



# **“We have found the enemy, and it is us”**

**Welcome Speech by Pradeep S. Mehta, Secretary General, CUTS  
International at the  
Roundtable Meeting with the BRICS Ambassadors**

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## **1. Context**

1.1 From the beginning of the 21st century, the potential conflicts bubbling for many years have become more visible, and the crises besetting international economic and political situation are getting more serious.

1.2 Although no worldwide war has broken out, regional military conflicts have never stopped. Within a decade of occurrence of the East and South East Asian financial storm, a global financial crisis was triggered by the US sub-prime turmoil. While people are still hoping that the financial crisis would come to an end, the European debt crisis began to spread its wings. And already threats due to climate change are looming large on our lives.

1.3 As the world was and is encountering political, economic, social and security-related challenges, the emerging economies of Brazil, Russia, India, China and South Africa – with their resources, population and advantages of a fast-growing market size – grasped the opportunity and greatly enhanced their respective national powers.

1.4 Over the last two decades, the BRICS group of countries has emerged as a force to reckon with. This is duly reflected by the increasing share of BRICS in the world economy. From a share of a little over 10 per cent in 1990, they now have more than 25 per cent. Their share in world trade has also increased significantly – from 3.6 per cent to over 15 per cent in two decades, which is much faster than overall growth in world trade.

1.5 There are indications showing that they are having increased focus to intra-group trade. This is specifically reflected by trade data for two countries, namely Brazil and South Africa. Trade between these two countries is around 20 per cent of their total trade. This is increasing for other countries in the group.

1.6 Goldman Sachs has projected that by 2050 BRICS, as a group, will become the biggest economic coalition in the world. If the present trend in growth of their economies, inflows and outflows of foreign direct investment, intra-group trade and increasing importance of these countries in reshaping international trade and political economy relations continues, the prediction made by Goldman Sachs is not only expected to come true but also and possibly as early as 2020 all countries of this group could be part of the top 10 largest economies of the world.

1.7 Given this context, today we have come together to discuss our thoughts on the way forward for the on-going cooperation among the BRICS group of countries, their relationship with other emerging or re-emerging economies and the impact it will have on rest of the world. We will take these thoughts forward to Durban and beyond through our recently established initiative called BRICS Trade & Economics Research Network.

## 2. Criticism

2.1 Despite this increasing economic power of the BRICS group of countries, one of the most common criticisms about the group, particularly in the western media, is while the G-7 powers – the US, Germany, Italy, Japan and the UK – share common post-World War II political, economic and democratic ideals, the BRICS group of countries has little in common besides strong post-Cold War growth and large population.

2.2 The lack of common ground among the BRICS has prompted cynics to call the grouping an acronym without much substance and/or power. According to State Street Global Advisors, during 1996 to 2011, smaller emerging market economies outperformed the BRICs by a whopping 39 per cent in the period from 1996 to March, 2011. “Investors focusing only on Brazil, Russia, India and China may be missing out. Differences between China and India could play the spoiler in BRICS,” said an international political economy analyst.

2.3 According to another analyst of strategic affairs, “There is a dire need for better co-ordination among BRICS nations on international political issues. Last year, BRICS states were caught flat-footed by the West on the question of interventions in Libya and in Syria.”

2.4 So far the annual summits of the BRICS group of countries have received scant attention in popular media in the west. That may be because the grouping has achieved little in concrete terms since its inception in 2009. Critics deride it as a photo-op and talking shop.

2.5 But this neglect, or disdain, may also reflect the fact that BRICS, representing almost half the world’s population and about one-fifth of global

economic output, pose a challenge to the established world order of the UN Security Council and the Bretton Woods institutions.

2.6 To its protagonists, however, it is a reflection of today's evolving world order and has the potential to evolve into a major instrument in shaping the future architecture of global governance – the emergence of a new international order.

### **3. Expectations**

3.1 Less powerful non-aligned states are wondering whether the rise of the BRICS merely marks the emergence of another global elite, which may not pay much attention to their interests than traditional western powers. Smaller, poorer developing countries, especially in Africa, are watching to see if the five nations can evolve into true advocates of their interests.

3.2 A moot question is whether the BRICS group of countries collectively create an alternative platform to post World War II global discourse on economic, political, social and security issues? Their answer lies at two levels and the question is not whether but how. They are:

- their role in respective regions – in collectively building peace and prosperity through economic and other means of dynamic engagement; and
- acceptance among the trans-Atlantic powers of new ground realities of engagement in the global discourse.

3.3 On the first, there is varied experience and the emergence of private sector through cross-border trade and investment as one of the main drivers of growth is expected to play a more positive role in the partnership. Secondly, the

positions of trans-Atlantic powers on many current issues of global discourse such as security concerns in the Middle East and North Africa, negotiations on a rules-based multilateral trade regime and on greenhouse gas emissions and climate change are important factors. But, more critical is the profile and position of the leaders of the BRICS countries on how to reconcile the differences among themselves first, and then with the traditional powers.

3.4 How far would our leadership go? Are they motivated by their own sense of self-importance or by an ideological need to fill a vacuum left by the collapse of the post World War II bi-polar world.

#### **4. Conclusion**

4.1 To conclude, these are some questions that we should ponder over – not just today or in the run-up to and at the forthcoming BRICS Summit in Durban, South Africa but with a much longer horizon in mind; not just by us or our leaders but the global community at large.

4.2 It is not easy to find answers to these questions. Differences on their perceptions and in opinions are bound to happen but they are part of life. Possible answers could be found in finding ways and means of dealing with the following two related questions:

- a) Are we, the BRICS group of countries, becoming relatively rich nations with many poor people, or are we remain poor countries with some rich people?
- b) As against emerging nations, is it more appropriate to describe us as re-emerging powers?

4.3 In a recently held series of meetings, including two of CUTS, in New Delhi, Pascal Lamy, Director-General of the World Trade Organisation has posed the first one without attempting an answer but arguing that the key to unlock the deadlock in the Doha Round of multilateral trade negotiations can be found in finding an answer to this question. The same logic applies to address the non-progress to find solutions to a multilaterally-agreed accord on climate change issues.

4.4 The second one was posed by Shivshanker Menon, National Security Adviser to the Prime Minister of India, in a recently-held conference on security issues in Munich. Centuries ago many of us were economic and social powers of the world. Political power has emerged more recently, after the industrial revolution in the west. Should the west not match our increasing economic and social power with that of political power? That might be the key to not only address economic, political and social issues of global discourse but also to find amicable solutions to security and other multilateral issues.

4.5 We urge our leaders to ponder these and related questions when they meet in Durban and in subsequent discourse on BRICS, and come out with a forward-looking agenda for global discourse on issues of global public goods and their governance. They have to find answers. We, the civil society, will support them so that there is better political and social buy-in of their answers.

4.6 Collectively they are in a position to lead multilateralism and give this paradigm a much-needed stability. And it is not that the traditional western powers are completely averse to the emergence or re-emergence of BRICS group of countries, which is expected to be expanded. Otherwise, the G-20 group of countries would not have been established. It has many representations from the developing world, nor that the Old Quad of WTO Members (Canada,

EU, Japan and the US) would have been replaced by the New Quad of Brazil, EU, India and the US with other powers such as Australia, Japan, China, Russia, South Africa playing a supportive role.

4.7 Our world is a beautiful place to live in and collectively we have to make it prettier and secure. Our “Common Future” lies on us and we have to act, not just talk. To use a famous Pogo quote: “We have found the enemy and it is us”. With these few thoughts, I urge you to discuss them and others as you feel best, but please do convey my thoughts to your capitals.