member State can unilaterally determine its nature and character.

They reflected on challenges to peace and security, notably the significant infringements of privacy and related rights in the wake of the cyber threats experienced, for which there is a need to address these implications in respect of national laws as well as in terms of international law.

They agreed that BRICS countries would continue to act as positive catalysts for inclusive change in the transformation process towards a new and more equitable global order. The BRICS agenda is not centered around any specific country or related issue and shares a common vision which drives it to also increasingly identify common areas for cooperation to assist with finding global solutions to global challenges.

BRICS countries agreed that the challenges that exist within the regions of the BRICS countries must be addressed within the fold of the United Nations in a calm and level- headed manner. The escalation of hostile language, sanctions and counter-sanctions, and force does not contribute to a sustainable and peaceful solution, according to international law, including the principles and purposes of the United Nations Charter.

The BRICS Foreign/International Relations Ministers wished the Federative Republic of Brazil well for the successful hosting of the FIFA World Cup and the hosting of the Sixth BRICS Summit.

PRESS RELEASE ON THE MEETING OF BRICS FOREIGN MINISTERS

New York, September 25, 2014

The BRICS Foreign Ministers met on 25 September 2014 on the margins of the 69th session of the United Nations General Assembly.

In the spirit of openness, inclusiveness and mutually beneficial collaboration, the Ministers reiterated the commitment of BRICS to comprehensive cooperation and a closer economic partnership.

The Ministers congratulated Brazil for organizing the VI Summit and noted that the Fortaleza Action Plan was being successfully implemented. They underlined that the decisions to establish the New Development Bank and the Contingent Reserve Arrangement taken at the Summit raise BRICS cooperation to a fundamentally new level. The Ministers reiterated the need to promptly convene a meeting to advance intra-BRICS economic, trade and investment cooperation, as stated in the Fortaleza Declaration.

While discussing the issues of the current UN agenda, the Ministers emphasized the following.

The Ministers recalled that 2015 is the 70th anniversary of the founding of the United Nations and of the end of the Second World War. They supported the UN to initiate and organize commemorative events to mark and pay tribute to these two historical moments in human history, and reaffirmed BRICS members' commitment to safeguarding a just and fair international order based on the UN Charter, maintaining world peace and security, as well as promoting human progress and development. They also reaffirmed the need for a comprehensive reform of the UN, including the Security Council with a view to making it more representative, effective and efficient, so that it can adequately respond to global challenges.

They called upon the Israeli and Palestinian sides to do their utmost to preserve the ceasefire regime and to reach a steady truce in the Gaza Strip as well as to prevent further recurrences of the use of force. They highly appreciated the role played by Egypt in the cessation of hostilities.

The BRICS member states expressed their support for the immediate resumption of negotiations between the Israelis and the Palestinians based on international law and relevant United Nations resolutions with the final aim of an independent, viable and contiguous Palestinian State based on the 1967 borders and living side by side in security and peace with Israel and all its neighbours. They called upon the international community, in particular the United Nations Security Council, to intensify its efforts towards the realization of this goal.

They voiced concern over the grave humanitarian situation in Gaza. The BRICS member states supported Egypt and Norway's plans to hold an international donor conference on the reconstruction of the Gaza Strip in Cairo this October. The Ministers underlined that the implementation of such initiatives should be backed by

prompt steps towards lifting the blockade on Gaza and promoting Palestinian reconciliation in order to restore administrative unity to the Palestinian territories on the basis of the political platform of the PLO and the Arab Peace Initiative.

The Ministers welcomed the agreement reached between the two Afghan leaders and committed to support the new government of Afghanistan in pursuing the task of building a strong, developed and peaceful nation.

The Ministers voiced serious concern over the conflict areas in Africa that negatively affect the security and stability of some States. They expressed their common view that the main role in tackling African conflicts should be played by Africans themselves with active support from the UN and the international community, through the African Union and its Peace and Security Council.

The Ministers of Foreign Affairs of the BRICS countries expressed their interest in exploring ways of joining efforts for supporting the prompt establishment of the interim African Capacity for Immediate Response to Crises (ACIRC) and the subsequent establishment of the African Stand-by Force.

The BRICS member states expressed grave concern about the outbreak of the Ebola virus in and its impact on West African countries. The Ministers stressed the need to contain the spread of the disease. They called for an urgent and comprehensive support of all relevant UN system entities, including WHO, to assist the affected countries in responding effectively to the crisis, and in this regard, welcomed the establishment of the UN Mission for Emergency Ebola Response. In this context, they supported the High Level Meeting on response to Ebola outbreak, convened by the UN Secretary-General on 25th September 2014. Each of them had contributed to the international effort against the disease.

The Ministers underscored the importance of ensuring peace and stability in Ukraine. They welcomed the Protocol on the results of consultations of the Trilateral Contact Group, signed on September 4, 2014, and the Memorandum on the implementation of the said Protocol signed on September 20, 2014, and expressed their hope that the provisions of these documents shall be complied with.

The Ministers supported the UN Security Council resolution of September 24, 2014, on foreign terrorist fighters and called on the international community to cooperate in efforts to address the threat posed by the foreign terrorist fighters, including by preventing their recruitment, movement across borders and disrupting their financial support.

The Russian side briefed its partners on the preparations for the VII BRICS Summit in 2015 in the city of Ufa. Russia stressed its willingness to ensure the continuity of strategic focus of the association, while enriching it with new areas and formats of cooperation, which will be shared by the Russian Chairpersonship during the preparatory process.

The sides discussed the possibilities of supporting each other's initiatives at the 69th session of the UN General Assembly.

ANNEX D

OTHER DOCUMENTS

Agreement on the New Development Bank
Fortaleza, July 15, 2014

Agreed Minutes of the BRICS Ministerial Meeting
Fortaleza, July 15, 2014

Treaty for the Establishment of a BRICS Contingent Reserve Arrangement
Fortaleza, July 15, 2014

AGREEMENT ON THE NEW DEVELOPMENT BANK

Fortaleza, July 15, 2014

The Governments of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa, collectively the BRICS countries,

Recalling the decision taken in the fourth BRICS Summit in New Delhi in 2012 and subsequently announced in the fifth BRICS Summit in Durban in 2013 to establish a development bank;

Recognizing the work undertaken by the respective finance ministries;

Convinced that the establishment of such a Bank would reflect the close relations among the BRICS countries, while providing a powerful instrument for increasing their economic cooperation;

Mindful of a context where emerging market economies and developing countries continue to face significant financing constraints to address infrastructure gaps and sustainable development needs;

Have agreed on the establishment of the New Development Bank (NDB), hereinafter referred to as the Bank, which shall operate

in accordance with the provisions of the annexed Articles of Agreement, that constitute an integral part of this Agreement.

Article 1
Purpose and Functions

The Bank shall mobilize resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, complementing the existing efforts of multilateral and regional financial institutions for global growth and development.

To fulfill its purpose, the Bank shall support public or private projects through loans, guarantees, equity participation and other financial instruments. It shall also cooperate with international organizations and other financial entities, and provide technical assistance for projects to be supported by the Bank.

Article 2
Membership, Voting, Capital and Shares

The founding members of the Bank are the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa.

The membership shall be open to members of the United Nations, in accordance with the provisions of the Articles of Agreement of the New Development Bank. It shall be open to borrowing and non-borrowing members.

The New Development Bank shall have an initial subscribed capital of US$ 50 billion and an initial authorized capital of US$ 100 billion. The initial subscribed capital shall be equally distributed amongst

the founding members. The voting power of each member shall equal its subscribed shares in the capital stock of the Bank.

Article 3
Headquarters, Organization and Management

The Bank will have its Headquarters in Shanghai.

The Bank shall have a Board of Governors, a Board of Directors, a President and Vice-Presidents. The President of the Bank shall be elected from one of the founding members on a rotational basis, and there shall be at least one Vice President from each of the other founding members.

The operations of the Bank shall be conducted in accordance with sound banking principles.

Article 4
Entry into force

This Agreement with its Annex shall enter into force when the instruments of acceptance, ratification or approval have been deposited by all BRICS countries, in accordance with the provisions set forth in the Articles of Agreement of the New Development Bank.

Done in the city of Fortaleza, on the 15th of July of 2014, in a single original in the English language.

ANNEXE

ARTICLES OF AGREEMENT OF THE NEW DEVELOPMENT BANK

The Governments of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China, and the Republic of South Africa (collectively the BRICS countries):

Considering the importance of closer economic cooperation among the BRICS countries;

Recognizing the importance of providing resources for projects for the promotion of infrastructure and sustainable development in the BRICS countries and other emerging economies and developing countries;

Convinced of the necessity of creating a new international financial institution in order to intermediate resources for the above mentioned purposes;

Desirous to contribute to an international financial system conducive to economic and social development respectful of the global environment;

Have agreed as follows:

Chapter I

Establishment, Purposes, Functions and Headquarters

Article 1 – Establishment

The New Development Bank (hereinafter "the Bank"), established by this Agreement, shall operate in accordance with the following provisions.

Article 2 – Purposes

The purpose of the Bank shall be to mobilize resources for infrastructure and sustainable development projects in BRICS and other emerging market economies and developing countries to complement the existing efforts of multilateral and regional financial institutions for global growth and development.

Article 3 – Functions

To fulfill its purpose, the Bank is authorized to exercise the following functions:

i. to utilize resources at its disposal to support infrastructure and sustainable development projects, public or private, in the BRICS and other emerging market economies and developing countries, through the provision of loans, guarantees, equity participation and other financial instruments;

ii. to cooperate as the Bank may deem appropriate, within its mandate, with international organizations, as well as national entities whether public or private, in particular with international financial institutions and national development banks;

iii. to provide technical assistance for the preparation and implementation of infrastructure and sustainable development projects to be supported by the Bank;

iv. to support infrastructure and sustainable development projects involving more than one country;

v. to establish, or be entrusted with the administration, of Special Funds which are designed to serve its purpose.

Article 4 – Headquarters

a) The Bank has its headquarters in Shanghai.

b) The Bank may establish offices necessary for the performance of its functions. The first regional office shall be in Johannesburg.

Chapter II

Membership, Voting, Capital and Shares

Article 5 – Membership

a) The founding members of the Bank are the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China, and the Republic of South Africa.

b) Membership shall be open to members of the United Nations at such times and in accordance with such terms and conditions as the Bank shall determine by a special majority at the Board of Governors.

c) Membership of the Bank shall be open to borrowing and non-borrowing members.

d) The Bank may accept, as decided by the Board of Governors, International Financial Institutions as observers at the meetings of the Board of Governors. Countries interested in becoming members may also be invited as observers to these meetings.

Article 6 – Voting

a) The voting power of each member shall be equal to the number of its subscribed shares in the capital stock of the Bank. In the event of any member failing to pay any part

of the amount due in respect of its obligations in relation to paid-in shares under Article 7 of this Agreement, such member shall be unable, for so long as such failure continues, to exercise that percentage of its voting power which corresponds to the percentage which the amount due but unpaid bears to the total amount of paid-in shares subscribed to by that member in the capital stock of the Bank.

b) Except as otherwise specifically provided for in this Agreement, all matters before the Bank shall be decided by a simple majority of the votes cast. Where provided for in this Agreement, a qualified majority shall be understood as an affirmative vote of two thirds of the total voting power of the members. Where provided for in this Agreement, a special majority shall be understood as an affirmative vote of four of the founding members concurrent with an affirmative vote of two thirds of the total voting power of the members.

c) In voting in the Board of Governors, each governor shall be entitled to cast the votes of the member country which he represents.

d) In voting in the Board of Directors each director shall be entitled to cast the number of votes that counted toward his election, which votes need not be cast as a unit.

Article 7 – Authorized and Subscribed Capital

a) The initial authorized capital of the Bank shall be one hundred billion dollars (US$100,000,000,000). The dollar wherever referred to in this Agreement shall be understood as being the official currency of payment of the United States of America.

b) The initial authorized capital of the Bank shall be divided into 1,000,000 (one million) shares, having a par value of one hundred thousand dollars (US$ 100,000) each, which shall be available for subscription only by members in accordance with the provisions of this Agreement. The value of 1 (one) share, will also be the minimum amount to be subscribed for participation by a single country.

c) The initial subscribed capital of the Bank shall be fifty billion dollars (US$50,000,000,000). The subscribed capital stock shall be divided into paid-in shares and callable shares. Shares having an aggregate par value of ten billion dollars (US$10,000,000,000) shall be paid-in shares, and shares having an aggregate par value of forty billion dollars (US$40,000,000,000) shall be callable shares.

d) An increase of the authorized and subscribed capital stock of the Bank, as well as the proportion between the paid in shares and the callable shares may be decided by the Board of Governors at such time and under such terms and conditions as it may deem advisable, by a special majority of the Board of Governors. In such case, each member shall have a reasonable opportunity to subscribe, under the conditions established in Article 8 and under such other conditions as the Board of Governors shall decide. No member, however, shall be obligated to subscribe to any part of such increased capital.

e) The Board of Governors shall at intervals of not more than 5 (five) years review the capital stock of the Bank.

Article 8 – Subscription of Shares

a) Each member shall subscribe to shares of the capital stock of the Bank. The number of shares to be initially

subscribed by the founding members shall be those set forth in Attachment 1 of this Agreement, which specifies the obligation of each member as to both paid-in and callable capital. The number of shares to be initially subscribed by other members shall be determined by the Board of Governors by special majority on the occasion of the acceptance of their accession.

b) Shares of stock initially subscribed by founding members shall be issued at par. Other shares shall be issued at par unless the Board of Governors decides in special circumstances to issue them on other terms.

c) No increase in the subscription of any member to the capital stock shall become effective, and any right to subscribe thereto is hereby waived, which would have the effect of:

   i. reducing the voting power of the founding members below 55 (fifty-five) per cent of the total voting power;

   ii. increasing the voting power of the non-borrowing member countries above 20 (twenty) per cent of the total voting power;

   iii. increasing the voting power of a non-founding member country above 7 (seven) per cent of total voting power.

d) The liability of the members on shares shall be limited to the unpaid portion of their issue price.

e) No member shall be liable, by reason of its membership, for obligations of the Bank.

f) Shares shall not be pledged nor encumbered in any manner. They shall be transferable only to the Bank.

Article 9 – Payment of Subscriptions

a) On entry into force of this Agreement, payment of the amount initially subscribed by each founding member to the paid-in capital stock of the Bank shall be made in dollars in 7 (seven) installments as provided for in Attachment 2. The first installment shall be paid by each member within 6 (six) months after entry into force of this Agreement. The second installment shall become due 18 (eighteen) months from the entry into force of this Agreement. The remaining 5 (five) installments shall each become due successively 1 (one) year from the date on which the preceding installment becomes due.

b) The Board of Governors shall determine the dates for the payment of amounts subscribed by the members of the Bank to the paid-in capital stock to which the provisions of paragraph (a) of this article do not apply.

c) Payment of the amounts subscribed to the callable capital stock of the Bank shall be subject to call only as and when required by the Bank to meet its obligations incurred on borrowing of funds for inclusion in its ordinary capital resources or guarantees chargeable to such resources. In the event of such calls, payment may be made at the option of the member concerned in convertible currency or in the currency required to discharge the obligation of the Bank for the purpose of which the call is made.

d) Calls on unpaid subscriptions shall be uniform in percentage on all callable shares.

Chapter III

Organization and Management

Article 10 – Structure

The Bank shall have a Board of Governors, a Board of Directors, a President, Vice-Presidents as decided by the Board of Governors, and such other officers and staff as may be considered necessary.

Article 11 – Board of Governors: composition and powers

a) All the powers of the Bank shall be vested in the Board of Governors consisting of one governor and one alternate appointed by each member in such manner as it may determine. Governors shall be at ministerial level, and may be replaced subject to the pleasure of the member appointing him. No alternate may vote except in the absence of his principal. The Board shall on an annual basis select one of the governors as chairperson.

b) The Board of Governors may delegate to the Directors authority to exercise any powers of the Board, except the power to:

   i. admit new members and determine the conditions of their admission;

   ii. increase or decrease the capital stock;

   iii. suspend a member;

   iv. amend this Agreement;

   v. decide appeals from interpretations of this agreement given by the Directors;

   vi. authorize the conclusion of general agreements for cooperation with other international organizations;

vii. determine the distribution of the net income of the Bank;

viii. decide to terminate the operations of the Bank and to distribute its assets;

ix. decide on the number of additional Vice-Presidents;

x. elect the President of the Bank;

xi. approve a proposal by the Board of Directors to call capital;

xii. approve the General Strategy of the Bank every 5 (five) years.

a) The Board of Governors shall hold an annual meeting and such other meetings as may be provided for by the Board or called by the Directors. Meetings of the Board shall be called by the Directors whenever requested by members, the number of which shall be determined by the Board of Governors from time to time.

b) A quorum for any meeting of the Board of Governors shall be a majority of the Governors, exercising not less than two thirds of the total voting power.

c) The Board of Governors may by regulation establish a procedure whereby the Directors, when they deem such action to be in the best interests of the Bank, may obtain a vote of the Governors on a specific question without calling a meeting of the Board.

d) The Board of Governors, and the Directors to the extent authorized, may adopt such rules and regulations as may be necessary or appropriate to conduct the business of the Bank.

e) Governors and alternates shall serve as such without compensation from the Bank.

f) The Board of Governors shall determine the salary and terms of the contract of service of the President.

g) The Board of Governors shall retain full power to exercise authority over any matter delegated to the Board of Directors under paragraph (a) of Article 12.

Article 12 – Board of Directors

a) The Board of Directors shall be responsible for the conduct of the general operations of the Bank, and for this purpose, shall exercise all the powers delegated to them by the Board of Governors, and in particular:

   i. in conformity with the general directions of the Board of Governors, take decisions concerning business strategies, country strategies, loans, guarantees, equity investments, borrowing by the Bank, setting basic operational procedures and charges, furnishing of technical assistance and other operations of the Bank;

   ii. submit the accounts for each financial year for approval of the Board of Governors at each annual meeting; and

   iii. approve the budget of the Bank.

b) Each of the founding members shall appoint 1 (one) Director and 1 (one) alternate. The Board of Governors shall establish by special majority the methodology by which additional Directors and alternates shall be elected, so that the total number of Directors shall be no more than 10 (ten).

c) Directors shall serve a term of 2 (two) years and may be re-elected. A Director shall continue in office until his successor has been chosen and qualified. Alternates shall have full power to act for the respective Director when he is not present.

d) The Board of Directors shall appoint a non-executive chairperson from among the Directors for a mandate of 4 (four) years. If the Director does not serve a full mandate or if he is not re-elected for a second term, the Director that replaces him will serve as chairperson for the remainder of the term.

e) The Board of Directors shall approve the basic organization of the Bank upon proposal by the President, including the number and general responsibilities of the chief administrative and professional positions of the staff.

f) The Board of Directors shall appoint a Credit and Investment Committee and may appoint such other committees as it deems advisable. Membership of such committees need not be limited to Governors, Directors, or alternates.

g) The Board of Directors shall function as a non-resident body, which will meet quarterly, unless the Board of Governors decides otherwise by a qualified majority. If the Board of Governors decides to make the Board of Directors a resident body, the President of the Bank will become henceforth the chairperson of the Board of Directors.

h) A quorum for any meeting of the Directors shall be a majority of the Directors, exercising not less than two-thirds of the total voting power.

i) A member of the Bank may send a representative to attend any meeting of the Board of Directors when a matter

especially affecting that member is under consideration. Such right of representation shall be regulated by the Board of Governors.

Article 13 – President and Staff

a) The Board of Governors shall elect a President from one of the founding members on a rotational basis, who shall not be a Governor or a Director or an alternate for either. The President shall be a member of the Board of Directors, but shall have no vote except a deciding vote in case of an equal division. The President may participate in meetings of the Board of Governors, but shall not vote at such meetings. Without prejudice to the mandate established in item (d) below, the President shall cease to hold office should the Board of Governors so decide by a special majority.

b) The President shall be chief of the operating staff of the Bank and shall conduct, under the direction of the Directors, the ordinary business of the Bank, and in particular:

   i. being, on this, accountable to the Directors, the President shall be responsible for the organization, appointment and dismissal of the officers and staff, and recommendation of admission and dismissal of Vice Presidents to the Board of Governors;

   ii. the President shall head the credit and investment committee, composed also by the Vice-Presidents, that will be responsible for decisions on loans, guarantees, equity investments and technical assistance of no more than a limit amount to be established by the Board of Directors, provided that no objection is raised by any member of Board of Directors within 30 (thirty) days since such project is submitted to the Board.

c) There shall be at least 1 (one) Vice-President from each founding member except the country represented by the President. Vice-Presidents shall be appointed by the Board of Governors on the recommendation of the President. Vice-Presidents shall exercise such authority and perform such functions in the administration of the Bank, as may be determined by the Board of Directors.

d) The President and each Vice-President shall serve for a 5 (five) year term, non renewable, except for the first term of the first Vice-Presidents, whose mandate shall be for 6 (six) years.

e) The Bank, its officers and employees shall not interfere in the political affairs of any member, nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purpose and functions stated in Articles 2 and 3.

f) The President, Vice-Presidents, officers and staff of the Bank, in the discharge of their offices, owe their duty entirely to the Bank and to no other authority. Each member of the Bank shall respect the international character of this duty and shall refrain from all attempts to influence any of them in the discharge of their duties.

Article 14- Publication of Reports and Provision of Information

a) The Bank shall publish an annual report containing an audited statement of the accounts. It shall also transmit quarterly to the members a summary statement of the

financial position and a profit-and-loss statement showing the results of its ordinary operations.

b) The Bank may also publish such other reports as it deems desirable to carry out its purpose and functions.

Article 15- Transparency and Accountability

The Bank shall ensure that its proceedings are transparent and shall elaborate in its own Rules of Procedure specific provisions regarding access to its documents.

Chapter IV

Operations

Article 16 – Use of Resources

The resources and facilities of the Bank shall be used exclusively to implement the purpose and functions set forth respectively in Articles 2 and 3 of this Agreement.

Article 17 – Depositories

Each member shall designate its central bank as a depository in which the Bank may keep its holdings of such member's currency and other assets of the Bank. If a member has no central bank, it shall, in agreement with the Bank, designate another institution for such purpose.

Article 18 – Categories of Operations

a) The operations of the Bank shall consist of ordinary operations and special operations. Ordinary operations shall be those financed from the ordinary capital resources

of the Bank. Special operations shall be those financed from the Special Funds resources.

b) The ordinary capital of the Bank shall include the following:

   i. subscribed capital stock of the Bank, including both paid-in and callable shares, except such part thereof as may be set aside into one or more Special Funds;

   ii. funds raised by borrowings of the Bank by virtue of powers conferred by Chapter 5 of this Agreement, to which the commitment to calls provided for in item (c) of Article 9 is applicable;

   iii. funds received in repayment of loans or guarantees and proceeds from the disposal of equity investments made with the resources indicated in (i) and (ii) of this paragraph;

   iv. income derived from loans and equity investments made from the aforementioned funds or from guarantees to which the commitment to calls set forth in item (c) of Article 9 of this Agreement is applicable; and

   v. any other funds or income received by the Bank which do not form part of its Special Funds resources.

c) The ordinary capital resources and the Special Funds resources of the Bank shall at all times and in all respects be held, used, committed, invested or otherwise disposed of entirely separate from each other. The financial statements of the Bank shall show the ordinary operations and special operations separately.

d) The ordinary capital resources of the Bank shall, under no circumstances, be charged with, or used to discharge, losses or liabilities arising out of special operations or other

activities for which Special Fund resources were originally used or committed.

e) Expenses appertaining directly to ordinary operations shall be charged to the ordinary capital resources of the Bank. Expenses appertaining directly to the special operations shall be charged to Special Funds resources.

Article 19 – Methods of Operation

a) The Bank may guarantee, participate in, make loans or support through any other financial instrument, public or private projects, including public-private partnerships, in any borrowing member country, as well as invest in the equity, underwrite the equity issue of securities, or facilitate the access of international capital markets of any business, industrial, agricultural or services enterprise with projects in the territories of borrowing member countries.

b) The Bank may co-finance, guarantee or co-guarantee, together with international financial institutions, commercial banks or other suitable entities, projects within its mandate.

c) The Bank may provide technical assistance for the preparation and implementation of projects to be supported by the Bank.

d) The Board of Governors, by special majority, may approve a general policy under which the Bank is authorized to develop the operations described in the previous items of this article in relation to public or private projects in a non-member emerging economy or developing country, subject to the condition that it involves a material interest of a member, as defined by such policy.

e) The Board of Directors, by special majority, may exceptionally approve a specific public or private project in a non-member emerging economy or developing country involving the operations described in the previous items of this article. Sovereign guaranteed operations in non-members will be priced in full consideration of the sovereign risks involved, given the risk mitigators offered, and any other conditions established as the Board of Directors may decide.

Article 20 – Limitations on Operations

a) The total amount outstanding in respect of the ordinary operations of the Bank shall not at any time exceed the total amount of its unimpaired subscribed capital, reserves and surplus included in its ordinary capital resources.

b) The total amount outstanding in respect of the special operations of the Bank relating to any Special Fund shall not at any time exceed the total amount prescribed in the regulations of that Special Fund.

c) The Bank shall seek to maintain reasonable diversification in its investments in equity capital. It shall not assume responsibility for managing any entity or enterprise in which it has an investment, except where necessary to safeguard its investments.

Article 21 – Operational Principles

The operations of the Bank shall be conducted in accordance with the following principles:

i. the Bank shall apply sound banking principles to all its operations, ensure adequate remuneration and have in due regard the risks involved;

ii. the Bank shall not finance any undertaking in the territory of a member if that member objects to such financing;

iii. in preparing any country program or strategy, financing any project or by making designation or reference to a particular territory, or geographic area in its documents, the Bank will not deem to have intended to make any judgment as to the legal or other status of any territory or area;

iv. the Bank shall not allow a disproportionate amount of its resources to be used for the benefit of any member. The Bank shall seek to maintain reasonable diversification in all of its investments;

v. the Bank shall place no restriction upon the procurement of goods and services from any country member from the proceeds of any loan, investment or other financing undertaken in the ordinary or special operations of the Banks, and shall, in all appropriate cases, make its loans and other operations conditional on invitations to all member countries to tender being arranged;

vi. the proceeds of any loan, investment or other financing undertaken in the ordinary operations of the Bank or with Special Funds established by the Bank shall be used only for procurement in member countries of goods and services produced in member countries, except in any case in which the Board of Directors determines to permit procurement in a non-member country of goods and services produced in a non-member country in special circumstances making such procurement appropriate;

vii. the Bank shall take the necessary measures to ensure that the proceeds of any loan made, guaranteed or participated in by the Bank, or any equity investment, are used only for the purposes for which the loan or the equity investment was granted and with due attention to considerations of economy and efficiency.

Article 22 – Terms and Conditions

a) In the case of loans made, participated in, or guaranteed by the Bank and equity investments, the contract shall establish the terms and conditions for the loan, guarantee or equity investment concerned in accordance with the policies established by the Board of Directors, including, as the case may be, those relating to payment of principal, interest and other fees, charges, commissions, maturities, currency and dates of payment in respect of the loan, guarantee or equity investment, in accordance with the policies of the Bank. In setting such policies, the Board of Directors shall take fully into account the need to safeguard its income.

b) In underwriting the sale of securities, the Bank shall charge fees under the terms and conditions established in the policies of the Bank.

Article 23 – Special Funds

a) The establishment and administration of Special Funds by the Bank shall be approved by the Board of Governors by a qualified majority and shall follow the purposes set forth in Article 2 of this Agreement.

b) Except when the Board of Governors specifies otherwise, the Special Funds shall be accountable and its operations subjected to the Board of Directors.

c) The Bank may adopt such special rules and regulations as may be required for the establishment, administration and use of each Special Fund.

Article 24 – Provision of Currencies

The Bank in its operations may provide financing in the local currency of the country in which the operation takes place, provided that adequate policies are put in place to avoid significant currency mismatch.

Article 25 – Methods of Meeting the Losses of the Bank

a) In cases of default on loans made, participated in or guaranteed by the Bank in its ordinary operations, the Bank shall take, firstly, all necessary actions as it deems appropriate in order to recover the loans made and, secondly, it may modify the terms of the loans, other than the currency of repayment.

b) Losses arising in the Bank's ordinary operation shall be charged:

   i. first, to the provisions of the Bank;

   ii. second, to net income;

   iii. third, against the special reserve;

   iv. fourth, against the general reserve and surpluses;

   v. fifth, against the unimpaired paid-in capital, and

   vi. last, against an appropriate amount of the uncalled subscribed callable capital which shall be called in

accordance with the provisions of paragraphs (c) and (d) of Article 9 of these Articles of Agreement.

c) In deploying its efforts for credit recovery in case of default, the Bank shall seek the assistance of the authorities of the country where the operation takes place.

Chapter V

Borrowing and other Additional Powers

Article 26 – General Powers

In addition to the powers specified elsewhere in this Agreement, the Bank shall have the power to:

a) borrow funds in member countries or elsewhere, and in this connection to furnish such collateral or other security therefore as the Bank shall determine, provided always that:

   i. before making a sale of its obligations in the territory of a member country, the Bank shall have obtained its approval;

   ii. where the obligations of the Bank are to be denominated in the currency of a member, the bank shall have obtained its approval;

   iii. the Bank shall obtain the approval of the countries referred to in sub-paragraphs (i) and (ii) of this paragraph that the proceeds may be exchanged without restriction for other currencies; and

   iv. before determining to sell its obligations in a particular country, the Bank shall consider the amount of previous borrowing, if any, in that country, the amount of previous borrowing in other countries, and the

possible availability of funds in such other countries; and shall give due regard to the general principle that its borrowings should to the greatest extent possible be diversified as to country of borrowing.

b) buy and sell securities the Bank has issued or guaranteed or in which it has invested, provided always that it shall have obtained the approval of any country in whose territory the securities are to be bought or sold;

c) guarantee securities in which it has invested in order to facilitate their sale;

c) underwrite, or participate in the underwriting of, securities issued by any entity or enterprise for purposes consistent with the purpose of the Bank;

c) invest funds, not needed in its operations, in such obligations as it may determine, and invest funds held by the Bank for pensions or similar purposes in marketable securities. In doing so, the Bank shall give due consideration to invest such funds in the territories of members in obligations of members or nationals thereof;

c) exercise such other powers and establish such rules and regulations as may be necessary or appropriate in furtherance of its purpose and functions, consistent with the provisions of this Agreement.

Article 27 – Notice to be placed on Securities

Every security issued or guaranteed by the Bank shall bear on its face a conspicuous statement to the effect that it is not an obligation of any Government, unless it is in fact the obligation of a particular Government, in which case it shall so state.

Chapter VI

Status, Immunities and Privileges

Article 28 – Purpose of the Chapter

To enable the Bank effectively to fulfill its purpose and carry out the functions entrusted to it, the status, immunities, exemptions and privileges set forth in this Chapter shall be accorded to the Bank in the territory of each member.

Article 29 – Status

a) The Bank shall possess full international personality.

b) In the territory of each member the Bank shall possess full juridical personality and, in particular, full capacity to:

   i. contract;

   ii. acquire and dispose of immovable and movable property; and

   iii. institute legal proceedings

Article 30 – Position of the Bank with Regard to Judicial Process

a) The Bank shall enjoy immunity from every form of legal process, except in cases arising out of or in connection with the exercise of its powers to borrow money, to guarantee obligations, or to buy and sell or underwrite the sale of securities, in which cases actions may be brought against the Bank in a court of competent jurisdiction in the territory of a country in which the Bank has its headquarters or offices, or has appointed an agent for the purpose of accepting

service or notice of process, or has issued or guaranteed securities.

b) Notwithstanding the provisions of paragraph (a) of this Article, no action shall be brought against the Bank by any member, or by any agency or instrumentality of a member, or by any entity or person directly or indirectly acting for or deriving claims from a member or from any agency or instrumentality of a member. Members shall have recourse to such special procedures for the settlement of controversies between the Bank and its members as may be prescribed in this Agreement, in the by-laws and regulations of the Bank, or in contracts entered into with the Bank.

c) Property and assets of the Bank shall, wheresoever located and by whomsoever held, be immune from all forms of seizure, attachment or execution before the delivery of final judgment against the Bank.

Article 31 – Freedom and Immunity of Assets and Archives

a) Property and assets of the Bank, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of taking or foreclosure by executive or legislative action.

b) The archives of the Bank and, in general, all documents belonging to it or held by it, shall be inviolable, wherever located.

c) To the extent necessary to carry out the purpose and functions of the Bank and subject to the provisions of this Agreement, all property and other assets of the Bank shall be exempt from restrictions, regulations, controls and moratoria of any nature.

Article 32 – Privilege for Communications

The official communications of the Bank shall be accorded by each member the same treatment that it accords to the official communications of other members.

Article 33 – Personal Immunities and Privileges

All Governors, Directors, alternates, officers, and employees of the Bank shall have the following privileges and immunities:

i. immunity from legal process with respect to acts performed by them in their official capacity, except when the Bank waives this immunity;

ii. when not local nationals, the same immunities from immigration restrictions, alien registration requirements and national service obligations and the same facilities as regards exchange provisions as are accorded by members to the representatives, officials, and employees of comparable rank of other members;

iii. the same privileges in respect of traveling facilities as are accorded by members to representatives, officials, and employees of comparable rank of other members.

Article 34 – Exemption from Taxation

a) The Bank, its property, other assets, income, transfers and the operations and transactions it carries out pursuant to this Agreement, shall be immune from all taxation, from all restrictions and from all customs duties. The Bank shall also be immune from any obligation relating to the payment, withholding or collection of any tax, or duty.

b) No tax shall be levied on or in respect of salaries and emoluments paid by the Bank to Directors, alternates,

officers or employees of the Bank, including experts performing missions for the Bank, except where a member, notwithstanding Article 48(d), deposits with its instrument of ratification, acceptance, approval or accession a declaration that such member retains for itself and its political subdivisions the right to tax salaries and emoluments paid by the Bank to citizens or nationals of such member.

c) No tax of any kind shall be levied on any obligation or security issued by the Bank, including any dividend or interest thereon, by whomsoever held:

   i. which discriminates against such obligation or security solely because it is issued by the Bank; or

   ii. if the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Bank.

d) No tax of any kind shall be levied on any obligation or security guaranteed by the Bank, including any dividend or interest thereon, by whomsoever held:

   i. which discriminates against such obligation or security solely because it is guaranteed by the Bank; or

   ii. if the sole jurisdictional basis for such taxation is the location of any office or place of business maintained by the Bank.

Article 35 – Implementation

Each member, in accordance with its juridical system, shall promptly take such action as is necessary to make effective in its

own territory the provisions set forth in the Chapter and shall inform the Bank of the action which it has taken on the matter.

Article 36 – Waiver of Immunities, Privileges and Exemptions

The immunities, privileges and exemptions conferred under this Chapter are granted in the interest of the Bank. The Board of Directors may waive to such extent and upon such conditions as it may determine any of the immunities, privileges and exemptions conferred under this Chapter in cases where such action would, in its opinion, be appropriate in the best interests of the Bank. The President shall have the right and the duty to waive any immunity, privilege or exemption in respect of any officer, employee or expert of the Bank, other than the President and each Vice-President, where, in his or her opinion, the immunity, privilege or exemption would impede the course of justice and can be waived without prejudice to the interests of the Bank. In similar circumstances and under the same conditions, the Board of Directors shall have the right and the duty to waive any immunity, privilege or exemption in respect of the President and each Vice-President.

Chapter VII

Withdrawal and Suspension of Members, Temporary Suspension and Termination of Operations of the Bank

Article 37– Withdrawal

a) Any member may withdraw from the Bank by delivering to the Bank at its headquarters written notice of its intention to do so. Such withdrawal shall become finally effective, and the membership shall cease, on the date specified in the notice but in no event less than 6 (six) months after the

notice is delivered to the Bank. However, at any time before the withdrawal becomes finally effective, the member may notify the Bank in writing of the cancellation of its notice of intention to withdraw.

d) After withdrawing, a member shall remain liable for all direct and contingent obligations to the Bank to which it was subject at the date of delivery of the withdrawal notice, including those specified in Article 39. However, if the withdrawal becomes finally effective, the member shall not incur any liability for obligations resulting from operations of the Bank effected after the date on which the withdrawal notice was received by the Bank.

d) Upon receipt of a notice of withdrawal, the Board of Governors shall adopt procedures for settlement of accounts with the withdrawing Member country, no later than the date upon which the withdrawal becomes effective.

Article 38 – Suspension of Membership

a) If a member fails to fulfill any of its obligations to the Bank, the Bank may suspend its membership by decision of the Board of Governors by special majority.

d) The member so suspended shall automatically cease to be a member of the Bank 1 (one) year from the date of its suspension unless the Board of Governors decides by the same majority to terminate the suspension.

d) While under suspension, a member shall not be entitled to exercise any rights under this Agreement, except the right of withdrawal, but shall remain subject to all its obligations.

d) The Board of Governors shall adopt regulations as may be necessary for the implementation of this article.

Article 39 – Settlement of Accounts

a) After a country ceases to be a member, it no longer shall share in the profits or losses of the Bank, nor shall it incur any liability with respect to loans and guarantees entered into by the Bank thereafter. However, it shall remain liable for all amounts it owes the Bank and for its contingent liabilities to the Bank so long as any part of the loans or guarantees contracted by the Bank before the date on which the country ceased to be a member remains outstanding.

d) When a country ceases to be a member, the Bank shall arrange for the repurchase of such country's capital stock as a part of the settlement of accounts pursuant to the provisions of this Article; but the country shall have no other rights under this Agreement except as provided in this Article and in Article 46.

d) The Bank and the country ceasing to be a member may agree on the repurchase of the capital stock on such terms as are deemed appropriate in the circumstances, without regard to the provisions of the following paragraph. Such agreement may provide, among other things, for a final settlement of all obligations of the country to the Bank.

d) If the agreement referred to in the preceding paragraph has not been consummated within 6 (six) months after the country ceases to be a member or such other time as the Bank and such country may agree upon, the repurchase price of such country's capital stock shall be its book value, according to the books of the Bank, on the date when the

country ceased to be a member. Such repurchase shall be subject to the following conditions:

i. the payment may be made in such installments, at such times and in such available currencies as the Bank determines, taking into account the financial position of the Bank;

ii. any amount which the Bank owes the country for the repurchase of its capital stock shall be withheld to the extent that the country or any of its subdivisions or agencies remains liable to the Bank as a result of loan or guarantee operations. The amount withheld may, at the option of the Bank, be applied on any such liability as it matures. However, no amount shall be withheld on account of the country's contingent liability for future calls on its subscription pursuant to Article 9(c);

iii. if the Bank sustains net losses on any loans or participations, or as a result of any guarantees, outstanding on the date the country ceased to be a member, and the amount of such losses exceeds the amount of the reserves provided therefore on such date, such country shall repay on demand the amount by which the repurchase price of its shares would have been reduced, if the losses had been taken into account when the book value of the shares, according to the books of the Bank, was determined. In addition, the former member shall remain liable on any call pursuant to Article 9(c), to the extent that it would have been required to respond if the impairment of capital had occurred and the call had been made at

the time the repurchase price of its shares had been determined.

e) In no event shall any amount due to a country for its shares under this section be paid until 12 (twelve) months after the date upon which the country ceases to be a member. If within that period the Bank terminates operations, all rights of such country shall be determined by the provisions of Articles 41 to 43, and such country shall be considered still a member of the Bank for the purposes of such articles except that it shall have no voting rights.

Article 40 – Temporary Suspension of Operations

In an emergency, the Board of Directors may suspend temporarily operations in respect of new loans, guarantees, underwriting, technical assistance and equity investments pending an opportunity for further consideration and action by the Board of Governors.

Article 41 – Termination of Operations

The Bank may terminate its operations as decided by the Board of Governors by special majority. Upon such termination of operations the Bank shall forthwith cease all activities, except those incidents to the orderly realization, conservation and preservation of its assets and settlement of its obligations.

Article 42 – Liability of Members and Payment of Claims

a) The liability of all members arising from the subscriptions to the capital stock of the Bank and in respect to the depreciation of their currencies shall continue until all direct and contingent obligations shall have been discharged.

b) All creditors holding direct claims shall be paid out of the assets of the Bank and then out of payments to the Bank on unpaid or callable subscriptions. Before making any payments to creditors holding direct claims, the Board of Directors shall make such arrangements as are necessary, in its judgment, to ensure a pro rata distribution among holders of direct and contingent claims.

Article 43 – Distribution of Assets

a) No distribution of assets shall be made to members on account of their subscriptions to the capital stock of the Bank until all liabilities to creditors chargeable to such capital stock shall have been discharged or provided for. Moreover, such distribution must be approved by a decision of the Board of Governors by special majority.

b) Any distribution of the assets of the Bank to the members shall be in proportion to capital stock held by each member and shall be effected at such times and under such conditions, as the Bank shall deem fair and equitable. The shares of assets distributed need not be uniform as to type of assets. No member shall be entitled to receive its share in such a distribution of assets until it has settled all of its obligations to the Bank.

c) Any member receiving assets distributed pursuant to this article shall enjoy the same rights with respect to such assets as the Bank enjoyed prior to their distribution.

Chapter VIII

Amendments, Interpretation and Arbitration

Article 44 – Amendments

a) This Agreement may be amended only by decision of the Board of Governors by special majority.

b) Any proposal to introduce modifications in this Agreement, whether emanating from a member, a Governor or the Board of Directors, shall be communicated to the chairperson of the Board of Governors who shall bring the proposal before the Board. If the proposed amendment is approved by the Board, the Bank shall ask all members whether they accept the proposed amendment. When the amendment is accepted, ratified or approved by 2/3 (two thirds) of the members, the Bank shall certify the fact by formal communication addressed to all members.

c) The amendments shall enter into force for all members 3 (three) months after the date of the formal communication provided for in paragraph (b) of this article, unless the Board of Governors specify a different period.

Article 45 – Interpretation

a) Any question of interpretation of the provisions of this Agreement arising between any member and the Bank or between any members of the Bank shall be submitted to the Board of Directors for decision.

b) Members especially affected by the question under consideration shall be entitled to direct representation before the Board of Directors as provided in Article 12(i).

c) In any case where the Board of Directors has given a decision under (a) above, any member may require that the question be submitted to the Board of Governors, whose decision shall be final. Pending the decision of the Board of Governors, the Bank may, so far as it deems it necessary, act on the basis of the decision of the Board of Directors.

Article 46 – Arbitration

a) If a disagreement should arise between the Bank and a country which has ceased to be a member, or between the Bank and any member after adoption of a decision to terminate the operation of the Bank, such disagreement shall be submitted to arbitration by a tribunal of 3 (three) arbitrators. One of the arbitrators shall be appointed by the Bank, another by the country concerned, and the third, unless the parties otherwise agree, by an authority as may approved by the Board of Governors. If all efforts to reach a unanimous agreement fail, decisions shall be made by a majority vote of the 3 (three) arbitrators.

b) The third arbitrator shall be empowered to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

c) Any disagreement concerning a contract between the Bank and a borrowing country shall be settled according to the respective contract.

Article 47 – Approval deemed given

Whenever the approval of any member is required before any act may be done by the Bank, approval shall be deemed to have been given unless the member presents an objection within such

reasonable period as the Bank may fix in notifying the member of the proposed act.

Chapter IX

Final Provisions

Article 48 – Acceptance

a) Each signatory country shall deposit with the government of the Federative Republic of Brazil an instrument setting forth that it has accepted, ratified or approved this Agreement in accordance with its own laws.

b) The Government of the Federative Republic of Brazil shall send certified copies of this Agreement to the signatories and duly notify them of each deposit of the instrument of acceptance, ratification or approval made pursuant to the foregoing paragraph, as well as the date thereof.

c) After the date on which the Bank commences operations, the Government of the Federative Republic of Brazil may receive the instrument of accession to this Agreement from any country whose membership has been approved in accordance with Article 5(b).

d) The acceptance, ratification or approval of the Agreement, or the accession thereto, shall not contain any objection or reservation.

Article 49 – Entry into Force

a) This Agreement shall enter into force when instruments of acceptance, ratification or approval have been deposited, in accordance with Article 48 by all BRICS countries.

b) BRICS countries whose instruments of acceptance, ratification or approval were deposited prior to the date on which the Agreement entered into force shall become members on the date it enters into force. Other countries shall become members on the dates on which their instruments of accession are deposited.

Article 50 – Commencement of Operations

The chair of the BRICS countries shall call the first meeting of the Board of Governors as soon as this Agreement enters into force under Article 49 of this Chapter, in order to take the necessary decisions for the initial operation of the Bank.

Attachment 1

Shares of Initial Subscribed Capital Stock of Founding Members

Each founding member shall initially subscribe 100,000 (one hundred thousand) shares, in a total of ten billion dollars (US$10,000,000,000), of which 20,000 (twenty thousand) shares correspond to paid in capital, in a total of two billion dollars (US$2,000,000,000) and 80,000 (eighty thousand) shares correspond to callable capital, in a total of eight billion dollars (US$8,000,000,000).

Attachment 2

Payment of Initial Subscriptions to the Paid in Capital by the Founding Members

Installment	Paid in capital per country in million dollars
1	150
2	250
3	300
4	300
5	300
6	350
7	350

AGREED MINUTES OF THE BRICS MINISTERIAL MEETING

Fortaleza, July 15, 2014

On the occasion of the signature of the Agreement on the New Development Bank, Ministers from the BRICS countries met and decided the following in relation to the future functioning of the Bank:

a) The order of rotation of Presidents of the Bank will be India/Brazil/Russia/South Africa/China.

b) The establishment of the first regional office in Johannesburg will be launched concurrently with the headquarters.

c) The subsequent regional offices will be established, as needed, in Brazil, Russia and India. The second regional office will be established in Brazil.

d) A Special Fund will be created within the Bank at the earliest, with the participation of all founding members, for the purpose of helping project preparation and implementation. China will be the largest contributor.

e) Appointments for the staff of the Bank will be made on the principle of merit according to requirements established by the Board of Directors.

TREATY FOR THE ESTABLISHMENT OF A BRICS CONTINGENT RESERVE ARRANGEMENT

Fortaleza, July 15, 2014

This BRICS Contingent Reserve Arrangement ("CRA") is between the Federative Republic of Brazil ("Brazil"), the Russian Federation ("Russia"), the Republic of India ("India"), the People's Republic of China ("China") and the Republic of South Africa ("South Africa") (henceforth referred to, individually, as "Party", and collectively, as the "Parties").

Whereas, the Parties agree to establish a self-managed contingent reserve arrangement to forestall short-term balance of payments pressures, provide mutual support and further strengthen financial stability.

Whereas, the Parties agree that this contingent reserve arrangement shall contribute to strengthening the global financial safety net and complement existing international monetary and financial arrangements.

Therefore, this Treaty sets out the terms and conditions of such contingent reserve arrangement, as follows:

Article 1 - Objective

The CRA is a framework for the provision of support through liquidity and precautionary instruments in response to actual or potential short-term balance of payments pressures.

Article 2 - Size and Individual Commitments

a) The initial total committed resources of the CRA shall be one hundred billion dollars of the United States of America (USD 100 billion), with individual commitments as follows:

   i. China – USD 41 billion

   ii. Brazil – USD 18 billion

   iii. Russia – USD 18 billion

   iv. India – USD 18 billion

   v. South Africa – USD 5 billion

b) The Parties shall be entitled to make a request to access committed resources at any time. Until such time as one of the Parties (the "Requesting Party") makes such a request and that request is acceded to by the other Parties (the "Providing Parties") and effected through a currency swap, each Party shall retain full ownership rights in and possession of the resources that it commits to the CRA. While commitments shall not involve outright transfers of funds, committed resources shall be made available for any eligible request.

Article 3 - Governance and Decision-Making

a) Governance of the CRA shall be constituted by a Council of CRA Governors (the "Governing Council") and a Standing Committee.

b) The Governing Council shall comprise one Governor and one Alternate Governor appointed by each Party. Governors must be a Finance Minister, Central Bank Governor, or hold an equivalent post. The Governing Council shall take decisions by consensus and shall be responsible for high level and strategic decisions of the CRA. It is hereby authorized to:

   i. Review and modify the size of the committed resources of the CRA as well as approve changes in the size of individual commitments;

   ii. Approve the entry of new countries as Parties to the CRA;

   iii. Review and modify the CRA's instruments;

   iv. Review and modify the framework for maturities, number of renewals, interest rates, spreads, and fees;

   v. Review and modify the preconditions for drawings and renewals;

   vi. Review and modify the provisions concerning default and sanctions;

   vii. Review and modify the provisions concerning access limits and multipliers;

   viii. Review and modify the percentage of access de-linked from IMF arrangements;

   ix. Decide upon the creation of a permanent secretariat or the establishment of a dedicated surveillance unit;

   x. Approve its own procedural rules;

   xi. Review and modify the rules pertaining to the appointment and functions of the coordinator for the Governing Council and the Standing Committee;

xii. Review and modify voting power and decision rules of the Standing Committee;

xiii. Review and modify the authority and functions of the Standing Committee;

xiv. Approve the procedural rules concerning the functioning of the Standing Committee;

xv. Decide upon any other issues not specifically attributed to the Standing Committee.

c) The Standing Committee shall be responsible for the executive level and operational decisions of the CRA and shall comprise one Director and one Alternate Director appointed by each Party; these shall be appointed from central bank officials unless decided otherwise by the respective Party. It is hereby authorized to:

i. Prepare and submit to the Governing Council its own procedural rules;

ii. Approve requests for support through the liquidity or precautionary instruments;

iii. Approve requests for renewals of support through the liquidity or precautionary instruments;

iv. Approve operational procedures for the liquidity and precautionary instruments;

v. In exceptional circumstances, determine the waiver of conditions of approval, safeguards and required documents under this Treaty;

vi. Approve a Party's encashment request;

vii. Decide whether to impose sanctions in case of a breach of this Treaty;

viii. Carry out other functions attributed to it by the Governing Council.

d) As a matter of principle, the Standing Committee shall strive for consensus on all matters. The decisions of the Standing Committee pertaining to items C.ii and C.iii shall be taken by simple majority of weighted voting of Providing Parties. The decisions pertaining to items C.v, C.vi and C.vii shall be taken by consensus of the Providing Parties. All other decisions of the Standing Committee shall be taken by consensus.

e) Whenever a decision is taken by weighted voting, the weight attributed to each Party's vote shall be determined as follows: (i) 5 percent of total voting power shall be equally distributed among the Parties; and (ii) the remainder shall be distributed among the Parties according to the relative size of individual commitments.

Article 4 - Instruments

The CRA shall include the following instruments:

i. A liquidity instrument to provide support in response to short-term balance of payments pressures.

ii. A precautionary instrument committing to provide support in light of potential short-term balance of payments pressures.

Article 5 - Access Limits and Multipliers

a) The Parties shall be able to access resources subject to maximum access limits equal to a multiple of each Party's individual commitment set forth as follows:

i. China shall have a multiplier of 0.5

ii. Brazil shall have a multiplier of 1

iii. Russia shall have a multiplier of 1

iv. India shall have a multiplier of 1

v. South Africa shall have a multiplier of 2

b) The total amount available under both the precautionary and the liquidity instruments shall not exceed the maximum access for each Party.

c) A portion (the "De-linked portion"), equal to 30 percent of the maximum access for each Party, shall be available subject only to the agreement of the Providing Parties, which shall be granted whenever the Requesting Party meets the conditions stipulated in Article 14 of this Treaty.

d) A portion (the "IMF-linked portion"), consisting of the remaining 70 percent of the maximum access, shall be available to the Requesting Party, subject to both:

i. The agreement of the Providing Parties, which shall be granted whenever the Requesting Party meets the conditions stipulated in Article 14, and;

ii. Evidence of the existence of an on-track arrangement between the IMF and the Requesting Party that involves a commitment of the IMF to provide financing to the Requesting Party based on conditionality, and the compliance of the Requesting Party with the terms and conditions of the arrangement.

e) Both instruments defined in Article 4 shall have IMF-linked and De-linked portions.

f) If a Requesting Party has an on-track arrangement with the IMF, it shall be able to access up to 100 percent of

its maximum access limit, subject to the provisions under paragraph (d) above.

Article 6 - Inter-central Bank Agreement

In order to carry out the transactions under the liquidity and precautionary instruments mentioned in Article 1, the Central Bank of Brazil, the Central Bank of the Russian Federation, the Reserve Bank of India, the People's Bank of China and the South African Reserve Bank shall enter into an inter-central bank agreement setting out the required operational procedures and guidelines.

Article 7 - Currency Swaps

A Party may request support through one of the instruments specified in Article 4 according to the procedures established by the Standing Committee in accordance with Article 13 of this Treaty. Provision of USD to the Requesting Party shall be effected through currency swaps carried out between the Parties' central banks on the basis of common operational procedures to be defined by the Standing Committee in accordance with Article 3.C.iv and the inter-central bank agreement, entered into pursuant to Article 6.

Article 8 - Definitions

The following terms shall have the respective meanings specified in this Article:

"Requesting Party Currency" shall mean the currency of the Party that requests to draw funds through a currency swap;

"Swap Transaction" shall mean a transaction between the Requesting Party's central bank and a Providing Party's central bank by which the Requesting Party's central bank purchases US dollars (USD) from the Providing Party's central bank in exchange

for the Requesting Party Currency, and repurchases on a later date the Requesting Party Currency in exchange for USD;

"Drawing" shall mean the purchase, at the Value Date (defined below), of USD by the Requesting Party's central bank;

"De-linked Drawing" shall mean a Drawing by the central bank of a Party that is not engaged in an IMF arrangement;

"IMF-linked Drawing" shall mean a Drawing by the central bank of a Party that is engaged in an IMF arrangement;

"Business Day" shall mean any day on which markets are open for business in all financial centers needed for the swap transactions to take place;

"Trade Date" of a Drawing or renewal of Drawing shall mean the date in which the spot market exchange rate for the Drawing or renewal of Drawing is established;

"Value Date" of a Drawing or renewal of Drawing shall mean the date the Requesting and Providing Parties' central banks credit each other's accounts. The Value Date shall be the second Business Day after the Trade Date;

"Maturity Date" of a Drawing or renewal of Drawing shall mean the date on which the Requesting Party's central bank shall repurchase the Requesting Party Currency in exchange for USD. If any such Maturity Date should fall on a day which is not a Business Day, the Maturity Date shall be the next Business Day.

Article 9 - Coordination

a) The Party that chairs the BRICS shall act as coordinator for the Governing Council and for the Standing Committee.

b) The coordinator shall: (i) convene and chair meetings of the Governing Council and the Standing Committee;

(ii) coordinate voting as needed; (iii) provide secretariat services during its term; and (iv) inform the Parties of the activation or renewal of liquidity or precautionary instruments.

c) Any Party requesting or receiving support through a liquidity or precautionary instrument – Article 4 – or opting out from participating as a Providing Party or asking for encashment of outstanding claims – Article 15(e) – shall not serve as coordinator. In this case, the next chair of the BRICS shall assume the role of coordinator.

Article 10 - Purchase and Repurchase under a Swap Transaction

a) The exchange rate that shall apply to each purchase and repurchase under a Swap Transaction shall be based on the prevailing exchange rate (hereinafter referred to as "the Swap Exchange Rate") between the Requesting Party Currency and the USD in the Requesting Party's spot market on the Trade Date.

b) The Requesting Party's central bank shall sell the Requesting Party Currency to the Providing Parties' central banks and purchase USD from them by means of a spot transaction, with a simultaneous agreement by the Requesting Party's central bank to sell USD and to repurchase the Requesting Party Currency from the Providing Parties' central banks on the maturity date. The same exchange rate (i.e., the rate of the spot leg) shall be applied to both the spot and the forward legs of the Swap Transaction.

c) On the Maturity Date, the Requesting Party's central bank shall transfer the USD plus interest back to the Providing Parties' central banks in exchange for the Requesting Party

Currency. No interest shall be accrued on the Requesting Party Currency.

Article 11 - Interest Rate Determination

a) The interest rate to be paid by the Requesting Party on the USD purchased from the Providing Parties shall be an internationally accepted benchmark interest rate for the corresponding maturity of the swap transaction plus a spread. The spread shall increase periodically by a certain margin, up to a predetermined limit.

b) In the case of the precautionary instrument, the amount committed but not drawn shall be subject to a commitment fee, to be specified in the inter-central bank agreement.

Article 12 - Maturities

a) A De-linked Drawing under the liquidity instrument shall have a Maturity Date six months after the Value Date and may be renewed, in whole or in part, three times at most.

b) An IMF-linked Drawing under the liquidity instrument shall have a Maturity Date one year after the Value Date and may be renewed, in whole or in part, two times at most.

c) If the Requesting Party is not engaged in an IMF arrangement, access to the precautionary instrument shall have a tenure of six months and may be renewed, in whole or in part, three times at most.

d) If the Requesting Party is engaged in an IMF arrangement, access to the precautionary instrument shall have a tenure of one year and may be renewed, in whole or in part, two times at most.

e) The maturity of a De-linked Drawing under the precautionary instrument shall be of six months and that of an IMF-linked Drawing shall be of one year. The precautionary instrument, once drawn upon, shall not be renewed.

f) The Requesting Party may repurchase the Requesting Party Currency in exchange for USD at the Swap Exchange Rate before the Maturity Date. In this case, the accrued interest rate shall be calculated on the basis of the actual number of days elapsed from (and including) the Value Date to (but not including) the early repurchase date.

Article 13 - Procedures for Requesting or Renewing Support through the Liquidity or Precautionary Instruments

a) A Party that wishes to request support through the liquidity or precautionary instruments, or renewal of such support, shall notify the members of the Standing Committee of the type of instrument, the amount requested, and the envisaged starting date.

b) The Requesting Party shall provide evidence that it complies with the safeguards specified in Article 14 below.

c) Upon receiving the notification, the CRA coordinator shall convene a Standing Committee meeting to discuss and vote the Requesting Party's request. The Standing Committee shall decide upon the request up to seven days after its submission.

d) Once a request for support through the liquidity instrument is approved, the Requesting Party's central bank and the Providing Parties' central banks shall activate Swap Transactions promptly, in a timeframe to be specified in the inter-central bank agreement.

e) Once a request for a Drawing under an approved precautionary instrument is made, the Requesting Party's central bank and the Providing Parties' central banks shall activate Swap Transactions promptly, in a timeframe to be specified in the inter-central bank agreement.

f) If the Requesting Party wishes to renew support through the liquidity instrument, it shall notify the members of the Standing Committee at least fourteen days before the Maturity Date.

g) If the Requesting Party wishes to renew support through the precautionary instrument, it shall notify the members of the Standing Committee at least seven days before the expiration of access under such instrument.

Article 14 - Conditions of Approval, Safeguards and Required Documents

a) When submitting a request for support through the liquidity or precautionary instrument, or renewal of such support, the Requesting Party shall sign and deliver a letter of acknowledgement committing to comply with all obligations and safeguards under this Treaty.

b) The Requesting Party shall also comply with the following conditions and safeguards:

   i. Submit all required documents and economic and financial data, as specified by the Standing Committee, and provide clarification to comments;

   ii. Ensure that its obligations under this Treaty at all times constitute direct, unsubordinated and unsecured obligations ranking at least pari passu in right of payment with all other present or future

direct, unsubordinated and unsecured foreign currency-denominated external indebtedness of the Requesting Party;

iii. Have no arrears with the other Parties or their public financial institutions;

iv. Have no arrears with multilateral and regional financial institutions, including the New Development Bank (NDB);

v. Be in compliance with surveillance and provision of information obligations to the IMF as defined, respectively, in Articles IV, Sections 1 and 3, and VIII, Section 5, of the Articles of Agreement of said institution.

Article 15 - Burden Sharing, Opt-out and Encashment Provisions

a) Providing Parties shall share the disbursement of drawings in proportion to their respective commitments to the CRA, subject to paragraphs (b) and (c) of this Article. In no event shall any Party be required to provide more resources than the amount that it has committed to provide in Article 2(a).

b) The approval of a request for support through the liquidity or precautionary instruments under this Treaty suspends, for as long as such support is in place, the Requesting Party's commitment to participate as a Providing Party in any subsequent request for support through the liquidity or precautionary instruments.

c) When a request for support through the liquidity or precautionary instruments, or for renewal of such support is presented, a Party may opt-out from participating as a

Providing Party, provided this is justified by its balance of payments and reserve position or by an event of force majeure, such as a war or natural disaster. The Party opting-out shall provide the necessary information to justify its decision. In this case, the other Providing Parties shall provide resources to allow opt-out in proportion to their commitments to the CRA, subject to paragraph (a) of this Article.

d) A Providing Party may request encashment of outstanding claims provided this is justified by its balance of payments and reserve position or by an event of force majeure, such as a war or natural disaster. The Providing Party applying for encashment shall provide the necessary information to justify its request. If the request is approved, the other Providing Parties shall provide resources to allow encashment in proportion to their commitments to the CRA, subject to paragraph (a) of this Article.

e) A Party that has opted-out or encashed from an outstanding currency swap or has opted out from an outstanding precautionary instrument shall not serve as a coordinator, as defined in Article 9, for the length of the transaction from which the party has opted-out or encashed.

Article 16 - Breaches of Obligations and Sanctions

a) Failure by a Requesting Party to fulfill payment obligations on the Maturity Date of a Drawing or a renewal of Drawing, unless corrected within 7 days, shall result in the following:

   i. all outstanding obligations of the Requesting Party to repay the Providing Parties under this Treaty shall be immediately due and payable;

ii. the Requesting Party's eligibility to further Drawings or renewals of Drawings under this Treaty shall be suspended;

iii. any undrawn portion of a precautionary instrument of the Requesting Party shall be cancelled; and

iv. any payments by the Requesting Party of its overdue obligations to the Providing Parties must be made on the same date and in proportion to the amounts due to each Party.

b) In case of an event of force majeure, the application of the measures above may be suspended.

c) In case of a persistent and/or unjustified delay in settling overdue payment obligations, a Requesting Party's right to participate in any decisions under this Treaty may be suspended. After 30 days of unfulfilled payment obligations, the Providing Parties should consider whether this action is appropriate.

d) If, after the expiration of a reasonable period following the decision under paragraph (c), the Requesting Party persists in its failure to settle overdue payment obligations, the Governing Council may require the Requesting Party to withdraw from this Treaty.

e) The Requesting Party in breach of a payment obligation should agree to take measures that preserve the net present value of its obligations if the Providing Parties collectively decide to exercise this option.

f) In case the Providing Parties decide by consensus at the Governing Council level, the Requesting Party in breach of a payment obligation should agree to a novation of its obligations under this Treaty, including by issuing

marketable debt securities that would not be subject to the Requesting Party's jurisdiction. The Requesting Party should not unreasonably withhold consent to terms and conditions of such debt securities as shall be required by the Providing Parties.

g) The Requesting Party would be liable to a late fee in addition to the interest rate applied to the swap transaction to which payment is overdue. This late fee should increase periodically by a certain margin, up to a predetermined limit.

h) In case of a breach of any obligation under this Treaty, other than failure by a Requesting Party to fulfill payment obligations, the following sanctions may apply:

   i. all outstanding payment obligations under this Treaty shall be immediately due and payable;

   ii. eligibility to further Drawings or renewals of Drawings under this Treaty shall be suspended;

   iii. any undrawn portion of a precautionary instrument shall be cancelled;

   iv. the right to participate in any decisions under this Treaty may be suspended;

   v. after the expiration of a reasonable period following the decision under item (iv), the Governing Council may require the Party to withdraw from this Treaty.

i) The sanctions applied should be commensurate with the severity of the breach.

Article 17 - Language and Communications

a) The official language of the CRA shall be English. The English language versions of this Treaty and of any documentation under it shall be the official versions. All written and oral communication between the Parties shall be in English, unless the Parties otherwise agree in writing.

b) Any notice, request, document or other communication submitted under this Treaty shall be in writing, shall refer to this Treaty, and shall be deemed fully given or sent when delivered in accordance with the contact details that shall be provided separately by each Party.

Article 18 - Representation and Warranties

Each of the Parties hereby warrants and represents that:

a) It has the full power and authority to enter into and perform its obligations under this Treaty and shall provide evidence of such authority if requested by any other Party;

b) This Treaty and the performance by it of its obligations under this Treaty do not contravene any law or other restriction binding upon it or any of its property, and there is no legal or regulatory hindrance which could affect the legality, validity or enforceability of this Treaty or of obligations hereunder or have a material adverse effect upon its ability to perform such obligations;

c) All transactions under this Treaty shall be exempt from any administrative or legal obstacles to their completion;

d) All payments by it under this Treaty shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on

behalf of its country or any authority therein or thereof having power to tax. In the event that the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law, it shall pay such additional amounts as may be necessary in order that the net amounts received by the other Parties after such withholding or deduction shall equal the amounts which would have been received under this Treaty in the absence of such withholding or deduction; and

e) It shall not assign, transfer, delegate, charge or otherwise deal in its obligations under this Treaty without prior written consent of the other Parties.

Article 19 - Legal Status of the CRA

The CRA does not possess independent international legal personality and cannot enter into agreements, sue or be sued.

Article 20 - Dispute Settlement

a) Any disputes relating to the interpretation of this Treaty shall be solved by consultations in the Governing Council.

b) If any dispute, controversy or claim relating to the performance, interpretation, construction, breach, termination or invalidity of any provision in this Treaty shall arise and not be resolved amicably by the Governing Council within a reasonable period, it shall be settled by arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (excluding Article 26 thereof) in effect on the date of this Treaty (the "UNCITRAL Arbitration Rules"). In case of resorting to arbitration, the language to be used in the

proceedings shall be English and the number of arbitrators shall be three.

c) The Parties agree that in any such arbitration and in any legal proceedings for the recognition of an award rendered in an arbitration conducted pursuant to this Article, including any proceeding required for the purposes of converting an arbitral award into a judgment, they shall not raise any defense which they could not raise but for the fact that they are sovereign state entities.

Article 21 - Withdrawal from and Termination of the Treaty

a) A Party may withdraw from this Treaty by giving notice of such intention to the other Parties six months prior to the date of the envisaged withdrawal. However, withdrawal from the Treaty by any Party is not allowed for a period of five years from its entry into force.

b) During this six-month period, the Party that has given notice of such intention shall provide the other Parties with an opportunity to express views on its intention but does not have the right to request or the obligation to provide resources.

c) In the event that any obligation under this Treaty, including any obligation for the payment of money, remains outstanding at the time of termination of or withdrawal from this Treaty, all the terms and conditions of this Treaty (except for those entitling the Parties to any Drawing or renewal of a Drawing) shall continue to apply until such obligation has been fulfilled.

Article 22 - Acceptance, Depositary and Amendments

a) This Treaty shall be subject to acceptance, ratification or approval, according to the respective domestic procedures of the Parties.

b) The instruments of acceptance, ratification or approval shall be deposited with the Federative Republic of Brazil, which shall be the depositary of this Treaty.

c) The depositary shall promptly inform all Parties of: (i) the date of deposit of each instrument of acceptance, ratification or approval (ii) the date of the entry into force of this Treaty and of any amendments and changes thereto, and (iii) the date of receipt of a withdrawal notice.

d) If the Party that acts as depositary decides to withdraw from this Treaty, all the terms and conditions of Article 21 shall apply, with the exception that: (i) the depositary shall give notice of its intention to the other Parties; and (ii) as of the date of receipt of the depositary's withdrawal notice, the role of depositary shall be assumed by one of the other Parties, as agreed upon by them.

e) This Treaty shall not be subject to unilateral reservations.

f) Any proposal to amend this Treaty shall be communicated to the Party that acts as coordinator for the Governing Council, which shall then bring the proposal before the Governing Council. If the proposed amendment is approved, the coordinator shall ask all Parties whether they accept the proposed amendment. If a Party, according to its domestic procedures, accepts the proposed amendment, it shall notify the depositary accordingly. The amendment shall become effective on the date of receipt of the last

notification. Any decision of the Governing Council related to modifying Article 2 shall be considered an amendment.

Article 23 - Entry into Force

This Treaty shall enter into force 30 (thirty) days after the deposit of the fifth instrument of acceptance, according to each Party's legal requirements.

Done in Fortaleza on the 15th of July of 2014, in five originals in English, one for each Party.

Formato	**15,5 x 22,5 cm**
Mancha gráfica	**10,9 x 17cm**
Papel	**pólen soft 80g (miolo), cartão supremo 250g (capa)**
Fontes	**AaronBecker 16/22, Warnock Pro 12 (títulos); Chaparral Pro 11,5 (textos)**