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IBSA- A NEW DYNAMIC PLATFORM- AN ANALYTICAL STUDY

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ABSTRACT

In the 21th century The IBSA forum of India, Brazil and South Africa brings together three emerging economies of the South with a view to further exploring the potential for cooperation for a fair, equitable and inclusive global order. IBSA emerged as an important dynamic caucus in the developing world with the aim of tapping natural complementarities and collectively pushing for reforms at the global and multilateral institutions.[1] IBSA countries have common principles and common values and all the three countries are committed to democracy. The intricacies of democracy may affect the pace of development but all the three countries have tried to enrich their national institutions for an inclusive development strategy.

KEYWORDS:

Introduction

The India-Brazil-South Africa Trilateral Cooperation Forum (IBSA) is a unique initiative undertaken in the area of South-South economic cooperation. What sets it apart is that it is a “ginger group” of three large, economically well-endowed and dynamic countries from three developing continents which are attempting to strengthen trade, investment, transfer of technology and economic cooperation among themselves.[2] Brazil has the largest economy in Latin America, with a significant global trade presence. India, has the world’s fourth largest economy in PPP terms and is also the world’s second most populous country, has witnessed impressive economic and trade growth rates in the last few years. South Africa is the largest economy and trading power in Africa, accounting for biggest share of total African trade with the world. In June 2003, the Foreign Ministers of India, Brazil and South Africa met in Brasilia, Brazil to form the India-Brazil-South Africa IBSA Dialogue Forum.

The IBSA Trilateral Cooperation Forum was formally launched by Presidents Thabo Mbeki, Lula da Silva and Prime Minister Atal Bihari Vajpayee during the 58th session of the United Nations General Assembly in New York in September 2003. This forum became a formal initiative with meetings in New Delhi (March 2004), Cape Town (March 2005) and Rio de Janeiro (March 2006). The IBSA Forum laid the foundation for convergence between preferential trade negotiations of the three countries and their respective regions.

The formation of IBSA as a platform for political consultation and economic cooperation is emblematic of what UNCTAD refers to as the new geography of international trade.[3] individually and collectively the three countries have validated the main premises of the phenomenon that has transformed the South’s role and prospects in the international trading system. IBSA countries have acquired significantly increased weight and influence in international trade and economy and are contributing in an unprecedented way to its dynamism. Secondly, they are not only the engines of South-South regional trade but also interregional ones, driving as well as benefiting from, its new found robustness. Their intratrade, although still well below true potential, and small in terms of their overall trade, has been growing dramatically.

IBSA - ECONOMICALLY, SOCIALLY AND SECURITY COOPERATION-

An important dimension of IBSA countries’ general trade and their intra-trade is that all three are among the top ten developing countries in terms of their participation in new and dynamic sectors of international trade, as identified and tracked by UNCTAD. In recent years, IBSA countries have come to play an increasing role in new and dynamic sectors of world trade. These sectors include product groups that have displayed consistently high growth and increased share in world trade, or those that are new in their export baskets.

The principal new and dynamic product groups traded between Brazil and its IBSA partners include electrical equipment, chemicals, beverages, minerals and ores, railway vehicles and rolling stock and aircraft. The corresponding items for India are processed minerals and fuels, cereals, organic chemicals, pharmaceuticals and nuclear reactors. For South Africa, these are chemicals, mineral fuels, iron and steel, and precious stones and nuclear reactors. Some of the dynamic sectors appear to involve intra-industry trade among IBSA countries. These include certain minerals and metals, textiles, railway vehicles and rolling stocks and renewable energy products. Recent intra-IBSA FDI flows also suggest actual or potential trade among these countries in certain services sectors, including consulting and IT services. The dynamic sectors being among the fastest growing product groups in world trade, structured and more focused collaboration among IBSA countries in these sectors at policy, industry and firm levels, and the resulting improved division of labour along the value chains, will contribute significantly to their individual and collective export dynamism and to rapidly raising their shares in world trade.

IBSA dialogue forum celebrated its 10-year anniversary in 2013.[4] During its existence it has been a widely discussed subject in International Relations. This discussion ranges from the economic relevance of IBSA to the regional impact IBSA has Many aspects discussed by International Relations scholars are relevant to the goals IBSA ultimately wants to reach. Economic relevance relates to the soft power strategy the IBSA countries undertake, the BRICS take into question the legitimacy and relevance of the IBSA forum whilst simultaneously creating room for the expansion of the IBSA forum.

After a gap of more than four years the 8th India-Brazil-South Africa (IBSA) Trilateral Ministerial Commission Meeting was held on October 17, 2017 in Durban, South Africa.[5] During the meeting the Ministers of the IBSA countries underscored the importance of the trilateral forum for South-South Cooperation as well as the need to leverage its strengths and unique identity as a grouping of the Global South, bringing together three large pluralistic, multicultural and multi-racial societies from three continents. Further, the Ministers expressed their full support to India for its preparations to host the 6th IBSA Summit in New Delhi in 2018. Noteworthy, and like the ministerial meetings, the last IBSA Summit of Heads of State and Government took place more than 6 years ago. Although the leaders of the forum expressed their intentions to hold the summit several times prior to the recent announcement, no specified date could be scheduled.

IBSA FUND –

IBSA Fund for Alleviation of Poverty and Hunger (IBSA Fund) was established in 2004[6] with a visionary purpose to contribute to the efforts by the international community towards combating poverty and hunger. The collaboration of these three developing economies through the IBSA Fund is an expression of their desire to contribute to the development of other developing countries. Such a partnership spells out the political determination on part of the three nations in the spirit of South-South-Cooperation. The Fund was setup on the margin of the 58th Session of the UNGA. Subsequently, in Ministerial meeting at the margin of the 59th UNGA in New York on 23 September 2004, the first project was launched by the Fund in Guinea-Bissau to support agriculture and livestock development. The arrangement for closer partnership between the IBSA Fund and the UNDP on the implementation project in Guinea-Bissau was laid in the second IBSA ministerial meeting in Cape Town wherein a Technical Monitoring Committee was established for the project. The launching of this project reaffirmed the significance of the Fund through enhancing its visibility among private sector and civil society which encouraged further participation. In order to deliver results, it was recognised that innovative financing mechanism need to be explored and therefore in the same Ministerial meeting, the leaders agreed to contribute annually, an amount of US $ 1 million towards the IBSA Fund. The three countries also agreed to maintain the momentum that resulted from the launch of the IBSA funding facility for eradicating hunger and for poverty alleviation. The UNOSSC in the UNDP is the official secretariat as well as the fund manager of the IBSA Fund.

The objectives of the three countries are reflected through the Fund and range from promoting food security, addressing HIV/ AIDS, improving access to safe drinking water among others, all aim at contributing to the Millennium Development Goals (MDGs). This now may be extended towards realisation of SDGs. The rationale for the Fund is to identify new opportunities for South-South-Cooperation. SSC has its own criteria for advancing conditionality-free partnership for collective development. The Fund was acknowledged by the UN for using visionary approaches for battling poverty and hunger in other parts of the world and was conferred the UN South- South Partnership award in 2006. The Fund also received an MDG award in 2010 and South- South Champions Award in 2012.[7]The Fund implements forward-looking practices developed in IBSA countries to fight poverty and hunger.

In line with the expectations from the IBSA Fund with focus on hunger, agriculture has appropriated highest proportion of the Fund's resources, at about 30 per cent (Figure 1) of the overall budget approval. IBSA Fund has been vigorously assisting a West African state Guinea-Bissau's Ministry of Agriculture in training 4,500 farmers15, almost half of them women, in using some exceptional techniques of rice cultivation and citrus fruit and mango production.[8] The budget for the first phase of this initiative was US $ 498,750. Such focus on agriculture aligns with the Fund's objectives, as the importance of agriculture in poverty reduction, particularly extreme poverty cannot be underestimated. Investment in agriculture is an effective way of increasing income of rural people. Agricultural growth can be regarded as the primary source of poverty reduction. A slump in agriculture sector can throw many people into poverty. IBSA's actions in this respect are its contribution to the significant progress that is required on part of the developing world to achieve the target of MDGs of reducing the number of people living in extreme poverty to half by 2015. The challenge will be greater in achieving SDGs by 2030.

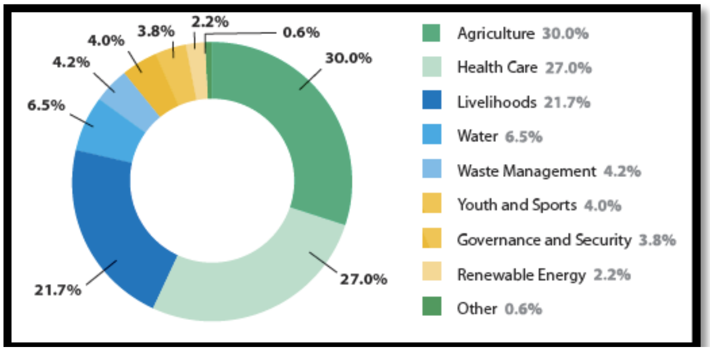

FIGURE 1. BUDGET APPROVAL BY THEMATIC AREA (2004-2015)

Such enduring efforts of IBSA reflecting the importance of health through its inclusion in its poverty reduction action plan are commendable.

FDI TRENDS AND OPPORTUNITIES IN IBSA

A free trade agreement between IBSA countries will not only lead to increased trade, but also to increased investment flows, as intra-firm trade and global production networks across IBSA will be promoted. An IBSA-wide investment promotion package may add to the favourable environment already existing in IBSA countries. In India, FDI inflows have been gaining momentum in recent years. Improved economic and policy conditions in the country, where the GDP growth rate exceeded 8 per cent and the stock market grew by more than 30 per cent in 2005, have led to growing investor confidence. The country has surpassed the US in A.T. Kearney's FDI Confidence Index and expected to receive FDI inflows of $7 billion in 2006.[9] What is more significant from the IBSA perspective is that India has become a net capital exporter with outward FDI expected to be $11 billion this year. Its attractiveness has been further enhanced by the continued opening up of the Indian economy to inward FDI; one of the first steps being taken is to open its retail industry by allowing foreign single brand retailers to enter the domestic market. These developments suggest that despite bottlenecks such as inadequate infrastructure, the prospects for the country in attracting FDI, including intra-IBSA FDI in areas such as: infrastructure, manufacturing and services are promising.FDI flows to Brazil reached $33 billion in 2000, a historic high, and then declined for three consecutive years; this year it is expected to be around $17 billion. Brazil ranks seventh in the FDI Confidence Index and has been open to FDI in key sectors of foreign investor interest ranging from agriculture, minerals and metals, infrastructure and services. Therefore, the opportunities for India and South Africa to invest in these sectors are many and bound to yield high returns. FDI inflows to South Africa started to rise in the mid-1990s, following the end ofapartheid regime. In 2005, South Africaregistered the largest FDI inflows in Africa, accounting for one-fifth of the region's total FDI.[10] In the long-run, South Africa will resume being the frontrunner for FDI inflows to the region. The country has a good infrastructure and high living standards, with low cost of entry for FDI, for example, its energy costs are also among the lowest in the world. For IBSA countries, FDI in manufacturing and services in South Africa would be fruitful. In order to further enhance and create avenues and incentives for intra-IBSA FDI flows, apart from bilateral investment promotion and protection agreement between IBSA partners, consideration could be given to having an IBSA investment promotion and protection agreement.

CONCLUSION

The time has come to revisit a various sector cooperation in IBSA and take it forward, in light of changing times and new realities. The current framework and agreement can be revisited so that on one hand, Social, Economic and other cooperation promotes sustainable development, facilitates technology transfer, and, helps in achieving SDGs, and, on the other hand it enables them to promote SSC in this type cooperation and play a key role in global context. This would mean that they have a re look at S&T cooperation within IBSA and beyond IBSA. In other words, they would not be just 'dynamic adopters' but 'dynamic leaders' as well in global a various sector.

The IBSA integrative efforts has raised a number of positive expectations on an economic political and development level most importantly, if successful it will not only act as an excellent illustration of South-South cooperation, but each IBSA country could act as a hub for further growth and development in their respective continents. The paper concludes that whilst the bilateral relations between India-Brazil, India-South Africa and Brazil-South Africa will be the building blocks of this trilateral initiative the partnership should not just be a sum of its bilateral vectors, but should harness the synergies of trilaterally conceived IBSA Projects and value additions.

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