

# South-South Cooperation or Trilateral Diplomacy?



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BRASILIA (IDN) – The two important events for the ‘Global South’ – the India-Brazil-SouthAfrica (IBSA) and the Brazil-Russia-India-China (BRIC) summits – will have great resonance for the future shape of South-South cooperation, says Rathin Roy, director of the International Policy Centre for Inclusive Growth (IPC-IG), based in Brasilia.

IPC-IG is a joint project between the United Nations Development Programme (UNDP) and Brazil to promote South-South Cooperation on applied poverty research. It specialises in analyzing poverty and inequality and offering research based policy recommendations on how to reduce them.

IPC-IG, which is directly linked to the Poverty Group of the Bureau for Development Policy, UNDP and the Government of Brazil, has been closely involved in a number of the activities associated with the two summits on April 15-16, 2010, especially the organisation of the ‘Academic Forum: A Policy Dialogue’ for the IBSA gathering.

Roy’s derives his optimism from the fact that the first decade of the 21st century has been marked by the intersection of three debates that previously had been conducted in separate domains with limited interaction.

Traditionally, the debate on global economic governance has been situated in the G-8 and in discussions associated with the governance of the World Bank Group, the International Monetary Fund (IMF) and the World Trade Organisation (WTO), says Roy.

The debate on development cooperation has largely been conducted from the perspective of donors, and has mostly been about aid, whether for or against. Foreign policy strategies have been viewed principally from the perspective of national strategic interests and, apart from specific initiatives rooted in the history of the Cold War, have been typically bilateral in scope and nature, other than for past and present superpowers.

The rapid increase in the number of emerging economies as global players – leading to a significant re-examination of the fundamental assumptions regarding voice, domain and the agency of global economic governance – is closely related to their greater involvement in development cooperation.

This is rooted in a deep historical engagement with the global South and is based on political solidarity with other developing nations. It is now apparent that foreign policy strategies will have to take account of the growing role of the emerging economies in shaping the future architecture of global economic governance and development cooperation.

## NEW PARADIGM?

“For that reason the IBSA and BRIC summits are front-page news in capitals across the world,” states Roy in an introduction to ‘South-South Cooperation: The Same Old Game or a New Paradigm?’ of ‘Poverty in Focus’, published to coincide with the two summits.

“The neat division between bilateral, regional and global foreign policy strategies has become more diffuse. There is a fork in the road,” writes Roy and asks: “Will the rise of the emerging economies portend just a broadening of the ‘great game’, the only result being a little more elbow room for developing countries in their engagement with the G-20 economies? Or will the global South seize this opportunity to forge a new and more inclusive paradigm that secures faster and more sustainable development for all citizens?”

The articles in this issue of Poverty in Focus address different dimensions of this challenge. South-South cooperation has a specific history rooted in the “making of the Third World”. Will the opportunities of the moment translate into better voice for and more inclusive cooperation with least developed countries? Can we look forward to exciting paradigm shifts in the discourses on global trade, aid, development cooperation and the rhetoric of best practice?

Will emergent regional and global plurilateral groupings afford new avenues for effective development cooperation? What does South-South cooperation look like from the perspective of the political economy of Sierra Leone, emerging from conflict and making heroic advances against tremendous odds, as it establishes institutions for governance and socioeconomic development?

In a chapter on IBSA, Dr. Daniel Flandes, a senior researcher at the GIGA Institute of Latin American Studies, Hamburg, takes a rather critical look at the trilateral body and asks whether IBSA will lead to South-South cooperation or “trilateral diplomacy in world affairs”?

IBSA was launched in June 2003 in Brasilia by the three countries’ foreign ministers after informal talks during the G-8 meeting in Evian that same year. In September 2003, Prime Minister Atal Bihari Vajpayee and Presidents Luis Inácio Lula da Silva and Thabo Mbeki founded the G-3 during the 58th UN General Assembly.

They contributed crucially to the upset at the World Trade Organisation (WTO) ministerial meeting in Cancun by pressing for fundamental changes to the developed world’s agricultural subsidies regimes. Together, the IBSA countries also lobbied for reform of the United Nations to provide a stronger role to developing countries, which comprise the majority of UN member states.

IBSA’s functional leadership in WTO negotiations and the UN reform debate offers a countervailing force to the current hierarchy of the global order. India, Brazil and South Africa

use “voice opportunities” provided by institutions such as the UN, the WTO and G-8 Summits to undermine the established great powers’ policies in the short term.

In the long term, IBSA’s soft balancing strategy is geared to the formation of a multipolar system based on the rule of international law. The three countries want to become power poles of that prospective multipolar world.

Generally, the coalition of Southern powers supports the process of international organisation, a conduct that is usually ascribed to middle powers, says Flandes. “But IBSA’s global justice discourse is doubtful, since Brazil and India have been striving (with Germany and Japan) for permanent membership of the UN Security Council,” he adds.

Flandes argues that India and Brazil invited South Africa to join the group but the country had to abide by African Union guidelines, which prevent it from fielding its candidacy on its own. The UN High-Level Panel had suggested an alternative and more participatory plan for a regular system of rotating members, which was rejected by India and Brazil.

The expansion of the Security Council, however, would favour only a few players. In order to achieve the lasting democratisation of the organization, the General Assembly would also have to be strengthened.

Divergences between the national positions of the three Southern powers became clear in the Doha Round negotiations. New Delhi’s position on trade-related aspects of intellectual property rights (TRIPS) and non-tariff barriers separates it from Brasilia and Pretoria. In particular, India demands protection against agricultural imports, whereas Brazil advocates a broad liberalisation of the global agricultural market.

“In addition, the national interests of the IBSA countries are partly at odds with the interests of developing countries, which they claim to represent. As net food importers, most of the least developed countries (LDCs) cannot be interested in the reduction of agricultural subsidies in Europe and the United States that keep food prices low,” notes Flandes.

Moreover, while the WTO negotiations have hardly progressed in terms of content, Brazil and India have been able to improve their positions in the international trade hierarchy. At the 2004 WTO conference in Geneva they were invited to form the G-5 preparation group together with the European Union, the United States and Australia.

At the German G-8 Summit in 2007, Brazil, India and South Africa (with China and Mexico) were invited to formalise their dialogue with the elite club of the richest industrialized countries through the so-called Heiligendamm or O-5 process.

These invitations, as well as the role of the G-20 in the handling of the recent financial crisis, reflect increasing acceptance of the IBSA countries’ (prospective) major-power status by the

established great powers.

While the IBSA initiative may thus be seen as an effort to increase its members' global bargaining power, the cooperation between South Africa, India and Brazil also focuses on concrete areas of collaboration. Trade, health, energy security and transport are only the most prominent issues of IBSA's sectoral collaboration.

"IBSA can therefore be characterised as both a strategic alliance for the pursuit of the common interests of emerging powers in global institutions, and also as a platform for bilateral, trilateral and interregional South-South cooperation," writes Flemes.

## DOUBTFUL

The sectoral cooperation is to form a sound basis for trilateral diplomacy in world affairs. But the potential synergies of IBSA's sectoral collaboration are doubtful. In particular, the prospects for bilateral and trilateral trade are limited by a number of constraints, says the GIGA researcher.

The economies' different sizes and degrees of global integration lead to different degrees of trade benefits. But the main obstacle consists of the limited complementarities between the three markets, since India, Brazil and South Africa produce similar goods and compete for access to the markets of the countries of the Organisation for Economic Cooperation and Development (OECD).

Additionally, the fact that developed countries have asymmetrical capabilities relative to the IBSA countries allows them to demobilise the South-South alliance through cross-bargaining on a trade chessboard of variable geometry.

But trade is merely one of many undertakings in this multidimensional initiative. India, Brazil and South Africa are not natural trading partners, and the limits to commercial exchanges between them should be recognised.

While a trilateral trade agreement has been alluded to on numerous occasions, such an ambitious undertaking is unlikely to materialise between these three countries, which are technically bound to regional trade blocs. A more realistic approach could involve trade facilitation and the improvement of transport and infrastructure links between them.

Other sectors, such as health and energy security, seem to offer more synergies. As regards HIV/AIDS, for instance, the interests of the three countries are quite convergent. India has the second largest number of HIV-positive people (2.4 million) and also the largest generic drugs industry.

Brazil has developed role-model public policies in fighting AIDS and exports its know-how to

several African, Asian and Latin American countries. South Africa has a high demand in this regard, since it has the largest number of HIV-positive people (5.7 million) and faces severe constraints in democratising public health services regarding the epidemic.

In recent years the IBSA countries have been prominent in the G-21 lobby that succeeded in lessening the negative effects of TRIPS with regard to patents that impose high costs for HIV/AIDS drugs in developing countries, especially in Africa.

An interpretive statement of the 2001 Doha Declaration indicated that TRIPs should not prevent countries from fighting public health crises. Since then, TRIPs has provided for “compulsory licensing”, allowing governments to issue licenses for drug production for the domestic market without the consent of the patent owner.

A 2003 agreement loosened the domestic market requirement, and allowed developing countries to export their locally produced generics to other countries facing epidemics such as HIV/AIDS, malaria and tuberculosis.

The energy sector is another pivotal area of cooperation, as spelled out at a September 2006 summit in which a memorandum of understanding on biofuels was signed.

About 62 per cent of Brazil’s energy requirements are met by renewable sources; of those, 10 per cent come from ethanol from sugarcane. In April 2002, India and Brazil signed a memorandum of understanding on technology-sharing in the blending of petrol and diesel with ethanol. India is the world’s largest sugarcane producer.

Solar energy and coal liquefaction are other potential areas of cooperation. India’s capabilities in the solar photovoltaic field could be of much interest to Brazil and South Africa, given these countries’ vastness and climate.

South Africa has a highly developed synthetic fuels industry. That industry takes advantage of the country’s abundant coal resources and has developed expertise in the technology of coal liquefaction. With a view to the growing global energy need, this technology may be commercially viable and could be explored by Indian companies.

## NUCLEAR TECHNOLOGY

As regards future cooperation in nuclear technology, Femes says, the three emerging powers have stated that, under appropriate International Atomic Energy Agency (IAEA) safeguards, international civilian nuclear cooperation among countries committed to nuclear disarmament and non-proliferation could be enhanced through forward-looking approaches that are consistent with their respective national and international obligations.

Brazil has controlled the full nuclear fuel cycle since March 2006. Brazil and South Africa are

among the most influential members of the Nuclear Suppliers Group (NSG). Shortly after India concluded its deal on civilian nuclear cooperation with the United States in March 2006,

Prime Minister Singh visited Pretoria, where President Mbeki announced that South Africa would back India's bid in the NSG to be given access to international technology for a civilian nuclear energy programme. Supporting the deal between the United States and India, which has not signed the Non-Proliferation Treaty, indicates a major shift in South Africa's proliferation policy, from a rule and principle-based approach to one that is more pragmatic. The three Southern powers seem determined to seek large-scale synergies in nuclear energy production.

Flemes points out that the sustainability and prospects of the trilateral undertaking are currently hard to estimate, but IBSA's success will depend not least on its ability to focus on distinct areas of cooperation, such as public health and energy security, and to avoid those areas of controversy that tend to hamper the cooperation process.

IBSA is not yet a formal organization and it has no headquarters or secretariat. Common institutions would facilitate the effective coordination and pursuit of IBSA's interests. Finally, enlargement of the trilateral coalition would generate more potential synergies in sectoral collaboration and even more weight in the institutions of global governance.

In this regard, Flemes says, IBSA could merge with China and Russia to form BRICSA, or with the traditional civilian powers Germany and Japan to build a G-5, while retaining its characteristics as a small but potentially effective coalition. (IDN-InDepthNews/16.04.2010)

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