



10th BRICS SUMMIT

Importance of the BRICS trade and investment agenda

Rob Davies
Minister of Trade and Industry

THE year 2018 marks the 10th anniversary of the Brazil, Russia, India, China and South Africa (BRICS) partnership. Since its inception, BRICS cooperation has expanded to a wide range of issues – trade, industry, international cooperation and security, science, health, energy, water, environmental affairs, and agriculture, among others.

With a combined gross domestic product of US\$15 trillion (R205 trillion), BRICS countries account for 19,3% of gross global product; 25,7% of the world land area; 42,7% percent of the world population; and have contributed more than 50% to the world's economic growth during the last 10 years.

Intra-BRICS trade grew from US\$567 billion in 2010 to US\$744 billion in 2017. Similarly, South Africa-BRICS trade grew from US\$28 billion to US\$35 billion over the same period. Both South Africa exports to and imports from other BRICS countries have grown at a rate faster than South Africa's global trade, thus increasing the importance of other BRICS countries in South Africa's trade basket.

Combined, the BRICS countries account for 15,4% of South Africa's global exports and 25,4% of the country's imports. The BRICS Trade and Industry Ministers' meetings are taking place at a time when the multilateral trading system is facing unprecedented challenges.

This includes the rise in unilateral measures that are incompatible with the World Trade Organisation (WTO) rules that put the multilateral trading system at risk. Of key concern is the disregard of the multilateral rules and principles that underpin inter-



national trade.

We are also witnessing a shift that seeks to question the continued relevance of development-focussed multilateralism. In addition, the Fourth Industrial Revolution is transforming the global economy.

New technologies and approaches are merging the physical, digital and biological worlds in ways that will fundamentally transform humankind. The extent to which that transformation is positive will depend on how we navigate the risks and leverage the opportunities that arise along the way.

The Fourth Industrial Revolution is based on distributed smart systems, integrated

in the "Internet of Things", that include high levels of digitisation, automation and networking. Cyber-physical systems are an essential feature of the technical infrastructure. This is expected to lead to disruptive changes in production and services, which require appropriate regulatory frameworks, infrastructure and skills to support and enable the Fourth Industrial Revolution.

In the context of these global developments, South Africa's membership of BRICS has been one of the key strategic partnerships of the democratic South Africa and is a key platform for promoting South-South trade and investment. South Africa's drive to attract US\$100-billion

investment over the next five years requires leveraging trade and investment partnerships to achieve this objective.

South Africa is relatively well represented as a destination country for intra-BRICS investment. In 2016, it attracted 6,2% of intra-BRICS investment, at R34,5 billion. This mainly originated from India and China. South African companies utilised investment opportunities in other BRICS countries, mainly Brazil and China, to the value of R22,6 billion.

BRICS countries are important developers of technology, sometimes embodied in investment. Investment promotion aims to contribute to

the creation and development of hi-tech industries and move South Africa towards a knowledge economy. Our objective is to also promote investment into South Africa's special economic zones.

South Africa's Chairship of BRICS presents an opportunity for collaboration among BRICS countries on the Fourth Industrial Revolution with a view to share and exchange views on regulations and policies to shape markets, including learning best practice from other BRICS members to ensure businesses in the respective countries can effectively participate in the Digital Industrial Revolution.

While BRICS countries are

competitors in the trade and investment sphere, there is agreement to advance cooperation on the basis of complementarity. South Africa's participation in BRICS, therefore, provides opportunities to build its domestic manufacturing base, enhance value-added exports, promote technology sharing, support small business development and expand trade and investment opportunities. This is more likely to be achieved through participation in the value chains of these countries.

In relation to the multilateral trading system, the BRICS Trade and Industry meetings present an opportunity for the develop-

ment of a coordinated message on the centrality of a rules-based multilateral trading system, as embodied in the WTO.

Global trade rules should facilitate effective participation of all countries in the multilateral trading system in order for developing and least-developed countries to secure a share in the growth of world trade commensurate with the needs of their economic development. In this regard, we continue to work with our BRICS partners to advocate for an inclusive multilateral trading system that promotes inclusive growth, integration of developing countries in the global economy and

sustainable development.

What makes BRICS more significant is the expansion of its institutional framework, including the establishment of the New Development Bank (NDB) and the development of a Strategy for BRICS.

Economic Cooperation. The NDB aims to finance, among others, infrastructure projects in developing countries. This presents an opportunity for collaboration in the development of key infrastructure projects that contribute to regional integration in the African continent and facilitates the creation of regional value chains to boost industrial development.

Education – an important area of collaboration for BRICS

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REPUBLIC of South Africa
The Brazil, Russia, India, China and South Africa (BRICS) partnership has come a long way. In the beginning, there were many sceptics and naysayers who gave it little chance of success. Yet, here we are today, with a series of meaningful structures, collaborations and exchanges across a wide spectrum of areas in place.

What started off as a trade and economic partnership, has evolved into an array of collaborative projects in education, science and technology, arts and culture, agriculture, health, sports and many others.

Education is an important area of collaboration for BRICS, given the many developmental challenges that our countries still face.

In November 2013, the BRICS ministers responsible for education met on the margins of the United Nations Educational, Scientific and Cultural Organisation General Conference in Paris to agree on a roadmap for education collaboration across BRICS. Higher education mobility was a key aspect of the discussions, leading to the establishment of the BRICS Education Working Group a year later in Brasilia.

There, the BRICS Heads of State reaffirmed the importance of higher education exchange for BRICS and called for a network of universities across the BRICS countries to collaborate and exchange knowledge and research experience.

In November 2015, a Memorandum of Understanding on the establishment of the BRICS Network University was signed in Moscow, Russia.

This shows that the Network University initiative is deeply entrenched within BRICS, and in fact, a lot is expected from it, not only by the BRICS Leaders and countries, but by the entire developing world.

If universities in the BRICS collaborate successfully on research and teaching and engage



in student and staff exchanges, we can make a significant contribution to global knowledge production.

The BRICS Network University is grounded in the challenges, opportunities and aspirations of the BRICS communities. Through its research partnerships, the BRICS Network University can help reduce poverty, unemployment and inequality that characterise many countries in the developing world.

Through its teaching partnerships, the BRICS Network University can promote academic programmes that produce the kind of graduates that can lead our societies into the future.

The thematic areas – energy,

information security, climate change, water resources and pollution treatment – for the BRICS Network University have been carefully crafted to exploit our knowledge strengths.

We have a clear thematic focus, but this list is not exhaustive. There are many others that we will have to consider as we strengthen our collaboration. Issues such as food security, health, the changing nature of work and others will come to mind.

Our BRICS university collaboration has enormous potential to bolster the existing strong political and economic relations between our countries. By working together, we can achieve our goal of becoming

ing a powerful force for growth, development and discovery.

As part of the global effort to combat diseases such as HIV and AIDS, our countries have made significant progress in the production of generic anti-retroviral drugs.

As part of the global effort to explore the universe, our countries have made significant progress in satellite construction and astronomy research.

As part of the global effort to contain the impact of climate change, our countries have taken significant steps.

The BRICS Network University is an important structure that will undertake the research that is needed to inform the overall BRICS collaboration and how it must evolve.

We need to manage participation in the network carefully. We must ensure that we do so in a way that does not advantage only a few universities.

We must seek to ensure that a broad spectrum of our universities benefit from and contribute to the shaping of this important structure.

There are pockets of excellence in all our universities and our goal should be to benefit all. The development of joint research projects and joint postgraduate programmes at Masters and PhD levels is important.

The BRICS Network University can be a driving force for building a closely knit BRICS intellectual community.

It can foster new dynamics in South-South cooperation while fostering intellectual bonds and exchanges among the BRICS academic community.

It can be a transmitter of cultural knowledge and exchange between the BRICS countries.

I hope that our universities will take full advantage of this initiative and seek opportunities to collaborate in terms of research, and in doing so, learn as much as possible from one another. I hope that universities will take ownership of the initiative and come up with collaborative projects that will be of benefit not only to BRICS, but the developing world as a whole.

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NELSON MANDELA

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