The India-Brazil-South Africa (IBSA) Dialogue Forum: A platform for advancing South-South cooperation or a vehicle for the pursuit of prestige and power?

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COMPULSORY DECLARATION

This work has not been previously submitted in whole, or in part, for the award of any degree. It is my own work. Each significant contribution to, and quotation in, this dissertation from the work, or works, of other people has been attributed, and has been cited and referenced.

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Abstract

The India-Brazil-South Africa Dialogue Forum (IBSA Forum) established in 2003 has been described as many things. To some it is a South-South cooperation mechanism that seeks to promote the democratisation of multilateral institutions and to enhance the collective self-reliance of developing countries. Others view the IBSA Forum as a vehicle for the IBSA countries to promote their own interests, which include a greater role for themselves in multilateral institutions and in global political power structures. In order to reconcile these contrasting views, this paper goes beyond the rhetoric around the IBSA Forum, and examines IBSA cooperation in practice, in order to identify the primary motivating factors behind this cooperation. Having examined a host of primary and secondary sources in order to analyse the three main pillars of IBSA cooperation – cooperation in multilateral governance fora, efforts to promote intra-IBSA trade and investment and sectoral cooperation – the paper shows that IBSA cooperation is primarily motivated by the IBSA countries' shared national interests rather than by any ideas of South-South solidarity, and that IBSA cooperation is best interpreted as a neorealist soft balancing strategy against the US. In coming to these conclusions, the paper also suggests that the IBSA Forum represents a new form of self-interested, rather than ideologically motivated, South-South cooperation.

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Contents

Abbreviations

AU	African Union
BASIC	Brazil, South Africa, India and China
BRICS	Brazil, Russia, India, China and South Africa
CETI	Centre for the Exchange of Tax Information
COP	Conference of the Parties
EU	European Union
FDI	Foreign direct investment
FTA	Free trade agreement
GATT	General Agreement on Tariffs and Trade
GDP	Gross domestic product
GHG	Greenhouse gas
GTA	Global Trade Atlas
IBSA	India-Brazil- South Africa
IMF	International Monetary Fund
IR	International Relations
IT	Information technology
MERCOSUR	Mercado Comun del Sur (Common Market of the South)
MoU	Memorandum of understanding
NAMA	Non-agricultural market access
NGO	Non-governmental organisation
O-5	Outreach Five
PTA	Preferential trade agreement
RFB	Receita Federal do Brasil (Federal Secretariat of Revenues of Brazil)
SACU	Southern African Customs Union
SARS	South African Revenue Service
SECEX	Secretaria de Comércio Exterior (Foreign Trade Secretariat)
SSC	South-South cooperation
TRIPS	Trade-related intellectual property rights
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNFCCC	United Nations Framework Convention on Climate Change
UNSC	United Nations Security Council
US	United States
WTO	World Trade Organization

Tables

1 Introduction and overview

1.1 The India-Brazil-South Africa Dialogue Forum

Following informal discussions between their respective Heads of State and Government at the G8 Summit in Evian, the Foreign Ministers of India, Brazil and South Africa (IBSA) met in Brasilia in June 2003 to discuss forging closer ties between the three nations[1]. The outcome of the Brasilia meeting was the Brasilia Declaration, wherein the Ministers agreed to "hold regular political consultations on international agenda items, as well as to exchange information on areas of mutual cooperation"[2]. The Brasilia Declaration also formalised IBSA cooperation through the creation of the India-Brazil-South Africa Dialogue Forum (IBSA Forum).

The IBSA Forum maintains a flexible structure with no headquarters or permanent executive secretariat. At its highest level of decision making are the Summits of Heads of State and Government, of which five have been held since 2006[3]. The Foreign Ministers of the IBSA countries also meet approximately once a year at meetings of the Trilateral Joint Commission. From time to time informal meetings between IBSA Heads of State and Government or IBSA Foreign Ministers are held at the margins of meetings of other international fora such as the United Nations General Assembly. In addition, sixteen IBSA Working Groups have been established to oversee cooperation across a broad range of technical areas[4]. Various other ad-hoc initiatives have also been organised under the IBSA Forum, including a Business Forum and a Parliamentary Forum.

Three distinct 'pillars' of IBSA cooperation can be identified. The first involves efforts to coordinate the IBSA countries' positions on various issues of global governance within international institutions such as the United Nations (UN) and the World Trade Organisation (WTO). The second involves the strengthening of economic ties between the IBSA countries through the promotion of enhanced intra-IBSA trade and investment flows and the establishment of a legal framework for intra-IBSA trade governance. The third involves technical ('sectoral') cooperation organised through the IBSA Working Groups. This sectoral cooperation has involved efforts to facilitate closer engagement between specialists from the three countries and the development of projects for collaboration. IBSA cooperation has also included the establishment of an IBSA Fund for the Alleviation of Poverty

[1] IBSA, 2003a
[2] Ibid.
[3] See the official IBSA website: http://www.ibsa-trilateral.org/
[4] Ibid.

and Hunger (IBSA Fund) and various initiatives to promote closer engagement between civil society representatives of the three countries.

1.2 Problem statement

Since its establishment, the IBSA Forum has been described in various ways. To some it is a "political alliance"[5] that provides a platform for cooperation, dialogue and exchange between the three countries[6] and allows them to collaborate in pursuit of common interests. To others it is a "negotiating coalition"[7] or a "catalyst for multilateral coalition-building"[8]. It has been described as a "powerful driver for change in the global order"[9] and a "key formation in the new geography of international trade"[10], yet some view it as nothing more than a "gathering of friends"[11]. Officially, the IBSA Forum is a "coordinating mechanism" aimed at facilitating the construction of a new global governance framework, uniting the voices of the IBSA countries on various global issues, building stronger ties between the three countries and increasing their standing on the global stage[12].

In attempting to identify the IBSA Forum's *raison d'être*, many observers have emphasised IBSA's role as a champion of the interests of the 'South'. To these observers, IBSA cooperation is motivated by a desire to improve the position of developing countries in global power structures[13], and the IBSA Forum is best understood as a "South-South cooperation mechanism"[14] or "development initiative"[15] aimed at promoting the interests of developing countries by facilitating "closer engagement between the countries of the South"[16], increasing the bargaining power of developing nations[17], elevating the concerns of developing countries on the global agenda[18] and pressing for the democratisation of global governance institutions[19].

[5] Mokoena, 2007: 125
[6] White, 2009: 2
[7] Stephen, 2011: 16
[8] White, 2007: 11
[9] Flemes, 2009: 401
[10] Puri, 2007: 1
[11] White, 2009: 2
[12] See the official IBSA website: http://www.ibsa-trilateral.org/
[13] Fig, 2010: 1
[14] de Souza, 2009: 8
[15] Chenoy, 2010: 3
[16] Ibid: 3
[17] Flemes, 2007: 6
[18] White, 2007: 1
[19] Fig, 2010: 11

Other IBSA-watchers are more sceptical about IBSA's "global justice discourse" and doubt whether the Forum really plays the role of "spokesperson for the global South"[20]. These sceptics see IBSA rhetoric concerning the democratisation of multilateral institutions as little more than discursive cover for the IBSA countries' real objectives, which are to improve their own positions in multilateral governance fora and in global political power structures[21]. On this account, IBSA cooperation is motivated by a desire for status, prestige and a greater influence in international politics[22].

The overarching aim of this paper is to make sense of this apparent contradiction and to better understand the motivations behind the IBSA Forum and IBSA cooperation in general. In particular, the paper explores *whether the IBSA Forum should be understood as a form of South-South cooperation which aims to promote collective self-reliance among developing countries and the democratisation of international institutions, or as a vehicle for promoting the IBSA countries' shared national interests in increasing their power capabilities and gaining a more prominent place in global political power structures.*

1.3 Methodology, rationale, scope and structure

In order to address the question highlighted above, this paper goes beyond the rhetoric surrounding the IBSA Forum, and explores the way IBSA cooperation has evolved in practice. The paper examines a host of primary and secondary sources in order to identify the aims, achievements and failures of IBSA cooperation since 2003. In particular, it provides a comprehensive overview of IBSA collaboration across the three pillars of cooperation identified above, noting the various forms such collaboration has taken and the areas in which this collaboration has successfully furthered the interests of the IBSA countries and those of the developing world in general. This approach not only provides a basis from which to address the central question investigated by the paper, it also provides a useful overview of the successes and limitations of the IBSA Forum as an instrument of South-South cooperation (SSC).

The paper also makes use of concepts and theories from the field of International Relations in order to better understand why these three emerging powers have engaged with one another in the way they have. In doing so, it provides support for the argument that IBSA cooperation is motivated primarily by a desire to advance the IBSA countries' national interests in terms of increasing their

[20] Flemes, 2009: 405
[21] de Souza, 2009: 8
[22] FRIDE, 2007: 3

power capabilities and gaining a more prominent place in global political power structures, rather than by a desire to promote the democratisation of international institutions or the collective self-reliance of the developing world. On the basis of this finding, the paper also suggests that the IBSA Forum represents a new form of 'self-interested' – as opposed to ideologically motivated – SSC.

This examination of IBSA cooperation is worthwhile for a couple of reasons. First, the IBSA Forum has been one of the most prominent examples of SSC in recent years. As Chapter 2 shows, SSC has experienced something of a renaissance in the twenty-first century. However, relatively little scholarly work has been done to determine if and how this new generation of SSC differs from earlier, largely unsuccessful attempts to promote the interests of developing countries. Chapter 2 also provides good reasons for thinking that the contemporary global context may be more conducive to such efforts, and the IBSA Forum provides an excellent case with which to test this assertion, especially given the IBSA countries many shared characteristics[23], which make the IBSA Forum something of a 'best case' study of contemporary SSC. Indeed, this is one of the main reasons why the paper focuses on the IBSA Forum rather than the Brazil-Russia-India-China-South Africa (BRICS) alliance which has garnered much global attention in recent years.

Despite the prominence of BRICS and the fact that all three IBSA countries are now part of the BRICS alliance, the IBSA Forum provides a more interesting case with which to examine contemporary SSC for three reasons. First, the IBSA countries share many political and socio-economic characteristics and expound similar views with regard to issues such as racism, poverty and the democratisation of global power structures. BRICS as a bloc is far more ideologically, politically and socioeconomically heterogeneous and is thus likely to face more difficulty in devising common positions and concrete projects for collaboration. Second, the BRICS alliance is largely focused on global economic issues[24] and therefore has a rather narrow ambit of cooperation. By contrast, the IBSA Forum has a multidimensional agenda comprising political, diplomatic, social, security, technical and economic initiatives. This multifaceted approach to SSC reflects a more accurate picture of the interests and capacities of today's emerging and developing countries. Finally, while both the IBSA Forum and the BRICS alliance are fairly loose arrangements, IBSA is far more advanced with regard to the development of concrete initiatives. There is therefore far more to examine when looking at IBSA cooperation than there is when trying to evaluate BRICS cooperation.

[23] For example their histories of colonial subjugation, their high levels of poverty, their status as multi-ethnic, multicultural democracies and regional powers and their shared interests in promoting economic and social development at home and gaining an enhanced standing in the global arena.
[24] White, 2009: 4

A second reason why a study of this sort is important is that the IBSA countries are not just developing countries; they are large, relatively fast-growing regional powers with ambitions to increase their political weight on the global stage. India and Brazil, in particular, have designs on great power status. Undoubtedly all three countries are likely to play an increasingly prominent role in global governance in years to come, and a better understanding of their foreign policies, and, in particular, their willingness to collaborate with other emerging powers in the pursuit of national interests could provide an important insight into how these countries are likely to exploit their greater prominence on the global stage in years to come.

The scope of this study extends to all forms of political, economic and technical cooperation between the IBSA countries since the establishment of the IBSA Forum in 2003, including both public and private sector initiatives and processes. For the purposes of this paper initiatives and processes are considered instances of IBSA cooperation if: i) they reflect the stated aims of the IBSA Forum; ii) they are organised with reference to IBSA relations; and iii) they involve the participation of representatives from all three countries – although these constraints are relaxed for the area of trade and investment so as to account for bilateral trade and investment flows and bilateral trade agreements between the IBSA countries. The paper focuses on the three identified pillars of IBSA cooperation, largely ignoring other areas of IBSA cooperation such as the establishment and administration of the IBSA Fund. The paper also makes no attempt to investigate domestic factors within the IBSA countries which may have had a bearing on the dynamics of IBSA cooperation, and, instead, treats the interests and actions of the three countries as those of unitary actors.

Chapter 2 provides context to the IBSA Forum and IBSA cooperation, by outlining a brief history of SSC and examining the contemporary global environment for such cooperation. It also introduces concepts and theories from the field of International Relations in order to develop specific propositions concerning IBSA cooperation. Chapters 3, 4 and 5 then explore the three pillars of IBSA cooperation. Chapter 3 examines IBSA cooperation in various multilateral governance fora, focusing in particular on efforts to coordinate positions on UN Security Council reform, WTO trade negotiations, global financial governance and climate change. Chapter 4 investigates the promotion of deeper economic engagement between the IBSA countries by looking at intra-IBSA trade and investment flows and efforts to conclude a comprehensive IBSA trade agreement. Chapter 5 then explores IBSA sectoral cooperation, highlighting the progress made in facilitating trilateral cooperation on science and technology, revenue administration and maritime security.

Finally, Chapter 6 concludes the paper by summarising the findings of Chapters 3, 4 and 5 and evaluating the propositions developed in Chapter 2 against these findings. In particular, it concludes that IBSA cooperation is best understood as a form of 'soft balancing', and that, despite the IBSA countries' extensive use of South-South rhetoric, the IBSA Forum – indeed, IBSA cooperation in general – is motivated primarily by the shared national interests of the three IBSA countries' in greater power capabilities and a more prominent role in global power structures, rather than a desire to promote the interests and collective self-reliance of the developing world.

2 Context, concepts and theory

2.1 South-South cooperation: A brief history

The term 'South-South cooperation' is ordinarily used to describe a range of activities, initiatives and arrangements involving developing countries[25], including anything from relatively loose and non-binding cooperation in multilateral negotiations to more formal and institutionalised undertakings, such as free trade agreements and customs unions[26]. It is also commonly used to describe private flows of trade and investment between developing countries as well as policy transfer and knowledge sharing. Governments typically play a leading role in SSC, but such cooperation can also involve private-sector institutions and non-governmental organisations (NGOs).

For the purposes of this paper, the definition of SSC provided by the United Nations Conference on Trade and Development (UNCTAD) in the *Economic Development in Africa Report 2010* will be used. In the Report, SSC is defined as any "processes, institutions and arrangements designed to promote political, economic and technical cooperation among developing countries in pursuit of common development goals"[27]. This broad definition encompasses activities and initiatives such as efforts to promote trade and investment, regional integration initiatives, skills and technology transfer, technical assistance, training, policy transfer, knowledge sharing and various other forms of exchange[28]. It also covers bilateral, intraregional and interregional cooperation, as well as cooperation in multilateral fora[29]. In addition, this definition covers initiatives undertaken by both public and private actors, including governments, NGOs, civil society groups, educational institutions and even private corporations[30].

The United Nations Office for South-South Cooperation identifies certain 'guiding principles' of SSC including solidarity among countries of the South, non-conditionality and mutual benefit[31]. It also recognises a number of basic objectives of SSC, such as collective self-reliance among developing countries, stronger technological capacities and greater participation by developing countries in

[25] The term 'South' is used to classify developing countries (which together make up the 'developing world' or the 'South') separately from the industrialised countries of the 'North' (Modi, 2011: 1). The latter can also be identified as members of the Organisation for Economic Cooperation and Development (OECD).
[26] Modi, 2011: 150
[27] UNCTAD, 2010: 1
[28] UNDP, 2011
[29] UNCTAD, 2010: 1
[30] Modi, 2011: 150
[31] UNDP, 2011

international economic activities[32]. SSC, it is believed, can further these aims by increasing the bargaining power of developing countries in multilateral negotiations, pooling their institutional and technological capacities, facilitating knowledge sharing, providing new trade and investment opportunities and reducing dependence on the markets and technologies of the developed world[33].

SSC is not a new phenomenon. Institutionalised SSC can be traced back to the post-World War Two period, when three concurrent processes – the onset of the Cold War, the decolonisation of Africa and Asia and the emergence of a 'third world' identity – set the stage for international cooperation between countries of the 'South'[34]. In this era, newly independent developing countries faced significant domestic challenges relating to their lack of development, including widespread poverty and limited financial and technological resources[35]. They were also confronted by an international system balanced unfavourably against them and a developed world largely preoccupied with the Cold War[36]. Given these circumstances, the idea of strategic international cooperation between developing countries to lessen dependence on the developed world was very appealing.

The first institutions of such cooperation emerged in the mid-1950s with the Afro-Asian conferences that spawned the Non-Aligned Movement in 1961[37]. The 1960s and 1970s were a highpoint for SSC and the developmental philosophies underpinning it. During these decades numerous SSC initiatives were launched, including UNCTAD, the G77, the Organisation of African Unity and the Buenos Aires Plan of Action for Promoting and Implementing Technical Co-operation among Developing Countries[38]. Efforts were also made to press for a New International Economic Order, although these were ultimately to prove unsuccessful. While these initiatives provided significant momentum to SSC as a foreign policy tool for developing countries, for the most part, the economic and political gains derived from them failed to match the expectations of developing countries.

During the 'lost decade' of the 1980s[39], SSC became less prominent, as many developing countries turned their attention inwards to address domestic challenges such as political transition, economic recession, rampant inflation and the impacts of the various debt crises that occurred during this

[32] Ibid.
[33] Ibid; Modi: 2011: 150
[34] Jules & Morais de Sa e Silva, 2008: 42
[35] Modi, 2011: 2
[36] Ibid: 1-2
[37] Ibid: 2
[38] Morais de Sa e Silva, 2009: 41-44
[39] So-called because of the lack of economic growth in much of the developing world during this period

period[40]. Later, during the late 1980s and early 1990s, many developing countries were preoccupied with the structural adjustment programmes and other reforms imposed on them by the International Monetary Fund (IMF) and World Bank[41]. Government-led South-South engagement received little backing in this era, as the 'Washington Consensus' preached by the IMF and World Bank emphasised a reduced role for the state in economic affairs[42]. The 1980s and 1990s have thus been characterised as a period of SSC "demobilisation"[43]. While the institutions of SSC created during the 1960s and 1970s continued to function, they did not receive the same level of political support from the governments of the South as they had previously[44].

In the twenty-first century, SSC has re-emerged as a popular foreign policy strategy for many developing countries. New life has been breathed into regional integration processes in Asia, Latin America, and Africa, while new groupings of powerful emerging economies – the IBSA Forum and the BRICS alliance being the most notable – have appeared on the scene. Moreover, these increasingly assertive emerging powers have begun to play a leading role in coordinating SSC within multilateral fora such as the WTO, where developing country coalitions such as the G20+ and the NAMA 11 have been particularly active. Interregional South-South trade agreements, such as the India-MERCOSUR[45] Preferential Trade Agreement, have also appeared in recent years, as has the phenomenon of South-South development cooperation[46].

2.2 South-South cooperation in the current milieu

While contemporary examples of SSC such as the IBSA Forum share some of the goals and strategies of earlier SSC, the global context in which SSC is currently taking place differs significantly from that of the 1960s and 1970s. The earlier period was marked by two important constraints on SSC. The first was the 'bipolarity' of the Cold War era international system, in which political and military power was concentrated in the United States (US) and its adversary, the Soviet Union. Not only did the interests of the two superpowers limit the room for manoeuvre and change in international

[40] Morais de Sa e Silva, 2009: 45
[41] Modi, 2011: 2
[42] Morais de Sa e Silva, 2009: 45
[43] Ibid: 45
[44] Ibid: 45
[45] MERCOSUR, the Mercado Comun del Sur (Common Market of the South) is a regional trading bloc in South America comprising Argentina, Brazil, Paraguay, Uruguay, Venezuela and Bolivia
[46] South-South development cooperation is essentially the phenomenon of developing countries providing some form of development assistance – or aid – to other developing countries

politics, their influence also engendered ideological differences among developing countries, which in turn impeded constructive South-South engagement[47].

The second major constraint on SSC in the earlier period was the relative weakness of most developing countries, and especially the newly de-colonised countries of Africa and Asia. Many developing country governments faced daunting domestic political, social and economic challenges and were heavily reliant on economic and military assistance from former colonial powers and other countries of the North. Given that such weaknesses were widespread, the scope for reducing military and economic reliance on the North through SSC was actually quite limited.

In the twenty-first century, a very different global environment shapes the possibilities for SSC. For one, the distribution of power in the international system is no longer characterised by bipolarity. The collapse of the Soviet Union and slow growth during the 1990s in Japan and Europe, have resulted in the US emerging as the world's sole superpower[48]. "Outsized" military spending by the US has also been important in maintaining its 'hegemonic' status[49]. While it is certainly true that US pre-eminence across the various domains of state power – military, economic, technological, diplomatic, cultural and ideological - imbues the current international order with a distinctly 'unipolar' flavour, there has been some debate as to whether the current international system is truly unipolar[50]. Samuel Huntington, for one, has argued that the current system is a "uni-multipolar system" containing one superpower and several major powers[51]. Joseph Nye, meanwhile, has argued that true unipolarity requires a state to dominate all others not only in the military arena, but also in the economic arena and in dealing with various global issues[52].

Despite the multi-dimensional power of the US, it is clear that the country cannot solve pressing global and transnational challenges such as climate change, terrorism and global financial instabilities on its own[53]. Indeed, the growing recognition of the importance of multilateral efforts to address these and other challenges – and the need to include developing countries in these multilateral processes – is another important factor shaping the current environment for SSC,

[47] Morais de Sa e Silva, 2009: 45
[48] Ikenberry et al., 2009: 1
[49] Ibid: 1
[50] Huntington, 1999: 36
[51] Ibid: 36
[52] Nye, 2004
[53] Huntington, 1999: 36

especially as the forces of globalisation ensure that national, regional and global affairs are becoming increasingly interrelated[54].

Another factor shaping the possibilities for SSC is the economic rise of several 'emerging' and developing countries in recent years. Recent economic gains made by the developing world are difficult to ignore. Notably, the developing world's share of global gross domestic product (GDP) grew from 34 percent in 1980 to 43 percent in 2010[55]. While this growth has been driven largely by economic growth in China and India, many other developing countries have emerged as significant players on the global economic stage including Brazil, South Africa, Turkey and many others. The developing world's share of global trade has also risen significantly, creating new possibilities for increased South-South trade and stimulating talk of a "new trade geography"[56]. Given the tendency of economic capabilities to underpin capabilities in other domains of state power, the recent economic rise of the South has contributed to a perception of a power shift in global politics and has added force to calls by developing countries for greater participation in global governance[57].

In short, the economic rise of the South has created unprecedented opportunities for economic, political and technological SSC, including numerous avenues for increased South-South trade and investment flows, and the very real possibility of achieving more meaningful developing country participation in global governance. Nevertheless, developing countries also need to consider how the current international system is likely to evolve in the near future and how best to calibrate their foreign policy strategies, including their approach to SSC, given the implications of what appears to be a an international system shifting from a unipolar to a multipolar distribution of power.

2.3 The IBSA countries as 'emerging middle powers'

While rapid economic growth and effective use of diplomacy have seen the likes of India, Brazil, South Africa and a host of other 'emerging powers' significantly enhance their global standing in recent years, most of these countries fall some way short of being 'great powers'. Given their size and desire to achieve great power status, Brazil and India can certainly be considered "would-be great powers"[58]. However, while they and others can undoubtedly lay claim to being the dominant political and economic powers in their respective regions, they have thus far only attained an

[54] Flemes, 2009: 403
[55] Modi, 2011: 4
[56] UNCTAD, 2004: 8
[57] Hurrell & Sengupta, 2012: 463
[58] Hurrell, 2006

intermediate status in the global order. Consequently, such countries, including the IBSA countries, are increasingly being recognised as a "distinctive subgroup of middle powers"[59].

The idea of a 'middle power' dates back to the immediate post-World War Two period. In 1947 George Glazebrook used the term to describe "countries which make no claim to the title of great power, but have been shown to be capable of exerting a degree of strength and influence not found in the small powers"[60]. In a 1969 article, Robert Keohane refined the idea by conceptualising middle powers as "system-affecting" states, that could not hope to affect the international system by acting alone, but could "exert significant impact on the system by working through small groups or alliances or through universal or regional international organizations"[61]. These he contrasted with "system-determining" "great powers" that play a "critical role" in shaping the international system and an array of "small powers" that can do little to influence the system[62].

Middle powers tend to adopt multilateral approaches to international problems and to embrace "compromise positions" in international disputes, mediating conflicts between third parties and building coalitions and consensus around issues of global importance[63]. They also tend to make use of "niche diplomacy", whereby they exploit their specific capabilities, such as peacekeeping resources, in order to increase their global influence[64]. Furthermore, middle powers do not seek to impose their vision of an ideal world order, but do strive for the maintenance of a stable and orderly global environment[65]. Consequently, their foreign policy objectives tend to comprise "milieu goals" such as equality, justice and sustainability, rather than "possession goals" such as increased military and economic power[66].

The IBSA countries – and other emerging countries – do appear to display many of the behavioural traits of traditional middle powers such as Australia and Canada, including a strong adherence to multilateralism and a desire to reform existing global governance fora rather than to replace them. As developing countries, however, the particular characteristics and capabilities of these 'middle powers of the South' or 'emerging middle powers' do differ in some respects to those of traditional middle powers. For instance, many emerging middle powers have low levels of per capita GDP and

[59] Dauvergne & Farias, 2012: 905
[60] Glazebrook, 1947: 307
[61] Keohane, 1969: 295
[62] Ibid: 295-296
[63] Flemes, 2009: 404; Jordaan, 2012: 287
[64] Flemes, 2007: 11
[65] Ibid: 8
[66] Ibid: 9

high levels of domestic poverty[67]. It is perhaps due to the need for social and economic development in these countries, that their pursuit of milieu goals is often intimately tied to their desire for possession goals and for a greater role in global political power structures. Furthermore, it would appear that, unlike traditional middle powers, at least some of these emerging middle powers view their middle power status as a stepping stone towards great power status.

2.4 International Relations theory and South-South cooperation

A number of theoretical paradigms developed within the field of International Relations (IR) can and have been used to better understand the dynamics of SSC and the foreign policymaking of developing countries in general. Historically, SSC has been strongly associated with the body of IR theory known as 'dependency theory'. In the middle decades of the twentieth century, dependency theorists maintained that prevailing patterns of global development were a result of the forces of international capitalism. The underlying premise of dependency theory was articulated by Andre Gunder Frank in his claim that the "historical developments of the capitalist system have generated underdevelopment in the peripheral satellites whose economic surplus was expropriated, while generating economic development in the metropolitan centres which appropriate that surplus"[68]. In other words, while the developed world had benefited from global patterns of trade and finance, developing countries had suffered from deteriorating terms of trade and a dependence on economic and political ties to the countries of the North, which had resulted in the 'underdevelopment' that prevailed in the developing world.

Enhanced political, technical and economic cooperation between the countries of the South was considered a mechanism to enable developing countries to escape exploitative economic ties to the North and to increase their "collective self-reliance"[69]. SSC would allow developing countries to avoid deteriorating terms of trade and would reduce their dependency on the economies of the developed world. In particular, increased South-South trade and other forms of South-South economic integration would address underdevelopment by: i) extending the markets of developing countries, allowing them to exploit economies of scale and the benefits of specialisation; ii) reducing their exposure and vulnerability to economic shocks and fluctuations in the developed world; and iii) decreasing their economic and political dependence on the countries of the North[70]. From a

[67] Dauvergne & Farias, 2012: 905
[68] Frank, 1971: 2
[69] Morais de Sa e Silva, 2009: 43
[70] de la Fontaine & Seifert, 2010: 2

dependency theory perspective, SSC was an alternative to the prevailing status quo, and represented a "subversive strategy" for the political and economic development of the South[71].

In recent decades, however, dependency theory has existed very much on the fringe of mainstream IR theory, which has been dominated by the realist and liberal paradigms[72]. Realist theories describe the international system as being essentially anarchic. States, the main actors in the international system, are assumed to be rational and self-interested and primarily concerned with their own survival. They therefore strive to enhance their own security by maximising their relative capabilities *vis-à-vis* all other states. The sensitivity of states to any potential erosion of relative capabilities acts as a constraint on their willingness to cooperate on issues of shared interest[73], but SSC could nevertheless represent a strategy for aggregating the material sources of enhanced capabilities[74].

One particularly influential strand of the realist paradigm is the theory of 'neorealism' – also called 'structural realism' – developed by Kenneth Waltz in his 1979 book *Theory of International Politics*[75]. For neorealists, the crucial feature of the international system is the distribution of material power within the system. Systems dominated by one superpower are 'unipolar', those characterised by two or more great powers are 'bipolar' or 'multipolar'. Importantly, the polarity of the international system structures the possibilities for state action, narrowing foreign policy options and providing subtle and not-so-subtle incentives and disincentives for certain types of behaviour[76].

From a neorealist perspective, the most important factor influencing a developing (or indeed developed) country's foreign policy in the unipolar post-Cold War era is the fact of unrivalled US military, political and economic supremacy. Faced with US dominance of the international system, developing countries must decide whether to 'bandwagon' or 'balance' the superpower[77]. Bandwagoning refers to the actions of a weaker state that chooses to align itself with a more powerful state which it perceives to be a source of actual or potential threat[78]. By contrast, balancing occurs when weaker states ally with others against a more powerful state and potential threat[79]. According to Stephen Walt there are two distinct motives for bandwagoning. First,

[71] Jules & Morais de Sa e Silva, 2008: 56
[72] Ibid: 53
[73] Moen, 1998: 18
[74] Jules & Morais de Sa e Silva, 2008: 53
[75] Waltz, 1979
[76] Ikenberry et al., 2008: 5
[77] Hurrell, 2006: 5-6
[78] Walt, 1987: 17
[79] Ibid: 17

bandwagoning may be a strategy to avoid a direct challenge, or to divert it elsewhere[80]. Second, it may be a way to share in the spoils of war or some other form of conflict[81]. Elsewhere it has been suggested that weaker states may also bandwagon with a dominant state in order to secure some other type of political or economic advantage[82]. Nevertheless, as Walt has shown, historically, balancing has occurred more frequently than bandwagoning[83].

For neorealists, one of the most puzzling aspects of the post-Cold War era has been the relative lack of overt efforts to balance the US, which, given its military supremacy, provides at least a potential security threat to other states. Some explain this absence of balancing behaviour as a result of the overwhelming "raw power advantage" of the US, which ensures that no other state is likely to "take any step that might invite the focused enmity" of the superpower[84]. Others emphasise the "benign" nature of US foreign policy and the fact that despite its relative power advantage, the superpower has "generally manifested nonaggressive intentions"[85].

Another explanation that has been provided for the apparent absence of overt balancing against the US in recent years is that many second-tier states and middle powers have preferred to adopt a more subtle form of balancing. Unlike traditional 'hard balancing', this 'soft balancing' does not involve actions that directly challenge US military supremacy, but instead uses non-military tools to "delay, frustrate, and undermine" aggressive US policies[86]. States pursuing a soft balancing strategy use mechanisms such as "entangling diplomacy"[87] in international institutions to complicate and increase the costs of US polices, to challenge US preferences and to "withhold the effective cooperation on which the fulfilment of US foreign policy goals depends"[88]. Soft balancing also involves forms of cooperation such as "informal understandings, ad-hoc cooperative exercises or collaboration in regional or international institutions"[89]. "Economic strengthening" through, for instance, regional trading arrangements, can also form part of a soft balancing strategy[90].

[80] Ibid: 21
[81] Ibid: 21
[82] Hurrell, 2006: 12
[83] Walt, 1987: 148
[84] Wohlforth, 1999: 7
[85] Pape, 2005: 19-20
[86] Ibid: 10
[87] Ibid: 36
[88] Hurrell, 2006: 15
[89] Ibid: 15
[90] Pape, 2005: 37

Soft balancing has been used to describe the foreign policy behaviour of some developing countries and to account for South-South initiatives such as the IBSA Forum and the G20+[91]. While soft balancing may appear to be a suitable explanation for SSC between emerging powers, especially given their tendency to participate in numerous flexible coalitions and their current inability to challenge US supremacy directly, it must be noted that other factors such as economic interest and regional security concerns represent alternative explanations for these second-tier states' foreign policy behaviour[92]. Nevertheless, the two types of explanation need not be mutually exclusive[93].

Scholars of liberalism, meanwhile, share with realists the belief that rational and unitary states are the primary actors in an essentially 'anarchic' international system[94]. They are generally more positive, however, about the possibility of interstate cooperation. Robert Keohane, arguably the best-know adherent of a prominent strand of liberalism known as 'neoliberal intstitutionalism' has argued that the condition of anarchy in the international system does not prohibit "limited cooperation" between states[95]. For neoliberal institutionalists, such cooperation is possible where "significant common interests" exist[96]. This is because states are assumed to pursue absolute gains rather than relative power advantages. From this perspective, SSC can facilitate the pursuit of shared interests in, among other things, greater wealth and increased technical capabilities[97].

While neoliberal institutionalists generally share the neorealist premise that international institutions reflect the distribution of power within the international system[98], they emphasise the important role that institutions play in promoting interstate cooperation. In particular, they argue that institutions provide states with relevant information, reduce transaction costs, ensure that commitments are credible, act as focal points for coordination and "facilitate the operation of reciprocity"[99]. These functions are particularly crucial for ensuring the cooperation and collective action required to deal with the complex challenges that states face in a globalized world marked by increasing political, economic and social interdependence[100]. Institutions also provide the political space for second-tier states and emerging powers to advance their own interests by building coalitions to influence emerging norms and exploiting the "voice opportunities" provided by such

[91] See Flemes, 2009
[92] Brooks & Wohlforth, 2005: 7-8
[93] Flemes, 2009: 408
[94] Keohane, 1989: 1
[95] Ibid: 132
[96] Keohane & Martin, 1995: 39
[97] Jules & Morais de Sa e Silva, 2008: 54
[98] Keohane & Martin, 1995: 42
[99] Ibid: 42
[100] Hurrell, 2006: 6

institutions[101]. In this sense, SSC can be used as part of a strategy to advance the interests of developing countries within institutional settings.

2.5 IBSA cooperation as soft balancing

This chapter has laid the groundwork for an analysis of the IBSA Forum by highlighting a number of concepts and theoretical approaches that can help to clarify our understanding of the motivations for, and dynamics of, IBSA cooperation. It began by conceptualising, and providing a brief history of, SSC. As the rest of this paper will show, the IBSA Forum – indeed, IBSA cooperation in general – undoubtedly fits the broad definition of SSC used in this paper. This is certainly the case if we understand IBSA objectives such as economic growth, greater technical capabilities and a more prominent role in global affairs as being 'development goals'.

It has also been shown that contemporary global conditions for SSC differ greatly from those prevailing in the 1960s and 1970s, the era in which SSC first achieved global prominence as a foreign policy strategy for developing countries. For instance, the international system is no longer characterised by a bipolar order in which global security issues are dominated by the actions and concerns of sparring superpowers, and a number of crucial global governance issues requiring the cooperation of emerging and developing countries have become prominent on the global agenda in recent years. Furthermore, economic growth has led to the rise of a number of emerging middle powers, which has created unprecedented opportunities for economic and political collaboration between countries of the South. Given these new opportunities, it is likely that the motivations and dynamics of contemporary SSC initiatives will be somewhat different to earlier instances of SSC, even if many of the goals remain the same. Furthermore, it is at least possible that given more favourable conditions, contemporary SSC may be more effective than earlier forms of SSC.

Most importantly, by providing a brief overview of three theoretical paradigms from the field of IR – dependency theory, neorealism and neoliberal institutionalism – this chapter has established three different ways of interpreting the IBSA Forum and the motivations driving IBSA cooperation. For example, dependency theorists might perceive the IBSA Forum as a means to reduce the IBSA countries' reliance on exploitative ties to the North. They would also emphasise as motivating factors the aims of greater collective self-reliance among developing countries and a more prominent role for developing countries in global institutions.

[101] Flemes, 2007: 17

By contrast, neorealist and neoliberal institutionalist interpretations of IBSA cooperation would almost certainly characterise the IBSA Forum as a mechanism for facilitating the IBSA countries' pursuit of their national interests. For neorealists, these interests would be primarily about national security, and the unipolar distribution of power in the contemporary global system would be the most important independent variable influencing the IBSA countries' foreign policy behaviour. Neorealists would expect second-tier powers such as the IBSA countries to either bandwagon or balance the US, and, given the IBSA countries' inability to directly challenge US supremacy, IBSA cooperation might be understood as a pragmatic strategy to 'soft balance' the US through tools such as diplomatic entangling and economic strengthening. Neoliberal institutionalists, meanwhile, would emphasise the common interests of the IBSA countries and the IBSA Forum's role as a mechanism for reducing the transaction costs involved in the coordination of IBSA cooperation and as a platform for building coalitions in other institutional settings.

It is the central argument of this paper that, despite the significant South-South rhetoric surrounding the IBSA Forum, it is primarily the pursuit of national interests that underpins cooperation between the IBSA countries. In particular, the paper makes the neorealist argument that IBSA cooperation should be understood as an attempt to increase the IBSA countries' power capabilities relative to the US through a soft balancing strategy involving the use of non-military tools to delay, frustrate and undermine US policies and the use of economic (and technical) strengthening to increase the IBSA countries' economic and technical capabilities[102].

In order to assess this argument, the paper uses concepts derived from neorealist writings on soft balancing to derive two specific propositions (and corresponding alternative propositions):

> *Proposition 1: IBSA cooperation has involved the use of non-military tools such as entangling diplomacy and the withholding of cooperation in order to frustrate US (and other developed country) policies in global governance fora.*
>
> *Alternative proposition 1: IBSA cooperation has not involved the use of non-military tools such as entangling diplomacy and the withholding of cooperation in order to frustrate US (and other developed country) policies in global governance fora.*

[102] In doing so, the paper builds on the work of Daniel Flemes, who was the first to suggest that IBSA cooperation represented a form of 'soft balancing' by the IBSA countries (see Flemes, 2007 and Flemes, 2009)

Proposition 2: IBSA cooperation has involved the use of economic (and technical) strengthening to increase the IBSA countries' economic and technical capabilities.

Alternative proposition 2: IBSA cooperation has not involved the use of economic (and technical) strengthening to increase the IBSA countries' economic and technical capabilities.

In order to test these propositions (and to provide an analysis of IBSA cooperation), Chapters 3, 4 and 5 provide a comprehensive overview of the three pillars of IBSA cooperation identified in the introduction. Chapter 6 then concludes the paper by evaluating these propositions in light of the evidence provided in the preceding chapters. In particular, it concludes that IBSA cooperation is best understood as a form of soft balancing and as an attempt to promote the IBSA countries' shared interests in increased power capabilities and a more prominent place in global political power structures, than as a means to promote greater collective self-reliance among developing countries.

3 IBSA cooperation in multilateral fora

3.1 Introduction

Arguably the most prominent feature of IBSA cooperation has been the way in which the IBSA Forum has been used for consultation and coordination on global governance issues. The IBSA countries are strong proponents of multilateralism, but espouse the need for greater participation by developing countries in the decision-making of multilateral institutions in order to strengthen multilateralism and make it more responsive to the interests of the global South[103]. The IBSA countries have used the IBSA Forum as a platform to lobby for reform of various institutions and to coordinate their efforts to seek more prominent positions for themselves in multilateral institutions and other fora. IBSA communiqués and declarations have given prominence to IBSA cooperation at the UN and WTO, but the IBSA countries have also sought to coordinate their positions in other fora, such as the Convention on Biological Diversity[104] and the International Atomic Energy Agency[105].

This chapter examines IBSA cooperation in multilateral fora dealing with issues of global security, trade, finance and climate change. Section 3.2 focuses on IBSA efforts to promote reform of the UN Security Council and expansion of the Council's permanent membership. Section 3.3 looks at IBSA cooperation at the Doha Round of WTO trade negotiations. Section 3.4 investigates IBSA calls for reform of the global financial and economic architecture. Section 3.5 reviews IBSA cooperation at recent meetings of the United Nations Framework Convention on Climate Change in Copenhagen and Durban. Finally, Section 3.6 concludes the chapter with comments on the effectiveness of IBSA cooperation in the aforementioned multilateral fora.

3.2 Cooperation on reform of the United Nations Security Council

As avowed supporters of multilateralism, the IBSA countries view the UN as the most legitimate forum for addressing issues of global security. Moreover, the IBSA countries have no desire to establish an alternative to the existing institutional order[106]. As stated in the Brasilia Declaration, the IBSA countries recognise "the importance of respecting the rule of international law, strengthening

[103] IBSA, 2007a. Taylor and Williams (2006: 9) claim that South Africa has sought to make multilateralism "a central plank of its foreign policy", while Hurrel (2008: 53) highlights Brazil's arguments for greater justice and representativeness in global governance institutions.
[104] IBSA, 2003a
[105] IBSA, 2004b
[106] Flemes, 2009: 402

the United Nations and the Security Council and prioritizing the exercise of diplomacy as means to maintain international peace and security"[107]. Nonetheless, the IBSA countries do agree that there is a pressing need for reform of the UN and the United Nations Security Council (UNSC) in particular[108].

The IBSA countries believe that the existing membership of the UNSC reflects a mid-twentieth century global order rather than current geo-political realities. This, they maintain, has resulted in an institution that is not responsive enough to the priorities of developing countries – which make up the vast majority of UN membership[109]. They further maintain that membership of the Security Council should be expanded to include "developing countries from Africa, Asia and Latin America in both its permanent and non-permanent categories, so as to reflect contemporary realities and make it more democratic, legitimate, representative and responsive"[110]. To this end, the IBSA countries agreed to work together to pursue reform of the UNSC "on an urgent basis"[111]. They also agreed to cooperate with other countries interested in genuine Security Council reform[112].

The IBSA position on Security Council reform, while couched in terms of greater representativeness and responsiveness to the needs of the developing world, is closely related to the IBSA countries' aspirations for their own permanent seats in an expanded Security Council[113]. As regional powers and significant contributors to the functioning of the UN – India is actively engaged in numerous UN peace operations, Brazil is a significant financial contributor to the UN and South Africa is an important actor in UN missions in Africa[114] – the IBSA countries believe that they are "natural candidates"[115] for permanent membership of an enlarged Security Council. Pushing the case for the UNSC to be made more regionally representative allows the IBSA countries to implicitly support each other's bids for permanent membership without doing any harm to their own aspirations.

Despite the IBSA countries' shared interest in UNSC reform and the significance of the spoils that such reform might entail, IBSA cooperation on this issue has involved surprisingly little in the way of concrete initiatives. The IBSA countries have certainly used IBSA Summits and Ministerial meetings to state the case for UNSC reform. Indeed, at the most recent IBSA Summit, they went even further,

[107] IBSA, 2003a
[108] Ibid.
[109] IBSA, 2004b
[110] IBSA, 2006b
[111] Ibid.
[112] IBSA, 2007b
[113] Draper et al., 2004: 15
[114] FRIDE, 2007: 4
[115] Brazilian Foreign Minister Celso Amorim quoted in Taylor, 2009: 52

reaffirming their "willingness and capacity" to take on the major responsibilities that permanent membership of the Security Council would entail[116] and explicitly declaring their support for each other's aspirations for permanent Security Council Seats[117]. Other than such statements, however, IBSA cooperation in the area of Security Council reform has been limited to co-sponsoring a UN General Assembly resolution on Security Council reform in 2007[118].

One of the reasons for the lack of IBSA action on Security Council reform is that India and Brazil have preferred to lobby for permanent Security Council membership under the aegis of the G4, an alliance between India, Japan, Germany and Brazil formed with the specific aim of pushing those four countries' claims to permanent Security Council membership[119]. The G4 base their argument for permanent membership on the fact that, based on a range of measures, they can legitimately claim to be the most powerful countries without permanent membership of the Security Council. Unlike the IBSA Forum, which frames many of its arguments in terms of the interests of developing countries as a whole, the G4, with its singular purpose, provides an ideal platform for India and Brazil to unambiguously stake their own claims for permanent Security Council membership.

Another reason why the IBSA Forum has not been used as a platform for the IBSA countries to push for permanent UNSC membership is that in contrast to Brazil and India, South Africa is limited in its ability to lobby for a permanent seat on the UNSC. This is because the country abides by African Union (AU) guidelines discouraging African countries from such lobbying[120]. The AU maintains a preference for a permanent African Security Council seat with a "rotating incumbency", rather than having any one African country representing the entire continent[121]. The IBSA Forum has therefore largely been limited to calling for Security Council expansion and a more representative membership, rather than advancing the specific claims of the IBSA countries.

In any case, it is unlikely that a more concerted effort by the IBSA countries would have made much difference to the lack of progress that has been made in expanding and reforming the Security Council. This is because while there is widespread support for reforming the Security Council and making it more representative, consensus on the precise shape of such reform, and, in particular, on which countries would benefit from an expansion in UNSC membership has proved elusive.

[116] IBSA, 2011B
[117] Ibid.
[118] Draft Resolution A/61/L.69. See Hansen, 2011
[119] Flemes, 2007: 12
[120] Ibid: 12
[121] Draper et al., 2004: 15

Concerted efforts on the part of the G4 and others to bring about Security Council reform floundered in the mid-2000s due to resistance, not from existing permanent members of the UNSC, but from among the ranks of the world's middle powers[122].

Indeed, while the current permanent members of the UNSC are not all that keen on the idea of Security Council reform, given the potential this might have to dilute their influence[123], the key challenge facing the IBSA countries in their bids for permanent Security Council seats is resistance from regional rivals[124]. This can be seen in the fact that the most vociferous resistance to the aspirations of the G4 has come from those countries with whom they contend for regional supremacy. For instance, Argentina and Mexico have opposed Brazil's aspirations for permanent membership, Italy has opposed Germany's bid, Pakistan has opposed India's and several Asian countries have opposed Japan's[125]. Similarly, countries such as Nigeria and Egypt are likely to oppose attempts by South Africa to claim an African seat in an expanded Security Council[126].

Ultimately, despite the repeated calls for Security Council reform emanating from the IBSA Forum, the IBSA countries have been unable to use the Forum as a vehicle for their own aspirations with regard to UNSC membership. South Africa's regional commitments and the IBSA countries' desire for the IBSA Forum to be seen as a platform for promoting the interests of the South has meant that the IBSA Forum has not been used to overtly champion the aspirations of the IBSA countries, but rather to call for a more representative Security Council. This approach has failed to close the significant gap between the aspirations of the IBSA countries for permanent membership of the UNSC and their ability to realise these goals. Furthermore the IBSA Forum has contributed relatively little to the forging of a consensus around which countries would be included in an expanded UNSC, and the IBSA countries continue to face strong opposition to their membership bids from regional rivals.

3.3 Cooperation at the Doha Round of World Trade Organisation negotiations

The WTO has been another important site of cooperation between the IBSA countries[127]. The Brasilia Declaration explicitly recognises the "importance of a predictable, rule-based, and transparent

[122] Young, 2010: 4
[123] Ikenberry & Wright, 2008: 15
[124] Draper et al, 2004: 15
[125] Schirm, 2006: 9
[126] Draper et al, 2004: 15
[127] Indeed, many observers link the establishment of the IBSA Forum to prior cooperation between the IBSA countries during WTO trade negotiations. See for example Sudarkasa, 2011: 1

international trading system"[128] for the development prospects of today's developing countries and the IBSA countries view the WTO as the best available mechanism through which to ensure such a system. Nevertheless, the IBSA countries recognise that reform of current multilateral trade rules is needed in order to ensure that developing countries are able to benefit fully from global trade[129].

With their shared belief in the importance of such reform, the IBSA countries have sought to cooperate with one another at the current 'Doha Round' of WTO trade negotiations, launched in 2001. The Round, which aims to introduce lower trade barriers and to revise existing trade rules, is also known as the Doha Development Agenda as the improvement of developing countries' trading prospects is a "fundamental objective" of the Round[130]. While the developmental agenda of the Round reflects the desire of developing countries of the South to reshape their trading relationships with developed countries of the North, the two groups have increasingly found themselves in direct opposition when it comes to giving effect to the developmental goals of the Doha Agenda[131]. For example, the US and the EU have shown significant reluctance to reduce their domestic agricultural subsidies and open up their domestic markets to agricultural exports from developing countries[132].

The IBSA countries, recognising the potential benefits of cooperation, agreed to coordinate their negotiating positions at the Doha Round in order to give greater voice to the interests of the South[133]. They have stressed the importance of "promoting a development agenda in the WTO"[134] and of ensuring an ambitious outcome to the Doha Round, including the "reversal of protectionist policies and trade-distorting practices"[135]. They have also called upon developed country WTO members to "demonstrate greater flexibility" to address the concerns of developing countries and achieve a truly developmental outcome from the Round[136].

In the early years of the Doha Round, the IBSA countries were relatively successful in defending their interests and promoting those of the developing world. For example, the IBSA countries were actively involved in lobbying for an agreement to reduce the negative effects of the WTO Agreement on Trade-Related Intellectual Property Rights (TRIPS) on the ability of developing countries to access

[128] IBSA, 2003a
[129] Ibid.
[130] See WTO website: http://www.wto.org/english/tratop_e/dda_e/dda_e.htm
[131] Sudarkasa, 2011: 5
[132] Ibid: 5
[133] Ibid: 1
[134] IBSA, 2003b
[135] IBSA, 2003a
[136] IBSA, 2008b

cost-effective medicines[137]. Their efforts alongside other interested WTO members resulted in a 2003 WTO General Council Decision (the so-called 'TRIPS Waiver')[138] that allows developing countries to export locally produced generic drugs to countries facing public health crises, thereby ensuring poor countries' access to cheaper versions of on-patent pharmaceuticals[139].

The most notable instance of IBSA cooperation during the Doha Round, however, came at the WTO Ministerial Conference in Cancun in September 2003. In the lead up to the Cancun meeting, the EU and the US prepared a joint text on agricultural trade, which many developing countries found highly unsatisfactory, as it essentially sought to maintain the status quo in terms of allowing rich countries to continue subsidising their domestic agricultural sectors[140]. In response, a group of developing countries prepared an alternative proposal, which was tabled as a 'Ministerial document' in early September 2003[141]. The submission of this document marked the formation of the G20+ coalition[142] in the Doha Round agriculture negotiations[143].

The IBSA countries played a leading role in the establishment of the G20+[144]. Brazil and India jointly prepared the first draft of the G20+ response text, before collaborating with the other developing countries – including South Africa – that would become members of the G20+[145]. The IBSA countries' leadership role in the G20+ was also instrumental in ensuring that the coalition held together in the face of significant pressure from the EU and US during the Cancun meeting. Given the unwillingness of the EU and US to alter their positions and the diversity of interests represented in the G20+, it was assumed by many that the coalition would not survive the Cancun meeting[146]. In the end, however,

[137] See for instance, Abbott, 2005. Indian, Brazilian and South African delegations, along with those of Kenya and the United States, met with the Chair of the TRIPS Council to devise a statement to accompany a General Council Decision on the issue (Abbott, 2005: 327, note 71).
[138] See WTO website: http://www.wto.org/english/tratop_e/trips_e/implem_para6_e.htm
[139] Flemes, 2007: 13
[140] Narlikar & Tussie, 2004: 951
[141] Ibid: 951
[142] The G20+ coalition at the WTO, also known as the G20, G21, G22, G23 or G20+ is distinct from the G20 grouping of the world's largest economies discussed below, hence the use of G20+ here to avoid confusion. Membership of the G20+ has fluctuated over time, with the current membership standing at 23 countries. The current members are: Argentina, Bolivia, Brazil, Chile, China, Cuba, Ecuador, Egypt, Guatemala, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, Peru, Phillipines, South Africa, Tanzania, Thailand, Uruguay, Venezuela, Zimbabwe. Former members include: Colombia, Costa Rica, El Salvador and Turkey.
[143] Sudarkasa, 2011: 5
[144] For more on the role of the G20+ at the Cancun Ministerial see: Narlikar & Tussie, 2004; Miller, 2005; and Schirm, 2006
[145] Narlikar & Tussie, 2004: 952
[146] Ibid: 960. Brazilian Foreign Minister Celso Amorim, who was also the G20+ coordinator at Cancun, noted that "The real dilemma that many of us had to face was whether it was sensible to accept an agreement that would essentially consolidate the policies of the two subsidizing superpowers, with very modest gains and

the G20+ held firm and refused to agree to the EU-US proposal. This 'success' for the G20+ has been attributed to the leadership and coherence shown by the 'core' of the coalition, which included the IBSA countries, Argentina and China[147]. By working closely together, this group of large emerging economies was able to adopt a common negotiating position which incorporated the different interests of the various G20+ members and reflected a shared interest in addressing the perceived injustice of rich-country agricultural subsidies.

Following Cancun, the G20+ became a central player in the Doha agriculture negotiations[148]. The sheer weight of the group, which represents approximately 70 percent of the world's agricultural population and about a fifth of the world's agricultural GDP[149], forced a new negotiating paradigm in which the agenda was no longer set only by the EU and US, but rather through negotiations involving both developed and developing countries[150]. In addition, the ability of the G20+ to develop technically and politically sound proposals has resulted in many of the group's positions being reflected in the current draft modalities for the negotiations[151].

Cooperation between the IBSA countries has been instrumental in the continued significance of the G20+. Close cooperation and political linkages have helped the IBSA countries to overcome their own differences in the agriculture negotiations[152], and this has in turn fed through to the G20+, facilitating the development of positions which all members can support[153]. Brazil and India have also represented the G20+ in important smaller negotiating fora, such as the G5 or 'Five Interested Parties'[154] which became the key forum for developing a framework for agriculture negotiations during the WTO meetings in Geneva in 2004 and Hong Kong in 2005[155].

The G20+ is not the only Doha Round coalition in which the IBSA countries have been involved, however. All three IBSA countries have also been actively involved in the 'NAMA 11', a coalition of

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even some steps backward... and then have to wait for another 15 or 18 years to launch a new round, after having spent precious bargaining chips". Quoted in Narlikar & Tussie, 2004: 951

[147] Ibid: 960

[148] Baracuhy, 2011: 7

[149] Ibid: 7

[150] Ibid: 9

[151] Ibid: 7

[152] Brazil and India are perceived to be at opposite ends of the spectrum in the G20, with both having considerable domestic agricultural interests in the WTO – Brazil from the perspective of seeking greater market access and a more level playing field, and India with an overriding aim of wanting to protect its large numbers of subsistence farmers (Grant 2006: 14).

[153] Grant, 2006: 17

[154] Baracuhy, 2011: 8

[155] Schirm, 2006: 8

developing countries formed at the 6th WTO Ministerial Conference in Hong Kong in 2005[156]. The NAMA 11 coalition has been a major player in the Doha Round's non-agricultural market access (NAMA) negotiations which deals with trade in industrial goods. The NAMA 11 coalition aims to ensure flexibilities for developing countries in terms of market access commitments on industrial goods. This position echoes the emphasis placed by the IBSA countries on "less than full reciprocity in [tariff] reduction commitments" and the importance of flexibilities "to address the domestic sensitivities of developing and least developed countries"[157].

As with the G20+ in the agriculture negotiations, Brazil and India have played an important role representing the NAMA 11 during engagements with other important negotiating partners, such as in meetings of the G6[158]. Although maintaining a common position during the NAMA negotiations has proved difficult at times[159], the coalition has been largely successful in maintaining a united front, and has contributed constructively to the negotiations through the development of various proposals which have sought to achieve the flexibility desired by the IBSA countries and the other members of the coalition[160].

Ultimately, however, the IBSA strategy of entering into coalitions with like-minded developing countries at the Doha Round has achieved only limited success. While coalitions such as the G20+ and the NAMA 11 have played a significant role in furthering the IBSA countries' stated goal of ensuring a greater voice for the developing world in trade negotiations, the substantive goals that the IBSA countries have sought to achieve through these negotiations have remained elusive. Indeed, the greatest achievement of IBSA cooperation at the Doha Round has probably been the elevation of India and Brazil to the 'inner circle' of negotiations at the WTO, and this may have occurred in the absence of IBSA cooperation.

The major challenge the IBSA countries have faced is the fact that the emergence of a powerful developing country voice at the WTO appears to have contributed to the current deadlock at the Doha Round. As the bargaining power of the developing world has increased, the ability of

[156] Ismail, 2011: 1
[157] IBSA, 2008a
[158] Ismail, 2011: 9. The G6 consists of the US, EU, Japan, Brazil, India and Australia
[159] For instance, at the Geneva Ministerial in 2008, NAMA 11 members were unable to consult during the G7 talks called by WTO Director-General Pascal Lamy. The result was a fragmentation of the NAMA 11 negotiating position and a failure to get the specific demands of certain NAMA 11 members included in the G7 discussions (Ismail, 2011: 19)
[160] One example is the 'ABI' tariff reduction formula tabled by Argentina, Brazil and India, which proposes a non-linear approach to tariff cuts (CUTS International, 2006: 8).

developed countries to always get their way has decreased, and so has their interest in the multilateral trading system. Increasingly, the likes of the US and the EU are turning towards regional and bilateral trade agreements to further their interests, rather than trying to achieve these through a multilateral system in which their bargaining power has been greatly diluted[161].

The upshot of this is that there is no momentum in the negotiations at the Doha Round, and a final package of agreements does not seem likely to be achieved anytime soon. It would therefore be fair to claim that the IBSA countries stated goals for the Round, including comprehensive reform of multilateral trade rules and a levelling of the playing field through the removal of rich-country subsidies, are almost as distant in 2012 as they were at the establishment of the IBSA Forum.

3.4 Cooperation on reform of the global financial and economic architecture

Reform of the global financial and economic architecture has been another prominent goal of IBSA cooperation, and in the Brasilia Declaration, the IBSA countries agreed to "strengthen their cooperation towards making the international financial architecture responsive to development"[162]. Their calls for a more development-oriented global financial architecture have centred on two related areas of reform. First, the IBSA countries have maintained that developing countries should be given a greater role in global financial and economic decision-making and norm-setting processes[163], either through an expansion of the G8[164] into a more representative forum[165], or through a "shift of political capital" from the G8 to the G20[166] as the highest forum of international economic policy coordination[167]. Second, the IBSA countries have stressed the need for "a greater voice for and participation by developing countries" in the Bretton Woods institutions – the World

[161] For example, writing of the US response to the WTO General Council Decision on access to pharmaceuticals mentioned above, Abbott (2005: 349) shows how the US has shifted negotiations on the issue to bilateral and regional fora, and has had some success in using bilateral and regional agreements to introduce significant restrictions on the ability of generic medicines producers to export their products.
[162] IBSA, 2003a
[163] IBSA, 2005
[164] The G8 is a high-level informal governmental forum for eight of the world's largest economies. Formed in response to the global crises of the 1970s, the forum is used to exchange views, clarify positions and facilitate coordination on a range of global issues (Gnath, 2010: 1).
[165] Kornegay, 2009: 14
[166] The G20, formed as the Group of Twenty Finance Ministers and Central Bank Governors in 1999, is a forum for 19 of the world's major economies – Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom and the United States – plus the European Union to cooperate and consult on issues pertaining to the stability of the global financial system. Since 2008 G8 Summits have been attended by heads of state.
[167] Zurn & Stephen, 2010: 98

Bank and the IMF[168]. In particular, they emphasise the need for reform of IMF quotas in order to ensure an "equitable distribution of voting power between developed and developing countries consistent with their participation in the world economy"[169].

By the mid-2000s developed countries were starting to acknowledge demands by developing countries for increased participation in global financial and economic governance. This was made clear when the 'Outreach Five' (O5) – the IBSA countries plus Mexico and China – were invited to participate at the Gleneagles Summit of the G8 in 2005[170]. Then, at the G8 Summit in Heiligendamn in 2007, the G8-O5 relationship was formalised through the launch of a "topic-driven dialogue" on important global issues[171]. However, this 'Heiligendamn Process' did not represent a formal enlargement of the G8, and some of the O5 countries complained of being given a limited role at the Heiligendamn Summit[172].

A more significant paradigm shift in global financial and economic governance occurred in 2009 at the Pittsburgh Summit of the G20. In a statement from the Summit, the leaders of the G20 announced that they had "designated the G20 to be the premier forum for our international economic cooperation"[173]. This signalled that the G20 was in the process of eclipsing the G8 as the most important international forum for global economic cooperation, a process that had been given momentum by the upgrading of the G20 from the level of Ministers and Central Bank Governors to that of Heads of State and Heads of Government in 2008[174]. The increased prominence of the G20 has been welcomed by the IBSA countries, which, as G20 members, acknowledge the role of the G20 as a "key forum on global economic development and governance"[175].

Importantly, developing country G20 members have been successful in contributing to the G20 agenda. They have been able to introduce new issues to the forum and to have some success in influencing the terms of the debate on certain key issues[176]. A good example is the debate over capital controls. The issue of cross-border capital flows has been highly contentious as developing country G20 members such as the IBSA countries and China have demanded the right to use capital

[168] IBSA, 2007b
[169] IBSA, 2011B
[170] Gnath, 2010: 3
[171] Ibid: 3
[172] Ibid: 4
[173] G20, 2009
[174] Gnath, 2010: 8
[175] IBSA, 2007b
[176] European Parliament Directorate General for External Policies, 2011: 20

controls to protect their domestic economies, while the EU and the US oppose restrictions on the free movement of capital[177]. The fact that the IMF, an organisation long opposed to the use of capital controls has recently re-examined its stance and recognised that capital flows can result in disruptions to domestic economies[178] suggests that participation in the G20 has given developing countries a greater voice in global financial and economic governance[179].

Another important issue placed on the G20 agenda by developing countries – and one which the IBSA countries have repeatedly emphasised – is reform of the Bretton Woods institutions. This issue came onto the G20 agenda during a G20 meeting in Beijing in 2005[180]. The IBSA countries and other developing country G20 members have demanded that quotas and representation at the institutions reflect the economic weight of their members and that the selection of senior management be merit-based and ensure broad representation of all G20 members[181]. These calls have not gone unheeded. In 2008, the IMF undertook a reallocation of quotas and votes[182]. Then, at the Seoul Summit in 2010 G20 leaders agreed on a second round of reallocations, which would see some IMF voting rights reallocated from developed to emerging economies[183]. However, this second round of quota reallocations has not yet taken place, and developed countries still maintain a significant majority of IMF voting shares.

In recent years the IBSA countries, have achieved a greater voice in economic policy coordination at the global level. It does appear, however, that this has resulted less from intense lobbying, than from a realisation on the part of the developed world that certain global governance issues can only be adequately addressed in cooperation with large emerging economies. While the IBSA countries have tended to stress their goals in terms of greater developing country participation, it is clear that all three countries seek to ensure a more prominent role in global economic policy coordination. At times, the IBSA countries have also had difficulty coordinating among themselves on issues of global economic governance, such as when Brazil and South Africa backed a Nigerian candidate in the recent elections for a new World Bank president, and India voted for the candidate from the United

[177] Ibid: 18
[178] Harding, 2011. For the IMF's current stance on capital flows see IMF, 2012
[179] European Parliament Directorate General for External Policies, 2011: 18
[180] Ibid: 17
[181] Ibid: 17
[182] Ibid: 17. Each IMF member country is assigned a quota, which is broadly based on its relative position in the global economy. The quota determines the country's maximum financial commitment to the IMF and its voting power in IMF decisions. It also has a bearing on its access to IMF financing. For more on IMF quotas, see http://www.imf.org/external/np/exr/facts/quotas.htm
[183] European Parliament Directorate General for External Policies, 2011: 17. Specifically, emerging and developing countries would gain an increase in voting shares of 5.7 percent (8.8 percent compared to their pre-2008 share), while Europe would lose two of its seats on the IMF's executive board

States[184]. It is therefore difficult to determine whether IBSA cooperation on the reform of the global financial and economic architecture has been anything more than convenient rhetoric.

3.5 Cooperation at global climate talks

Climate change is yet another global governance issue on which the IBSA countries have sought to cooperate. As developing countries, they face similar challenges in terms of their vulnerability to the impacts of climate change and the difficulties involved in attempting to address climate change mitigation while also seeking to promote much-needed economic development[185]. In addition, all three IBSA countries face the challenge of trying to refocus their industrial policies and domestic investment on low- and zero-carbon industries while simultaneously attempting to maintain or improve the competitiveness of their domestic economies[186]. India and South Africa are also major contributors to global climate change through their greenhouse gas (GHG) emissions[187], and have come under significant pressure to accept compulsory emissions reduction targets[188].

Given the similar challenges the IBSA countries face in addressing issues of energy security, climate change and socio-economic development[189], their shared determination to ensure that national climate and energy-related policies do not adversely affect economic growth[190] and the increasing pressure they have been put under to tackle climate change, it is no surprise that they have agreed to work together on climate change. To this end, they established a Working Group on Environment and Climate Change and agreed to consult within the IBSA Forum on climate change issues[191] and to coordinate their positions on climate change at the relevant multilateral fora[192].

From the various communiqués and declarations that have been issued following IBSA Summits and Ministerials, a clear and consistent IBSA 'position' on climate change has emerged. In line with their support for multilateralism more generally, the IBSA countries have repeatedly emphasised that an

[184] Emerson, 2012: 3
[185] Chevallier, 2011: 56
[186] Ibid: 56
[187] In absolute terms, India is the world's fourth largest emitter of carbon dioxide, with emissions growing rapidly in parallel with the recent growth of the country's coal-powered economy (Chevallier, 2011: 46). South Africa, meanwhile, is the 13th largest carbon dioxide emitter globally, and has an emissions per capita ratio only slightly lower than that of most industrialised countries and well above the average for developing countries (Ibid: 49).
[188] European Parliament Directorate General for External Policies, 2011: 19
[189] Chevallier, 2011: 36
[190] Ibid: 47
[191] IBSA, 2006a
[192] IBSA, 2004b

international response to climate change should be coordinated under the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol[193]. They also believe that a global response should be guided by the principle of "common but differentiated responsibility"[194]. In particular, the IBSA countries maintain that developed countries should take the lead on tackling climate change by meeting their Kyoto commitments and adopting more ambitious emissions reduction targets in the post-2012 period[195], while developing countries commit only to taking "nationally appropriate actions"[196].

The highpoint of IBSA cooperation on climate change came at the 2009 United Nations Climate Change Conference (Copenhagen Summit), which included the 15th Conference of the Parties (COP 15) to the UNFCCC and the 5th Meeting of the Parties to the Kyoto Protocol[197]. In the lead-up to the Copenhagen Summit, the IBSA countries, working with China, launched a new Brazil-South Africa-India-China (BASIC) coalition for the negotiations. At the first BASIC Ministerial meeting, held in Beijing just weeks before the Copenhagen Summit, the BASIC countries agreed to coordinate their positions and to push issues of equity, fairness and socio-economic development in their countries[198]. The BASIC countries believed that their cooperation could counterbalance pressures that they expected to be exerted on them by developed countries in the negotiations[199].

The unified front presented by the BASIC group surprised many observers at the Copenhagen Summit, as the BASIC countries coordinated their positions on a regular basis and displayed greater unity than had been expected of South-South climate diplomacy[200]. Furthermore, the BASIC group played a highly prominent role during the negotiations and ultimately brokered the final outcome of the conference together with Australia and the United States, sidelining the EU in the process[201]. Significantly for the IBSA countries, the Copenhagen Accord explicitly recognised the principle of common but differentiated responsibility and did not require developing countries to make legally binding commitments on emissions reductions[202].

[193] IBSA, 2007a
[194] IBSA, 2004b
[195] IBSA, 2007b
[196] IBSA, 2008b
[197] Masters, 2012
[198] Ibid: 2
[199] Ibid: 2. Some news reports suggested that the BASIC countries had agreed to jointly walk out of the conference if the developed countries tried to force their own terms on the developing world (Dasgupta, 2009)
[200] Hallding et al., 2011: 2
[201] European Parliament Directorate General for External Policies, 2011: 10
[202] The Copenhagen Accord is available online at http://unfccc.int/resource/docs/2009/cop15/eng/l07.pdf

Although the IBSA countries, through the BASIC coalition, have continued to hold regular meetings to address climate change, they have struggled to maintain the momentum of the Copenhagen Summit, as internal tensions have threatened to impede their ability to negotiate as a unified coalition. The difficulties facing the IBSA/BASIC bloc were highlighted at COP 17, held in Durban at the end of 2011. In Durban, the BASIC coalition faced unified northern opposition to its demand for maintaining the principle of differentiated responsibilities. The IBSA/BASIC countries also faced calls from the developed world and from least developed countries and small island developing states for increased responsibility on their part[203]. Divisions between the IBSA countries surfaced, with Brazil and South Africa reportedly being more willing than India to acquiesce to at least some of the demands for greater ambition in terms of emissions reduction commitments[204].

It is notable that, unlike previous COP documents such as the Copenhagen Accord, the final document of COP 17 – the Durban Platform for Enhanced Action[205] - makes no reference to the principle of common but differentiated responsibility. Instead it provides for "a process to develop a protocol, legal instrument or an agreed outcome with legal force... applicable to all Parties", something dangerously close to the legally binding commitments that the IBSA/BASIC countries have attempted to avoid. This outcome suggests that the ability of the IBSA/BASIC countries to maintain their central case for 'differentiated responsibilities' in the area of climate change has waned and raises important questions about the future role of IBSA/BASIC cooperation on climate change[206].

3.6 Conclusion

The foregoing analysis has highlighted a number of related trends that could be said to characterise the IBSA 'strategy' on cooperation in multilateral governance fora. First, the IBSA countries have repeatedly emphasised their commitment to multilateralism. They recognize that they have little to gain from replacing current institutional structures of global governance with an alternative order, as existing institutions provide them with an invaluable platform from which to assert their interests against those of the developed world[207]. The IBSA countries have therefore focused their attentions on lobbying for reform of existing multilateral institutions, and, in particular, for a greater role for developing countries in the decision-making and norm-setting processes of these institutions.

[203] Hurrell & Sengupta, 2012: 472
[204] See for instance: European Parliament Directorate General for External Policies, 2011; Hurrell & Sengupta, 2012; and Carrapatoso, 2012
[205] The Durban Platform for Enhanced Action can be accessed online at http://www.scribd.com/doc/75448744/COP17-Durban-platform
[206] Hurrell & Sengupta, 2012: 469
[207] Flemes, 2007: 17

Second, the tendency to push for greater developing country representation in multilateral institutions is part of an IBSA approach which sees the IBSA countries frame their cooperative efforts in terms of a desire to promote the interests of the global South rather than their own national interests. Clearly, however, pushing for greater developing country representation in fora such as the UNSC serves to promote the IBSA countries' interests in securing a greater role in global governance for themselves. Third, the IBSA countries have sought to form larger coalitions with like-minded developing (and in the case of the G4, developed) countries on specific issues or in specific fora. This strategy of "latent multi-institutionalization"[208], reflected in IBSA participation in the likes of the G20, NAMA 11 and BASIC, serves to amplify the voice of the IBSA countries and enables them to be omnipresent on the global stage and to push their interests across a wide variety of issues[209].

Fourth, the IBSA Forum has provided a platform for the IBSA country representatives to meet regularly at IBSA Summits, Ministerials and Working Group meetings, and also at the margins of various multilateral fora[210]. This has facilitated close coordination between the countries and provided a means to reinforce positions of mutual interest, which in turn has enabled the IBSA countries to present a united front in many fora and to act as a strong core in larger coalitions. Finally, official IBSA declarations and communiqués serve not only to consolidate common positions on global issues but also to amplify the IBSA voice on these issues.

As highlighted above, the IBSA strategy on cooperation in multilateral fora has had somewhat mixed results. IBSA cooperation has been rather limited on the issue of UNSC reform and it is doubtful whether the IBSA countries are any closer to achieving permanent membership. In the WTO, the IBSA countries – and developing countries as a whole – have definitely increased their bargaining power. Indeed, in a speech given in 2012, WTO Director-General Pascal Lamy made note of the "emergence of some developing countries as key players and as real contributors to global dialogue on trade" as well as the fact that emerging powers such as India, Brazil and South Africa could no longer be considered "policy takers" in international organisations[211]. Significant evidence from the Doha Round of negotiations also shows that India and Brazil have been promoted to the inner-circle of WTO negotiating processes. However, this increased voice for developing countries in WTO

[208] Flemes, 2009: 409
[209] Ibid: 409
[210] According to the IBSA website, meetings have been held at the margins of fora such as the Human Rights Council, the WTO, WIPO and the Antarctic Treaty among others. See http://www.ibsa-trilateral.org/index.php?option=com_content&view=article&id=87&Itemid=64
[211] Lamy, 2012

negotiations has come at the price of stagnation in the Doha Round negotiations. Ultimately, the IBSA goal of a more level playing field in global trade has not been achieved.

The IBSA countries have had more success in increasing their participation, and that of the developing world, in global financial and economic governance, especially through the elevation of the G20 as the premier global forum on economic policy coordination. It is nonetheless difficult to determine how much credit for this should go to the efforts of the IBSA Forum. Finally, on the issue of climate change, the IBSA countries, through their participation in BASIC, have had some success in resisting pressure to adopt legally binding emissions targets, but there are signs that their ability to push a common position in global climate talks has decreased.

Overall, it would be fair to say that cooperation under the IBSA Forum has contributed to an "incremental global power shift" in favour of the IBSA countries and the developing world[212]. Certainly, cooperation has not always proved straightforward, and the IBSA countries have occasionally had difficulty maintaining a unified front. This is because, quite naturally, their national interests on certain issues do differ[213]. The IBSA countries' strategy for multilateral system reform has also faced tensions due to the contradictions inherent in their attempts to champion the interests of the South, while simultaneously attempting to secure a privileged role for themselves[214]. Finally, as can be seen from the cases of the Doha Round and efforts to reform the UNSC, a greater role and stronger bargaining position for the IBSA countries or the developing world more generally has not translated into the attainment of specific goals such as permanent Security Council seats or liberalised global agricultural trade.

[212] Flemes, 2009: 401
[213] For example, India has a more defensive interest in agricultural trade than the other two IBSA countries, and has tended to be less flexible on a range of trade-related issues (Mokoena, 2007: 129).
[214] Zurn & Stephen, 2010: 98

4 Intra-IBSA trade and investment promotion

4.1 Introduction

Since its establishment, one of the major aims of the IBSA Forum has been the promotion of increased trade and investment between the IBSA countries. The IBSA Plan of Action, adopted in New Delhi in 2004, set the initial broad outline of an agenda for IBSA cooperation in the field of trade and investment[215]. This would involve the strengthening of business linkages, efforts to seek convergence between the existing preferential trade agreements (PTAs) between the three countries and their respective regions and an assessment of other activities that could assist in growing intra-IBSA trade and investment flows[216]. In the Plan of Action, Ministers from the three IBSA countries also explicitly committed themselves to increasing intra-IBSA trade flows to US$10 billion by 2007. This target would later be succeeded by commitments to increase trilateral trade to US$15 billion by 2010[217] and to US$25 billion by 2015[218].

A number of initiatives have been undertaken as part of the IBSA Forum's efforts to promote intra-IBSA trade and investment. These include the establishment of the IBSA Working Group on Trade and Investment, the signing of the IBSA Action Plan on Trade Facilitation for Standards, Technical Regulations and Conformity Assessment[219], the establishment of a Business Forum and the organisation of numerous meetings between public and private sector stakeholders[220]. The IBSA Forum has also sought to coordinate work on the broadening and deepening of the existing India-MERCOSUR and MERCOSUR-SACU PTAs and to facilitate the conclusion of an India-SACU PTA. The convergence of these PTAs is seen as an important step towards establishing the proposed India-MERCOSUR-SACU trilateral free trade agreement (FTA)[221], which would create an integrated market with a population of over 1.2 billion people and a GDP of more than US$1.2 trillion[222].

[215] IBSA, 2004a
[216] Ibid.
[217] IBSA, 2008a
[218] South African Minister of Trade and Industry, Rob Davies, quoted in SouthAfrica.info, 2011
[219] IBSA, 2006b
[220] IBSA, 2006a
[221] IBSA, 2006b
[222] IBSA, 2004a

This chapter explores the impact the IBSA Forum has had in promoting intra-IBSA trade[223] and investment. Section 4.2 examines the evolution of intra-IBSA trade flows in recent years. This is done not with the aim of attempting to prove any causal links between the establishment of the IBSA Forum and any identified changes in trade patterns, but instead to establish whether there has in fact been a significant increase in intra-IBSA trade following the Forum's establishment. Section 4.3 details the progress made in efforts to institutionalise intra-IBSA trade links through the convergence of existing PTAs towards the establishment of the proposed India-MERCOSUR-SACU FTA. Section 4.4 then briefly examines available data on intra-IBSA investment in order to assess whether there has been a significant increase in intra-IBSA investment since the establishment of the IBSA Forum. Finally, Section 4.5 concludes the chapter by summarising the main findings with regard to the impact of the IBSA Forum on trade and investment between the IBSA countries.

4.2 Intra-IBSA trade flows

Almost a decade on from the establishment of the IBSA Forum, the general consensus is that "intra-IBSA trade has grown significantly"[224] in recent years and that the IBSA Forum has had a "profoundly beneficial effect" in "improving trade among the three nations"[225]. This section examines the most up-to-date[226] available data on intra-IBSA trade to assess whether it is true that intra-IBSA trade has grown significantly in the years following the establishment of the IBSA Forum. The data presented in the tables below are sourced from the *Global Trade Atlas* (GTA) database[227], which uses data collected from the relevant national statistical agencies[228].

In the decade preceding the establishment of the IBSA Forum, growth in intra-IBSA trade outpaced growth in IBSA's total international trade. Between 1991 and 2003, total IBSA exports to the world grew at 6 percent a year, while intra-IBSA exports grew at over 15 percent a year (see Table 1). These differing rates of export growth, which resulted in intra-IBSA exports rising from 0.5 percent to 1.6 percent of total IBSA exports over this period, probably resulted from the fact that intra-IBSA trade was very modest up until the early 1990s, due to all three IBSA countries maintaining highly

[223] Due to the fact that the relevant data are either non-existent or not publicly available, this chapter does not look at trade in services. All references to trade in this chapter refer to trade in goods only.
[224] South African President Jacob Zuma speaking at the Fifth IBSA Summit, Pretoria. Accessed online at http://www.thepresidency.gov.za/pebble.asp?relid=5047&t=79
[225] Bratzel, 2011
[226] As of late 2012
[227] The Global Trade Atlas is available at http://www.gtis.com/GTA/
[228] Indian trade data sourced from the Indian Ministry of Commerce and Industry, Brazilian trade data from SECEX (Foreign Trade Secretariat) and South African trade data from the South African Revenue Service (SARS)

protected economies up until that stage. During the early to mid-1990s all three IBSA countries embarked on processes of unilateral trade liberalisation as well as multilateral trade liberalisation under the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). The cumulative effect of all three previously protected economies opening up to foreign trade and very low levels of existing trade meant that intra-IBSA exports were able to grow fairly rapidly – certainly in comparison to total IBSA exports.

Table 1: Intra-IBSA Trade, 1991-2003 (US$ million)

	1991	1995	1999	2003	Growth 91-03*
IBSA Exports to World**	77 875	105 353	110 355	165 526	6.0%
Intra-IBSA Exports	420	1 431	1 510	2 688	15.3%
Intra-IBSA Exports as Share of Exports to World	0.5%	1.4%	1.4%	1.6%	

Notes: *Compound Annual Growth Rate 1991-2003; **Includes intra-IBSA exports
Source: De, 2005 using IMF Direction of Trade Statistics for 1991 and 1995; GTA using Indian Ministry of Commerce, SECEX and SARS data for 1999 and 2003

Growth in intra-IBSA trade accelerated following the establishment of the IBSA Forum in 2003, as did growth in total IBSA trade. Between 2003 and 2011, intra-IBSA exports grew by 24 percent a year, again outpacing total IBSA export growth, which averaged 16.6 percent a year over the same period (see Table 2). Although the IBSA countries missed their target of US$10 billion in trilateral trade by 2007[229], recording intra-IBSA exports of US$8.8 billion, they surpassed their target of US$15 billion in trilateral trade by 2010, recording US$15.9 billion in intra-IBSA exports for that year.

The fact that intra-IBSA exports grew at a faster rate in the period after the establishment of the IBSA Forum, and the fact that intra-IBSA export growth continues to be higher than total IBSA export growth in the IBSA Forum era – with the intra-IBSA share of total IBSA exports rising from 1.6 percent in 2003 to 2.8 percent in 2011 – suggest that cooperation under the IBSA Forum may indeed have had a positive effect in terms of promoting intra-IBSA trade. On the other hand, despite a relative lack of any formal institutionalisation of IBSA-China trade[230], IBSA exports to China grew faster than intra-IBSA exports between 2003 and 2011, even though IBSA exports to China already accounted for almost 5 percent of total IBSA exports in 2003[231]. By 2011, exports to China accounted for 11.4 percent of total IBSA exports, and the value of exports to China was approximately four times the value of intra-IBSA exports in that year.

[229] Measured in terms of the value of intra-IBSA exports, otherwise, if the value of intra-IBSA imports is used, the countries surpassed their target, recording US$10.2 billion in intra-IBSA imports. See Footnote 232 below for an explanation of the discrepancies between the import and export values.
[230] None of the IBSA countries have a preferential trade agreement with China.
[231] In other words growth in exports to China occurred off a larger base than growth in intra-IBSA exports

Table 2: Intra-IBSA and IBSA-China Trade (Exports), 2003-2011 (US$ million)

	2003	2005	2007	2009	2011	Growth 03-11*
IBSA Exports to World**	165 526	269 829	378 081	380 577	659 469	16.6%
Intra-IBSA Exports	2 688	6 388	8 801	10 790	18 790	24.1%
IBSA Exports to China	7 895	14 815	24 148	36 144	75 146	28.4%
Intra-IBSA Exports as Share of Exports to World	1.6%	2.4%	2.3%	2.8%	2.8%	
Exports to China as Share of Exports to World	4.8%	5.5%	6.4%	9.5%	11.4%	

Notes: *Compound Annual Growth Rate 2003-2011; **Includes intra-IBSA exports
Source: GTA using Indian Ministry of Commerce, SECEX and SARS data

The picture on the import side is broadly similar (see Table 3)[232]. Intra-IBSA import growth outstripped growth in total IBSA imports between 2003 and 2011, and intra-IBSA imports grew as a share of total IBSA imports from 2.6 percent to 3.3 percent over this period. Again however, growth in intra-IBSA imports was much smaller than growth in IBSA imports from China, with the latter increasing as a share of total IBSA imports from 5.2 percent in 2003 to 12.9 percent in 2011.

Table 3: Intra-IBSA and IBSA-China Trade (Imports), 2003-2011 (US$ million)

	2003	2005	2007	2009	2011	Growth 03-11*
IBSA Imports from World**	153 843	266 950	418 088	450 172	789 275	19.9%
Intra-IBSA Imports	4 060	7 483	10 225	13 663	25 766	22.8%
IBSA Imports from China	7 943	20 327	45 915	53 245	102 201	32.8%
Intra-IBSA Imports as Share of Imports from World	2.6%	2.8%	2.4%	3.0%	3.3%	
Imports from China as Share of Imports from World	5.2%	7.6%	11.0%	11.8%	12.9%	

Notes: *Compound Annual Growth Rate 2003-2011; **Includes intra-IBSA imports
Source: GTA using Indian Ministry of Commerce, SECEX and SARS data

Breaking down trade flows by country reveals differences between the IBSA countries' respective performances in terms of growing trade with their IBSA partners. For both India and South Africa, exports to IBSA partners grew faster than overall exports between 2003 and 2011. Indeed, the share of South Africa's exports to its IBSA partners increased from 1.6 percent to 4.3 percent over this period (see Table 4). By contrast, Brazil's exports to the other IBSA countries grew at roughly the same pace as its overall exports between 2003 and 2011, and the share of Brazil's exports destined for India and South Africa increased by only 0.1 percent over this period.

[232] Note that the discrepancy between the values for intra-IBSA imports in Table 2 and intra-IBSA exports in Table 3 is likely due to differences in the recorded values of the same goods on the import and export side. One possible reason for such differences is that the recorded values of imports usually include the cost of insurance and freight.

Table 4: Exports to IBSA Partners as Share of Total Exports

Source	2003	2005	2007	2009	2011
India	1.4%	2.4%	2.9%	2.2%	3.2%
Brazil	1.8%	2.1%	1.7%	3.1%	1.9%
South Africa	1.6%	2.9%	2.7%	4.0%	4.3%

Source: GTA using Indian Ministry of Commerce, SECEX and SARS data and own calculations

On the import side, however, India appears to be the odd one out. For both South Africa and Brazil, imports from IBSA partners grew faster than overall imports between 2003 and 2011. The share of Brazil's imports originating in India and South Africa more than doubled during this period, increasing from 1.4 percent to 3.1 percent (see Table 5). For India, though, imports from the other IBSA countries grew slower than overall imports, and the share of India's imports originating in Brazil and South Africa actually decreased from 3.1 percent in 2003 to 2.8 percent in 2011.

Table 5: Imports from IBSA Partners as Share of Total Imports

Destination	2003	2005	2007	2009	2011
India	3.1%	2.6%	1.9%	3.1%	2.8%
Brazil	1.4%	2.1%	2.2%	2.1%	3.1%
South Africa	3.3%	4.4%	4.3%	4.8%	5.7%

Source: GTA using Indian Ministry of Commerce, SECEX and SARS data and own calculations

Finally, while an in-depth analysis of the composition of intra-IBSA trade is beyond the purview of this paper, a brief examination of the most important products in intra-IBSA trade (See Table 6) reveals a number of interesting points. First, the composition of intra-IBSA trade is highly concentrated, with exports of oil and coal accounting for 42 percent of all intra-IBSA exports. Second, primary commodities (oil, coal, copper), motor vehicles and vehicle parts, agricultural products (sugar, poultry, soybean oil) and medicines and other chemical products (diphosphorous pentaoxide, pesticides) together account for a significant proportion of intra-IBSA trade. Third, intra-IBSA exports of particular product groups are dominated by individual IBSA countries. Of the top 15 product groups in intra-IBSA trade, only three – car parts and accessories, goods vehicles and, to a lesser degree, pesticides – are not dominated by a particular IBSA country.

This last point is interesting in that it suggests a certain degree of trade complementarity between the IBSA countries, with India exporting goods such as passenger vehicles, medicines and synthetic yarn, Brazil exporting minerals and agricultural products and South Africa exporting minerals and chemical products. It does also reveal, however, that even in intra-IBSA trade, the IBSA countries compete with one another in product categories such as car parts, goods vehicles and pesticides. Furthermore, if IBSA countries' overall exports are examined, it becomes clear that the IBSA

countries are competitors when it comes to the export of particular product groups to global markets. For example, all three countries are notable exporters of passenger vehicles, car parts and accessories and iron ore and iron ore concentrates. In addition, India and Brazil are both significant exporters of frozen beef and non-crude oil. It is therefore fair to say that while there may be areas of trade complementarity between the IBSA countries, the countries definitely also compete with one another in a number of product categories of significant importance to their domestic economies.

Table 6: Top Product Groups in Intra-IBSA Trade in 2011*

HS4**	Description	Value (US$ million)	Share***	Cumulative share	Major exporters (share)****
	All commodities	18,790			
2710	Oil (not crude)	4,364	23.2%	23.2%	India (99.5%)
2701	Coal	1,899	10.1%	33.3%	South Africa (100%)
2709	Crude oil	1,703	9.1%	42.4%	Brazil (100%)
2603	Copper ores & concentrates	509	2.7%	45.1%	Brazil (92.9%)
8703	Passenger vehicles	493	2.6%	47.7%	India (100%)
3004	Medicines	370	2.0%	49.7%	India (95.3%)
7204	Ferrous waste & scrap	322	1.7%	51.4%	South Africa (84.9%)
8708	Car parts & accessories	277	1.5%	52.9%	India (50.3%); Brazil (46.4%)
1701	Sugar	268	1.4%	54.3%	Brazil (91.6%)
2809	Diphosphorous pentaoxide	229	1.2%	55.5%	SA (99.9%)
0207	Fresh or frozen poultry meat	220	1.2%	56.7%	Brazil (100%)
0308	Pesticides	220	1.2%	57.9%	India (73.7%); South Africa (24.6%)
8704	Vehicles for goods transport	219	1.2%	59%	Brazil (53.8%); India (46%)
5402	Synthetic yarn	214	1.1%	60.2%	India (100%)
1507	Soybean oil & its fractions	205	1.1%	61.3%	Brazil (100%)

Notes: *Aggregated exports of the three IBSA countries to their IBSA partners; **4 digit classification as per the Harmonised Commodity Description and Coding System (HS) of tariff nomenclature; ***Share of intra-IBSA trade in all commodities; ****Share of major IBSA exporters of particular product group in total intra-IBSA exports of that product group
Source: GTA using Indian Ministry of Commerce, SECEX and SARS data and own calculations

The data in these tables show that there has been a significant increase in the absolute value of intra-IBSA trade since the establishment of the IBSA Forum, and that the IBSA countries have been somewhat successful in attaining the goals they have set themselves in terms of intra-IBSA trade growth. More importantly, the data also show that intra-IBSA trade has grown significantly faster than overall IBSA trade, and that IBSA countries are conducting proportionately more of their trade with one another now than before the establishment of the IBSA Forum. What the data do not – and cannot – show, however, is that improved intra-IBSA trade has resulted from the establishment of the IBSA Forum. Indeed, if anything, the fact that IBSA trade with China has grown faster than intra-IBSA trade over this period, suggests that gains in intra-IBSA trade may simply be part of a larger global trend towards increased South-South trade, a trend influenced by, *inter alia*, diverging economic growth performances between the countries of the South and the North.

4.3 Convergence of PTAs towards an India-MERCOSUR-SACU FTA

While efforts to conclude bilateral trade agreements between the IBSA countries predate the establishment of the IBSA Forum, the Forum has been used to emphasise the desire of the IBSA countries to use bilateral preferential agreements as steps towards the creation of a trilateral India-MERCOSUR-SACU FTA[233]. For instance, in the Joint Declaration of the First IBSA Summit Meeting, the IBSA Heads of State and Government expressed their full support and commitment to the establishment of a trilateral FTA, recognising that such an arrangement would promote closer ties between their three countries and would contribute to a "new scenario in international trade, suitable to their respective development goals"[234]. With this goal in mind, regular meetings of representatives of India, MERCOSUR and SACU have been organised under the IBSA Forum. This section briefly examines the evolution of the India-MERCOSUR, MERCOSUR-SACU and India-SACU PTAs in order to assess what impact, if any, the IBSA Forum has had on the formal institutionalisation of intra-IBSA trade linkages.

India and MERCOSUR signed a Framework Agreement in June 2003 with the aim of strengthening relations, promoting bilateral trade and creating the conditions and mechanisms for the establishment of a full FTA. It was agreed that, initially, a more limited preferential agreement would be concluded[235]. This led to the signing of a PTA in New Delhi in January 2004, as a "first step towards the creation of a Free Trade Area"[236]. The India-MERCOSUR PTA, which came into effect on 1 June 2009, grants preferential access for certain product categories and contains provisions on measures such as trade remedies and technical barriers to trade. The agreement grants tariff concessions of between 10 and 100 percent on 452 Indian product categories for import into MERCOSUR, and on 450 MERCOSUR product categories for import into India.

South Africa, as part of the Southern African Customs Union (SACU), concluded a PTA with MERCOSUR in December 2004. This agreement, which also explicitly served as the first step towards the creation of a free trade area between the parties[237], was replaced by a revised PTA in 2008. The original PTA was very similar in nature to the India-MERCOSUR PTA, although it included some differences in product coverage. MERCOSUR granted preferences of between 10 and 100 percent to

[233] As members of MERCOSUR and SACU respectively, Brazil and South Africa can only enter into bilateral or regional trade agreements with third parties as part of their respective trading blocs.
[234] IBSA, 2006b
[235] CUTS-CITEE, 2005a: 1
[236] Article 2 of the Preferential Trade Agreement between MERCOSUR and the Republic of India
[237] Article 2 of the 2004 Preferential Trade Agreement between the Southern Common Market (MERCOSUR) and the Southern African Customs Union (SACU)

SACU on 958 product categories, including organic chemicals, electrical machinery and pharmaceuticals, while SACU granted preferences to MERCOSUR of between 10 and 100 percent on 951 product categories, including electrical machinery and plastics[238]. The 2008 PTA extended the coverage of these preferences only slightly, with both offer lists increasing to over 1000 product categories[239]. In addition, a new annex on sanitary and phytosanitary standards was attached to the agreement[240]. As of late 2012 the MERCOSUR-SACU PTA is still awaiting ratification by certain parties and is not yet in force.

Negotiations towards an India-SACU PTA, meanwhile, grew out of a meeting between the trade ministers of India and South Africa in New Delhi in January 2000[241]. A decision was later taken to enter into negotiations towards a PTA in order to deepen trade and investment flows between the two countries[242]. In light of its membership of SACU, South Africa also requested the inclusion of the other SACU member states in the negotiations[243]. India agreed to this request and a Joint Working Group was set up to initiate negotiations towards a Framework Agreement. The text of this Framework Agreement was finalised in 2004 and provided for limited initial tariff concessions, with the scope and coverage of the agreement to be broadened into a full FTA at a later stage[244]. It was initially envisaged that the negotiations towards the PTA would be completed by the end of 2005, but formal negotiations only began in late 2007[245]. India and SACU submitted initial tariff concession offer lists in 2009 and followed this up with revised lists in 2011[246]. As of late 2012, responses to these revised offer lists are still being developed.

From an examination of the short histories of these three PTAs it is notable that subsequent to the conclusion in 2004 of both the India-MERCOSUR PTA and the initial MERCOSUR-SACU PTA, efforts to bring these agreements into force, to broaden and deepen their coverage, to establish an India-SACU PTA and to converge all three PTAs towards an India-MERCOSUR-SACU FTA have progressed very slowly. Having been signed in early 2004, the India-MERCOSUR PTA only came into force in June 2009[247]. Similarly, while the MERCOSUR-SACU agreement of 2004 was replaced by a revised 2008 agreement with a slightly broader coverage of tariff concessions, it took a year for this revised

[238] CUTS-CITEE, 2005b: 3
[239] SACU, 2008: 1
[240] Ibid.
[241] CUTS-CITEE, 2005c: 1
[242] SIAM, 2005
[243] Ibid.
[244] CUTS-CITEE, 2005c: 1
[245] Government of India, Ministry of Commerce and Industry, 2012
[246] SEIFSA, 2012: 1; DTI, 2012
[247] Government of India, Ministry of Commerce and Industry, 2009

agreement to be signed, and it is yet to be ratified by certain parties and is still not in force. The long-awaited India-SACU PTA, meanwhile, remains at the negotiation stage, with full agreement on the final text and on the respective tariff concession offer lists still outstanding.

It is not uncommon for the conclusion of trade agreements to drag on over a number of years, especially when the parties involved include blocs of sovereign states, such as in the case of MERCOSUR and SACU. Nevertheless it is surprising that this has been the case for the PTAs involving India, MERCOSUR and SACU, as these agreements are of rather limited ambition. Neither the India-MERCOSUR nor the MERCOSUR-SACU agreements necessitate significant legal or institutional change at the domestic level for the parties concerned, as the focus of these agreements is largely on closer engagement and cooperation, rather than on creating a comprehensive institutional framework for governing bilateral trade.

In addition, the tariff concessions made by the parties are of limited commercial relevance, as only a small percentage of product categories are covered by the respective agreements. Many of the concessions that have been included provide only for a 10 or 20 percent preference *vis-à-vis* the baseline most-favoured-nation tariff, and, especially in the case of the India-MERCOSUR PTA, few product categories are granted duty-free access. Furthermore, many of the concessions granted under the PTAs are on product categories already subject to low tariffs, while many product categories which would have been of interest to exporters, such as motor vehicles and certain agricultural products, were excluded due to the protectionist interests of domestic industries[248].

The limited scope and ambition of the concluded PTAs results from the fact that these agreements were not designed to have a significant impact on trade flows between the regions, but rather to develop closer ties and set the stage for efforts to establish more comprehensive agreements[249]. The fact that the entry into force of these PTAs has been such a slow process suggests a lack of political will – something that perhaps could and should have been addressed under the IBSA Forum – and does not augur well for attempts to establish a far more ambitious India-MERCOSUR-SACU FTA. It must surely be seen as a disappointment that, more than seven years after being put on the IBSA agenda, the goal of an India-MERCOSUR-SACU FTA is not significantly closer to being realised.

[248] CUTS-CITEE, 2005b: 3
[249] Ibid; CUTS-CITEE, 2005a

4.4 Intra-IBSA investment

While a significant proportion of the literature on IBSA focuses on the potential or progress of efforts to boost intra-IBSA trade[250], somewhat less emphasis has been placed on examining whether the IBSA Forum has had a positive effect on intra-IBSA investment flows. In terms of the IBSA agenda for promoting closer economic ties between the IBSA countries, increased trilateral investment is almost always mentioned alongside increased trilateral trade flows as an important goal. The Brasilia Declaration, for example, highlights the importance of exploring potential opportunities in trade *and* investment, while in the New Delhi Plan of Action there was agreement that the IBSA countries should examine potential measures for increasing trade *and* investment flows among themselves[251].

One reason for the lack of focus on IBSA investment is that data on bilateral investments are difficult to find and are notoriously unreliable. There are no global databases in the public domain which provide comprehensive statistics on bilateral investment for all countries, and few countries publish national statistics on bilateral investment. In addition, different methods are used by different statistical agencies to measure investment, meaning it is difficult to reconcile data from different sources. Furthermore, accurately recording bilateral investment data is a difficult process itself, especially due to transhipping and round-tripping using offshore financial centres and locally-incorporated subsidiaries, which can serve to portray a misleading picture as to the true sources of certain investment flows[252]. Therefore, while this section briefly examines available evidence on intra-IBSA investment – focusing in particular on foreign direct investment (FDI)[253] – in order to assess whether the IBSA Forum has had a positive impact on trilateral investment flows, the limited evidence provided can only give a general sense of the performance of intra-IBSA investment.

Data provided by the South African Reserve Bank suggest that both India and Brazil remain marginal in terms of South Africa's total stock of FDI abroad, with the two countries accounting for just 0.18 and 0.1 percent respectively of South Africa's total FDI stock abroad in 2010 (see Table 7). Similarly, according to the Indian Ministry of Commerce and Industry, total South African FDI flows into India between 2000 and 2012 accounted for just 0.06 percent of total FDI inflows into India over this period[254]. Nevertheless, it does appear that South African FDI in both India and Brazil has grown rapidly since 2002, even if this growth has occurred off a very low base. South Africa's FDI in Brazil

[250] Papers focusing on intra-IBSA trade include De, 2005 and Puri, 2007
[251] IBSA, 2003a; IBSA, 2004a
[252] For such concerns in relation to Indian FDI data, see Gopalan & Rajan, 2009
[253] As defined by the national statistical agencies from which the relevant data are sourced
[254] Reserve Bank of India, 2012

has grown at over 50 percent a year between 2002 and 2010, while the country's FDI in India has grown at over 72 percent a year over the same period. These rates compare very favourably to the annual rate of growth of South Africa's total FDI stock abroad between 2002 and 2010, which was 13.5 percent. The result is that shares of South Africa's total outward FDI stock in India and Brazil rose from 0.00 and 0.01 percent in 2002 to 0.18 and 0.1 percent in 2010.

Table 7: South African Foreign Direct Investment (FDI) Stock Abroad (R million)

Host	2002	2004	2006	2008	2010	Growth 02-10*
World	189 911	220 036	354 254	464 842	593 217	13.5%
India	8	46	11	816	1064	72.2%
Brazil	15	18	23	406	602	50.7%
India as Share of World	0.00%	0.02%	0.00%	0.18%	0.18%	
Brazil as Share of World	0.01%	0.01%	0.01%	0.09%	0.10%	

Note: *Compound Annual Growth Rate 2002-2010
Source: South African Reserve Bank and own calculations

Table 8 reconciles data sourced from a study by the Export-Import Bank of India[255] and from an address given by the Deputy Governor of the Reserve Bank of India[256] in order to examine India's FDI flows to Brazil between 2004-05 and 2010-11. No clear pattern emerges from the data, as the vast majority of India's total FDI flows to Brazil during this period occurred in 2005-06. What can be deduced from the data, however, is that between 2004 and 2011 Brazil was not a major destination for Indian FDI. In only one year (2005-06) during this period was the share of FDI flows to Brazil greater than 1 percent of total Indian FDI outflows, and for the period as a whole, Brazil accounted for just 0.6 percent of Indian FDI outflows. Meanwhile, according to the Reserve Bank of India, Brazil accounted for just 0.01 percent of FDI flows into India between 2000 and 2012[257].

Table 8: FDI Outflows from India (US$ million)

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Total*
FDI Outflows	1 995.6	7 856.5	13 309.9	18 506.5	18 578.7	13 714.1	16 843.4	90 804.7
FDI to Brazil	17.2	420.1	26.6	8.6	12.1	12.5	6.1	526.5
FDI to Brazil as Share of FDI Outflows	0.9%	5.3%	0.2%	0.0%	0.1%	0.1%	0.0%	0.6%

Note: *2004-05 to 2010-11
Source: Exim Bank, 2011: 136; Khan, 2012; own calculations

While this cursory examination of intra-IBSA investment data cannot serve to provide an exhaustive analysis of intra-IBSA investment, it has illustrated one notable fact, and that is that the IBSA countries remain relatively marginal investment destinations for one another. While there have been major investments by Indian, Brazilian and South African firms in the markets of other IBSA

[255] Exim Bank, 2011
[256] Khan, 2012
[257] Reserve Bank of India, 2012: 6

countries in recent years[258], and while there is some evidence of increasing intra-IBSA investment flows, the current levels of investment between the IBSA countries are still very low in comparison to investment flows between the IBSA countries and their traditional sources of and destinations for foreign investment. In addition, despite India, in particular, being a big user of them, the IBSA countries have not signed any bilateral investment treaties[259] with one another. The various PTAs signed or being negotiated between the IBSA countries also fail to make any mention of investment. Regardless of whether using such instruments would be appropriate for the IBSA countries, there clearly remains significant scope to promote greater investment flows between the IBSA countries.

4.5 Conclusion

In order to evaluate the IBSA Forum's overall impact on trade and investment between the IBSA countries, this chapter has examined three aspects of IBSA trade and investment relations in the years following the establishment of the IBSA Forum. It has analysed the data on intra-IBSA trade flows, comparing these to overall IBSA trade flows, it has examined efforts to formally institutionalise IBSA trade through the convergence of bilateral PTAs and the establishment of a trilateral FTA and it has briefly surveyed available data on intra-IBSA investment. The evidence presented above suggests three tentative conclusions that can be made about intra-IBSA trade and investment relations since the establishment of the IBSA Forum.

First, while there have been differences in the individual IBSA countries' performances in terms of trade with the other IBSA countries, aggregate trade flows between the IBSA countries have increased significantly in recent years, both in absolute terms and as a share of overall IBSA trade. It must be noted, however, that: i) intra-IBSA trade was at very low levels at the time the IBSA Forum was established; ii) intra-IBSA trade was growing both in absolute terms and as a share of overall IBSA trade well before the establishment of the IBSA Forum; and iii) IBSA trade with certain other large developing countries – most notably China – has actually grown faster than intra-IBSA trade over the last few years. These caveats suggest that recent increases in intra-IBSA trade are likely to be the result of a combination of factors, including significant unilateral and multilateral trade liberalisation by all three IBSA countries in the decade prior to the establishment of the IBSA Forum

[258] Examples of intra-IBSA investments in recent years include investments by South African firms SABMiller, Old Mutual and Adcock Ingram in India (KPMG, 2011: 30); by Indian firms Wipro and Vijai Electricals in Brazil, Tata Steel and Ranbaxy in South Africa and Mahindra & Mahindra in Brazil and in South Africa; and by Brazilian firms Marcopolo S.A and WEG Industries in India (Exim Bank, 2011; Subramanian et al., 2010)

[259] A bilateral investment treaty (BIT) is an agreement between two countries that serves to promote and protect investments in each country's territory by firms based in the other country.

and a global trend towards increased South-South trade flows arising as a result of more dynamic economic growth among the countries of the South.

Second, the goal of an overarching IBSA trade agreement remains a long way off, as efforts by the IBSA countries to converge their bilateral trade agreements towards the establishment of a comprehensive trilateral India-MERCOSUR-SACU FTA have progressed very slowly. In addition, the PTAs that have been concluded between the IBSA countries and their respective regions are signally unambitious in terms of trade liberalisation[260]. The minimal scope of these PTAs and the time it has taken for their conclusion suggest the influence of protectionist interests and a lack of political will to push for more substantial progress. It is debatable, however, whether a comprehensive trade agreement would have a particularly large effect on intra-IBSA trade flows anyway, as it is often noted that the main barriers to increased intra-IBSA trade are not high tariffs, but poor transport linkages, differences in business and cultural practices and a lack of trade complementarity between the IBSA countries[261]. Furthermore, for many Indian, Brazilian and South African industries, the other IBSA countries are a source of competition rather than a potential market – a fact highlighted by a recent trade dispute between Brazil and South Africa over frozen chicken exports from Brazil[262].

Third, on the issue of investment, the limited available evidence shows that while there has been an increase in intra-IBSA investment in recent years, this increase has occurred off very low levels of investment, both in absolute terms, and as a share of total inward and outward foreign investment. The IBSA countries also remain very marginal investment sources and destinations for one another, especially in comparison to their traditional sources of and destinations for foreign investment.

Overall, these findings suggest that in terms of promoting intra-IBSA trade and investment, the IBSA Forum has at best been a qualified success. It may be that the IBSA Forum has laid the groundwork for more ambitious efforts in the future to grow intra-IBSA trade and investment, and perhaps a similar evaluation a decade from now may show a more significant impact on intra-IBSA trade and investment. As of late 2012, however, it would be overly generous to say that the IBSA Forum has had a "profoundly beneficial"[263] effect on trade and investment between the IBSA countries.

[260] For instance, the PTAs cover only trade in goods and make no reference to investment or trade in services. Furthermore, the concessions contained in these PTAs cover only about a fifth of all product categories, are in many cases quite small and of little commercial relevance and do not, for the most part, include those products with the highest import tariffs in India, Brazil and South Africa, such as apparel and motor vehicles.
[261] CUTS-CITEE, 2005d; De, 2005 and White, 2009.
[262] See http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds439_e.htm for details of the dispute.
[263] Bratzel, 2011

5 IBSA sectoral cooperation

5.1 Introduction

Much of the attention and analysis devoted to the IBSA Forum has focused on the Forum's multilateral governance reform agenda and on efforts to boost trilateral trade between the three countries. Somewhat less attention has been paid to a third pillar of IBSA cooperation, the technical or 'sectoral' cooperation that has been promoted by the IBSA Forum. In addition to having similar interests in terms of economic development and global governance, the IBSA countries also face common challenges such as poverty, inequality, shortages of expertise in certain areas and various other characteristics typical of large developing countries. Given these shared challenges, the IBSA governments have recognised that the Forum can serve as a platform for comparative learning and the exchange of best practices among their countries[264].

The potential for sharing expertise and transferring successful policies has underpinned IBSA sectoral cooperation, which in turn provides the IBSA countries with opportunities to strengthen their own development strategies[265]. The synergies from such cooperation were recognised in the Brasilia Declaration wherein the IBSA countries identified "trilateral cooperation among themselves as an important tool for achieving the promotion of social and economic development" and stressed the importance of the "appropriate combination of their best resources"[266]. Furthermore, such cooperation is generally unrelated to geopolitics and 'balance of power' issues, and provides the IBSA Forum with continued relevance irrespective of successes or failures of cooperation in multilateral fora and attempts to grow intra-IBSA trade and investment[267].

The New Delhi Plan of Action identified a number of areas that the IBSA countries had earmarked for trilateral cooperation, and proposed various initiatives in these areas. The sectors identified by the Plan of Action included: transportation, trade and investment, infrastructure, job creation, science and technology, information society, health, energy, defence and education[268]. In order to ensure that the Plan of Action and its proposals are carried out, a number of trilateral Working Groups have been established during the various IBSA ministerial meetings that have taken place since 2003[269]. As

[264] IBSA, 2010
[265] Ibid.
[266] IBSA, 2003a
[267] Mokoena, 2007: 126
[268] IBSA, 2004a
[269] Flemes, 2009: 413

of 2012, Working Groups have been established in the areas of: public administration; revenue administration; agriculture; human settlements; science and technology; trade and investment; culture; defence; information society; social development; education; energy; environment and climate change; health; transport; and tourism[270]. The IBSA countries have also recently proposed the creation of a Working Group on Decent Work[271].

Having been created to address perceived deficits in the relations between the IBSA countries prior to the establishment of the IBSA Forum[272], the IBSA Working Groups have the responsibility of identifying projects in which the experience of one IBSA country may be of use to the others[273]. While they have been created in areas where officials of the IBSA countries' public administrations have signalled an interest in taking part in such cooperation, the Working Groups nevertheless have significant autonomy[274]. Their work is coordinated within the relevant ministries of the IBSA countries, while logistics are handled by the Foreign Ministries of the IBSA countries[275]. In this way IBSA sectoral cooperation is intended to be part of the normal functioning of the IBSA governments, becoming "programmatic" and relatively insulated from any changes of personnel in the IBSA countries' governments[276].

Within the Working Groups, various agreements and memoranda of understanding (MoUs) have been signed by representatives of the IBSA countries in order to provide support to IBSA sectoral cooperation[277]. Such agreements have been signed in the areas of: public administration and governance; revenue administration; biofuels; cultural cooperation; superior education; social issues; eolic energy; health and medicine; human settlements; environment; civil aviation; gender equality; merchant shipping; trade; information society; agriculture and tourism[278]. Some of these are yet to be ratified however. The work of the Working Groups has also been complemented by "people-to-people" fora which are held at the margins of IBSA Summits[279]. These have included business and academic seminars, the coming together of parliamentarians, a women's forum, an editor's forum and a roundtable on inter-governmental relations and local government dialogue[280].

[270] See http://www.ibsa-trilateral.org/
[271] See http://www.buanews.gov.za/rss/12/12061214351001
[272] de Souza, 2009: 10
[273] Ibid: 10
[274] Ibid: 10
[275] Fig, 2010: 8
[276] Ibid: 9
[277] See http://www.ibsa-trilateral.org/
[278] See http://www.ibsa-trilateral.org/
[279] de Souza, 2009: 10
[280] Various IBSA Communiqués and Declarations

In order to examine IBSA's sectoral cooperation more closely, this chapter highlights three specific areas of technical cooperation between the IBSA countries. Section 5.2 describes IBSA cooperation in the field of science and technology, Section 5.3 examines IBSA cooperation on revenue administration and Section 5.4 reviews IBSA naval cooperation, focusing in particular on the IBSAMAR series of joint naval exercises. Finally, Section 5.5 concludes the chapter with an overall evaluation of IBSA sectoral cooperation.

5.2 Cooperation on science and technology

The Brasilia Declaration noted that the IBSA countries "have diverse areas of excellence in science and technology" and highlighted biotechnology, alternative energy sources, outer space, aeronautics, information technology and agriculture as potential areas of scientific and technological cooperation between the countries. The Declaration also called for the national authorities in charge of science and technology to hold trilateral meetings with the aim of developing concrete cooperation projects[281]. This desire to foster closer cooperation stems from the recognition of the role science and technology can play in facilitating social and economic development[282]. In addition, cooperation on science and technology offers potential synergies for other areas of IBSA sectoral cooperation such as agriculture, health, energy and defence.

The New Delhi Plan of Action spelled out in more detail the type of initiatives that were being sought in order to develop a mutually beneficial partnership. According to the Plan of Action, effective cooperation on science and technology would be shaped by the conclusion of an MoU detailing the specifics of such cooperation, and the establishment of a trilateral Working Group to formulate a detailed programme of action and evaluate the implementation of the MoU[283]. The Plan of Action also pinpointed a number of initiatives that would be undertaken to further IBSA cooperation on science and technology, including: short-term exchanges of young scientists; trilateral workshops; exchange of information; specialised training in areas of national strength; collaboration on research

[281] IBSA, 2003a
[282] In the Joint Declaration from the First IBSA Summit held in Brasilia in 2006, the Heads of State of the IBSA countries "recalled the role of Science and Technology in shaping the future of societies in the three countries, particularly by providing tools for reducing poverty, promoting social inclusion and contributing to the attainment of the UN Millennium Development Goals" (IBSA, 2006b).
[283] IBSA, 2004a

and development and the establishment of IBSA Technology Days for the purpose of showcasing IBSA science and technology progress and capabilities[284].

The Plan of Action also noted mutual agreement on areas for cooperation and collaboration in the short to medium term, including: agricultural biotechnology and bioinformatics; alternative and renewable energies; astronomy and astrophysics; meteorology and climate change; oceanography, fisheries science and Antarctic research; indigenous knowledge; and information technologies[285]. The IBSA countries also agreed in the Plan of Action to share information on best practices in the transfer of technology, to engage one another on intellectual property rights issues relating to the protection of biodiversity and traditional knowledge and to build closer ties between their research and development institutions[286].

The IBSA countries initially agreed to develop cooperation in six priority fields: biotechnology, HIV/Aids, malaria, nanotechnology, oceanography and tuberculosis[287]. Information and communications technology, indigenous knowledge, alternative and renewable energy and Antarctic research were later added to this list following the finalisation of an IBSA Memorandum of Understanding on Cooperation in Science, Technology and Innovation[288]. A division of labour for the research sub-groups also emerged, with each IBSA country being assigned the responsibility of leading research in two fields. India was assigned responsibility for HIV/Aids and nanotechnology, Brazil for malaria and oceanography and South Africa for biotechnology and tuberculosis[289]. A work programme reflecting project implementation timetables and a schedule of events for 2005-2007 was also developed and approved with the Rio Declaration on Science and Technology signed during the IBSA meeting of Ministers of Science and Technology in June 2005[290].

To support their cooperation in science and technology, the IBSA countries agreed in 2006 to each contribute US$1 million in order to establish a fund for collaborative research. The IBSA Science and Technology Fund focused on the commercialisation of the outcomes of IBSA research projects[291]. In a 2007 interview, Dhesigen Naidoo of the South African Department of Science and Technology

[284] Ibid.
[285] Ibid.
[286] Ibid.
[287] Campbell, 2008
[288] Ibid.
[289] Ibid.
[290] IBSA, 2006b
[291] Campbell, 2008

stressed that while the Fund was not financially significant, its potential as a pilot was notable[292]. According to Naidoo, in order to be eligible for funding, bidders would have to "take the form of trilateral partnerships or consortia, with at least one member from each IBSA country"[293]. Ideally these would consist of both public and private sector partners as the aim of the Fund is to "develop relationships with the private sectors of the three countries and develop new products"[294].

Although proposals for funding in other areas have not been completely ruled out, the IBSA Science and Technology Fund specifically targets the priority areas identified by the IBSA countries[295]. Several collaborative research and development projects have since received support from the Fund, including a project aimed at the development and use of open-source software in the management of HIV/Aids, a study of the linkages between HIV/Aids, biodiversity and natural resource dependence and a cross-cultural study of the self-efficacy of carers of children affected by HIV/Aids[296]. Projects in the field of oceanography and nanotechnology have also received assistance from the Fund.

Nanotechnology is arguably the field in which IBSA science and technology cooperation has been most fruitful. IBSA's nanotechnology cooperation involves three projects. One explores the use of "nanoscale devices" for delivering and controlling the release of medicines to combat diseases such as cancer, HIV/Aids and malaria, a second is concerned with the development and production of "shaped carbon materials" to be used as photovoltaic devices, while the third is directed towards the "production and characterisation of chitin nanofibre mats"[297]. IBSA nanotechnology workshops were held in India in April 2007 and in South Africa in November 2007[298], with scientists and students from all three IBSA countries participating[299]. During 2009 and 2010, three IBSA 'nanotechnology schools' were held, with each IBSA country hosting a school focusing specifically on one of the three areas of IBSA cooperation in nanotechnology. The aim of these events was to establish contact between the scientists of the three countries, explore areas of mutual interest and identify available capabilities and expertise[300]. The meetings also reflected on the state of existing

[292] Ibid.
[293] Ibid.
[294] Ibid.
[295] Ibid.
[296] Ibid.
[297] Ibid. Chitin nanofibre mats are fabricated material applications that have various medical and biomedical uses, such as, *inter alia*, providing biodegradable 'scaffolds' for human tissue regeneration (Kim et al, 2012).
[298] IBSA, 2008a
[299] Campbell, 2008
[300] Sikhwivhilu, 2010: 2

research in the sub-fields of nanotechnology and provided an opportunity for discussions on collaboration and exchange programmes[301].

In addition to collaboration on nanotechnology, a number of other activities and initiatives have been undertaken as part of the IBSA countries' science and technology cooperation. These include: annual meetings of the IBSA countries' Ministers of Science and Technology, scientific exchanges, joint research trips, the sharing of technology on biofuels, conferences, workshops, summer schools and policy dialogues[302]. The IBSA MoU on Trilateral Cooperation in Science, Technology and Innovation was also finally signed in April 2010, codifying the priority areas and modes of IBSA cooperation on science and technology[303]. The MoU also established the IBSA Joint Working Group on Science and Technology which met for the first time in October 2010 to review progress in the areas of cooperation identified in the MoU and to discuss the cooperation agenda going forward[304].

Science and technology is one of the areas in which IBSA sectoral cooperation has seen the most progress since 2003. While only a few concrete projects have been established – possibly due to the limited amount of funding available – the various meetings and events that have been organised as part of the IBSA countries' engagement on science and technology have facilitated greater exchange of information and knowledge between the three IBSA countries. In an interview in 2010, Deputy Director-General of Science and Technology in the South African Department of Science and Technology, Dr Thomas auf der Heyde, remarked that recent IBSA engagement had led to "renewed vigour and a reassessment of strategic science and technology links" between the IBSA countries[305], and that a "new kind of momentum" had emerged in IBSA science and technology cooperation, one that recognised the value of a "broader strategic engagement", rather than simply being tied to "economic diplomacy"[306].

5.3 Cooperation on revenue administration

Another area in which the IBSA countries have been able to benefit from one other's experiences and expertise is that of revenue administration. The revenue authorities of the three countries – the Department of Revenues of India, the Federal Secretariat of Revenues of Brazil (RFB) and the South

[301] Ibid: 2
[302] White, 2009: 2; Fig, 2010: 20
[303] Department of Science and Technology, 2012: 260.
[304] Ibid: 260
[305] Quoted in Fig, 2010: 20
[306] Ibid: 20

African Revenue Service (SARS) – have cooperated in the past with revenue authorities of developed countries[307], but cooperation with one another provides them with an opportunity to learn from each other's experiences in dealing with the various challenges faced by developing country revenue authorities, such as informality, smuggling, fraud, tax avoidance and inefficient revenue collection. Given such shared challenges, IBSA cooperation in revenue administration offers significant potential for the transfer of successful policies and initiatives between the IBSA countries.

In 2006, South Africa hosted the first IBSA Heads of Revenue Administrations meeting with the aim of developing and furthering IBSA cooperation in the area of tax and customs administration[308] . This provided the IBSA countries' revenue authorities with an opportunity to discuss relevant issues in tax, trade facilitation and customs as well as the challenges they face in dealing with smuggling, fraud and tax evasion[309]. At the meeting, the revenue authorities signed a joint declaration committing their organisations to developing closer cooperation across a range of tax and customs issues and to sharing information on tax avoidance schemes using the bilateral Avoidance of Double Taxation Agreements already in place between their countries[310]. Among other things, they agreed to exchange information in order to identify high-risk transactions and speed up the processing of imports and exports and to perform simultaneous tax audits on common business entities[311]. It was also agreed that an IBSA Revenue Administration Working Group would be established in order to further enhance cooperation between the IBSA countries[312].

IBSA cooperation on revenue administration was further enhanced when, at the second IBSA Summit, held in Pretoria in 2007, the IBSA countries signed an Agreement on Customs and Tax Administration Cooperation[313]. This agreement aims to further the IBSA countries' shared goals of facilitating legitimate trade and investment, combating commercial fraud and other illegal activities, curbing abusive tax avoidance schemes and modernising their revenue authorities through enhanced capacity building[314]. In line with the Agreement, the IBSA countries' revenue authorities meet annually at IBSA Meetings of Heads of Customs and Tax Administration and Meetings of the

[307] For instance, the RFB has historically cooperated with the revenue authorities of France and the United States (Carpenter, 2009: 5).
[308] SARS, 2006a
[309] Ibid.
[310] SARS, 2006b
[311] Ibid.
[312] Ibid.
[313] IBSA, 2007b
[314] Article 2 of the Agreement on Customs and Tax Administration Cooperation between the Government of the Republic of South Africa, the Government of the Republic of India and the Government of the Federative Republic of Brazil

Working Group on Customs and Tax Administration[315]. From time to time technical meetings on issues such as transfer pricing or customs valuation and risk management have also been held[316]. These meetings have provided a valuable platform for collaboration and the exchange of experiences between the IBSA countries.

One example of a specific area of revenue administration in which the transfer of knowledge between IBSA countries has been fruitful is the use of information technology (IT), as the Brazilian revenue authorities have provided training on the use of IT tools in tax and customs administration to their counterparts from India and South Africa[317]. Another area of policy transfer between the IBSA states has been that of dealing with large taxpayers. The Brazilian authorities have learned from the South African authorities' experience in such matters and have established a dedicated unit for dealing with large taxpayers based on the model used by the South African authorities[318]. The IBSA countries have also cooperated with the Organisation for Economic Cooperation and Development (OECD) on compliance management of large business and international tax avoidance[319].

At the Fifth Meeting of the Working Group on Customs and Tax Administration, held in Brazil in October 2010, the IBSA revenue authorities signed an MoU for the creation of an IBSA Centre for Exchange of Tax Information (CETI), an electronic, web-based platform to be hosted by the Indian revenue authorities[320]. The CETI is meant to supplement ongoing IBSA efforts to identify and curb abusive tax avoidance transaction arrangements and schemes[321]. In particular, the CETI is meant to provide a platform for: increasing awareness of the risks involved in these schemes; developing new methods for identifying the users of such arrangements; strengthening the modernisation programmes of the respective IBSA revenue authorities; exchanging information; sharing best practices in areas such as transfer pricing, risk profiling and abuse of double taxation agreements; and establishing procedures for facilitating trade and investment among the IBSA countries[322].

As with IBSA cooperation on science and technology, IBSA cooperation on revenue administration has provided valuable opportunities for exchange and knowledge transfer between officials and technical experts from the three countries. Significantly, in the case of revenue administration, these

[315] Ministério das Relações Exteriores, 2012
[316] Ibid.
[317] de Souza, 2009: 10
[318] White, 2009: 2
[319] OECD, 2011
[320] IBSA, 2011a
[321] Ibid.
[322] See https://www.ibsaceti.org/IBSACeti.aspx

exchanges have resulted in improvements in technical procedures which should provide some benefit to the IBSA countries' social and economic development processes.

5.4 Naval cooperation

As the leading military powers and armaments producers in their respective regions, it is unsurprising that trilateral cooperation between the IBSA countries has also included cooperation on defence matters. The potential for such cooperation was recognised in the Brasilia Declaration, wherein the IBSA countries agreed to explore "avenues for greater cooperation in defence matters"[323]. The New Delhi Plan of Action, meanwhile, set out in more detail some of the particular activities which might benefit the IBSA countries' defence establishments, including joint training exercises, exchanges of military personnel and cooperation in the production, development, trade and marketing of armaments[324]. The promotion of maritime and air safety was also pinpointed as an important goal of IBSA defence cooperation.

While the IBSA countries are not traditional defence partners, they have cooperated bilaterally on certain defence matters since the 1990s. For example, India and South Africa signed an MoU on cooperation in the field of defence equipment in 1996 and a comprehensive defence cooperation agreement in 2000[325]. South Africa has also cooperated with Brazil on maritime security since the mid-1990s through the 'Atlasur' series of naval exercises also involving Argentina and Uruguay[326].

Under the IBSA Forum, steps have been taken to deepen defence cooperation between the IBSA countries. Although such cooperation is still at an early stage, concrete achievements have included the establishment of an IBSA Working Group on Defence, regular high-level meetings exploring defence cooperation and study tours to explore and identify specific areas of cooperation[327]. Brazil and South Africa are also collaborating on the development of a short-range air-to-air missile system, the A-Darter[328]. The most prominent aspect of defence cooperation between the IBSA countries, however, has been their cooperation in the area of maritime security, which has involved biennial joint naval exercises known as 'IBSAMAR'.

[323] IBSA, 2003a
[324] IBSA, 2004a
[325] Beri, 2008: 820
[326] Sakhuja, 2009
[327] defenceWeb, 2012
[328] Ibid.

The genesis of IBSAMAR can be traced to a meeting of the IBSA navies, which took place in February 2004. At the meeting, the Indian delegation proposed an IBSA sailing regatta, which was held in South Africa in September 2005 and seen as a "symbolic step forward… indicative of cooperation between [the IBSA] navies"[329]. Given that contemporary naval operations demand "commonalities of operational approaches" and "procedural interoperability" in order to be able to deal effectively with a number of possible threats, IBSA naval cooperation and joint exercises were proposed as important means to enhance mutual trust, interoperability and coordination between the navies of the three countries[330]. Brazilian naval spokesperson Captain Onias de Castro Lima stated that joint naval interaction between the IBSA countries would help to develop a "common understanding of interoperability" and would represent a "big learning curve" for their respective navies[331].

The IBSA countries possess significant naval capacities, including warships, aircraft carriers (India and Brazil), conventional submarines and nuclear submarines (India and Brazil)[332]. Given such capabilities, IBSA naval cooperation was also touted as a means to contribute to the security of the Indian Ocean Region, an area of strategic importance given the volume of maritime trade conducted through it. To this end, in 2007 the chiefs of the South African and Indian navies emphasised the importance of formulating a "system of regional cooperation" in the Indian Ocean Region in order to combat threats such as "terrorism, armed robbery and piracy"[333].

With these goals in mind, the navies of the IBSA countries participated in their first ever joint maritime exercise in May 2008[334]. IBSAMAR I – as the exercise was christened – was conducted off the south-western coast of South Africa, with the aim of achieving "operational compatibility" among the three navies[335]. According to the South African Navy, which led the planning and execution of the exercise, the specific objectives of IBSAMAR I were to: i) develop a shared understanding of interoperability and foster trust, respect and cooperation; ii) provide opportunities for joint naval exercises with mutual objectives; iii) improve the compatibility of combat capabilities and readiness for operations; iv) develop and improve tactics and operating procedures; v) facilitate the exchange of junior officers; vi) conduct simulated operations; vii) improve trilateral relations; viii) provide support and other services for operations; and ix) encourage goodwill and understanding[336].

[329] South African Deputy Minister of Defence, Mluleki George, quoted in Sakhuja, 2009.
[330] Sakhuja, 2009
[331] Ibid.
[332] Ibid.
[333] Ibid.
[334] Steenkamp-Fonseca, 2011: 2
[335] Ibid: 2-3
[336] Ibid: 3

The focus of IBSAMAR I was on missions dealing with human security, such as search and rescue, shipping safety and casualty evacuation[337], but specific exercises also included anti-terrorist drills and warfare manoeuvres[338]. Overall, IBSAMAR I was considered a great success, with the South African Navy describing it as "the start of a new chapter" in its history, the Brazilian Navy describing the exercise as "historical" and "special" and the Indian Navy observing that the exercise was a "first step towards the larger integration of the navies under the South-South Dialogue"[339]. The wider political significance of the IBSAMAR I exercise was put into perspective at the IBSA Ministerial meeting in Somerset West held at the same time as IBSAMAR I. At the meeting, Brazilian Foreign Minister Celso Amorim suggested that the exercise reflected the "confidence we have in each other"[340]. Indian Foreign Minister Pranab Mukherjee noted, however, that IBSAMAR was "not aimed at entering into some kind of military agreement"[341].

Following IBSAMAR I, the step-by-step building of maritime security cooperation between the IBSA countries continued with engagement through various conferences, seminars and symposia, joint training and the sharing of experiences between the countries' respective forces[342]. In October 2009 India hosted a planning meeting for a second IBSAMAR exercise (IBSAMAR II) which would again be held in South Africa[343]. This was followed by a Final Planning Conference in Simon's Town which preceded the start of IBSAMAR II in September 2010. The planning and execution of IBSAMAR II was led by the Indian Navy, in line with a policy to rotate the 'lead planner' of IBSAMAR exercises[344].

IBSMAR II, which commenced in Durban and ended in Cape Town, was a more complex exercise than IBSAMAR I, encompassing "advanced coordinated aspects of naval warfare"[345] including anti-air, anti-submarine and 'visit, board, search and seizure' exercises as well as mid-sea fuelling, anti-piracy drills and other naval warfare manoeuvres[346]. As with IBSAMAR I, however, the overriding aim of IBSAMAR II was to "develop interoperability among the three navies so that they could carry out joint operations during times of need in the high seas"[347].

[337] Khurana, 2008
[338] Steenkamp-Fonseca, 2011: 4
[339] Sakhuja, 2009
[340] Quoted in Steenkamp-Fonseca, 2011: 6
[341] Ibid: 6
[342] Sakhuja, 2009
[343] Steenkamp-Fonseca, 2011: 6
[344] Ibid: 6
[345] Ibid: 7
[346] Flemes & Costa Vaz, 2011: 10
[347] Brahmand.com, 2010

The navies of the three IBSA countries have since completed a third iteration of IBSAMAR (IBSAMAR III), which again took place in South African waters, but this time under the leadership of the Brazilian Navy[348]. While IBSAMAR III, held in October 2012, included combat manoeuvres and anti-piracy drills, the exercise placed more emphasis on humanitarian assistance and disaster relief than had previous iterations of IBSAMAR[349]. As noted by South African Navy Captain Chris Manig, "IBSAMAR of the past has been more focused on navy maritime components, however we have progressed… We are capable of delivering humanitarian aid. It is not just about warmongering"[350].

IBSA cooperation on matters of defence has, in general, progressed slowly. Much of the ambitious agenda for such cooperation has not yet been put into action and those initiatives that have been undertaken have largely been confined to military personnel exchanges and discussions on potential areas of cooperation[351]. Major challenges for IBSA defence cooperation include the lack of a tradition of defence cooperation between the countries and the fact that the armaments industries of the three IBSA countries compete with one another in many global markets[352]. Cooperation on maritime security is a notable exception, however, as significant progress has been made in fostering closer ties between the three IBSA navies through the biennial IBSAMAR exercises. The significance of these exercises was highlighted by Rear Admiral RK Pattanaik of the Indian Navy who, speaking in Durban shortly before IBSAMAR II, said: "I'm confident that in the years ahead IBSAMAR will be looked back on as a watershed in the affairs of South Africa, Brazil and India"[353].

According to Dr Vijay Sakhuja, IBSAMAR – and IBSA maritime security cooperation generally – is part of a broader global trend in which maritime powers of various sizes are increasingly engaging in "maritime multilateralism" as a tool for enhanced security[354]. The 'success' of maritime multilateralism in IBSA's case has resulted from the IBSA countries' recognition of the significant benefits enhanced IBSA maritime security cooperation might bring. Closer IBSA naval cooperation entails opportunities for the navies of the three countries to draw on each other's strengths and capabilities, and also serves to further the specific national interests of the three IBSA countries.

[348] Wingrin, 2012
[349] Ibid.
[350] Ibid.
[351] Flemes & Costa Vaz, 2011: 10
[352] Beri, 2008: 822
[353] Quoted in Steenkamp-Fonseca, 2011: 15
[354] Sakhuja, 2009

For South Africa, which has a long coastline but relatively limited naval capability, closer ties with the much larger navies of India and Brazil undoubtedly improves the country's maritime security[355]. In turn, South Africa provides a geostrategic bridge linking Brazil's maritime sphere of influence in the South Atlantic with India's role and interest in the Indian Ocean Region[356].

For India, IBSAMAR provides a platform for the country to showcase its growing naval capabilities[357] and to "dispel the apprehensions" of a closer relationship with the US and its allies[358]. IBSA naval cooperation also amplifies India's power projection in the Indian Ocean Region and the South China Sea, and potentially enhances the country's ability to protect its interests in these regions, which include free navigation and the exploitation of natural resources[359]. These may be particularly important factors for India given the perceived threat to its interests in the South China Sea being posed by an increasingly assertive China[360].

Finally, for Brazil, the enhanced power projection derived from IBSA naval cooperation serves a more defensive interest in enhancing the country's ability to administer and defend the vast stretch of maritime territory under its jurisdiction and the valuable energy reserves found there[361].

The benefits that have accrued to the IBSA countries from trilateral naval cooperation, including increased power projection, opportunities to transfer best-practices and closer political ties, have undoubtedly played an important role in the continued – and arguably increasing – importance of naval cooperation under the IBSA Forum, and this cooperation should probably be viewed as one of the more notable 'success stories' of IBSA sectoral cooperation.

[355] Steenkamp-Fonseca, 2011: 14
[356] Kornegay, 2007: 12
[357] In March 2012 the country took delivery of its first nuclear powered attack submarine, the Russian-built INS CHAKRA, making India one of only six countries to possess such a submarine (Herbert-Burns, 2012).
[358] Steenkamp-Fonseca, 2011: 14. Such apprehensions on the part of India's regional rivals could stem from the Indian Navy's close cooperation with the US Navy, which includes the holding of the annual "Malabar" joint exercises (Keck, 2012).
[359] Joshi, 2012
[360] Indeed, it has been reported that in 2011 India and China became involved in a "tiff" over China's objection to India's exploration of hydrocarbons off the Vietnamese coast (Kaul, 2012).
[361] Flemes & Costa Vaz, 2011: 12

5.5 Conclusion

The evidence provided in this chapter suggests a number of benefits that have accrued to the IBSA countries through their sector-specific cooperation. In the area of science and technology, IBSA cooperation has not only resulted in joint projects with potential commercial relevance, but has also facilitated a greater understanding of the respective capabilities of each country and promoted an exchange of knowledge through closer engagement among the scientific communities of the IBSA countries. In the area of revenue administration, cooperation has allowed the IBSA countries to learn from one another's experiences in dealing with common challenges such as tax avoidance. The IBSAMAR exercises, meanwhile, have fostered closer ties in the important area of defence and have provided a platform for greater power projection by the three countries.

Certainly the three functional areas of collaboration highlighted in this chapter have been among the more fruitful areas of cooperation under the IBSA Forum, and many of the other areas of cooperation have failed to yield such significant achievements. Overall, sectoral cooperation between the IBSA countries is still very much in its infancy and the IBSA countries' intentions have not yet been matched by sufficient action. There are significant challenges to the realisation of such action, including the relative lack of specific and realisable policy goals for such cooperation[362]. Furthermore, the geographical distance between the three countries creates logistical barriers to cooperation, reducing the opportunities for face-to-face engagement and even making the scheduling of teleconferences somewhat tricky, due to time zone differences[363].

Nevertheless, the cooperation that has occurred in areas such as science and technology, health, energy, agriculture, defence and revenue administration has involved practical examples of South-South cooperation and policy transfer, and has involved specific engagements and initiatives that go beyond mere rhetoric and good intentions. Functional cooperation between the IBSA countries in specific sectors also generates synergies for other sectors in addition to promoting closer political and economic ties. Importantly, IBSA sectoral cooperation can contribute to more than just policy transfer and mutual learning. Functional trilateral cooperation between the IBSA countries can serve to project both hard power (naval cooperation) and soft power (cooperation on social development), thereby improving the standing of the IBSA countries in the current global order. In this way, IBSA sectoral cooperation complements IBSA cooperation in multilateral fora and efforts to boost intra-IBSA trade and investment.

[362] Fig, 2010: 20-21
[363] de Souza, 2009: 10

6 Conclusion and implications

6.1 Problem (re)statement

While this paper has provided a comprehensive overview of the aims, successes and limitations of IBSA cooperation, its overarching objective has been to explore the motivations behind the IBSA Forum and to provide a better understanding of why the IBSA countries are cooperating with one another in this way. In light of the various – and at times contradictory – interpretations of IBSA cooperation found in the literature on the IBSA Forum, the paper has sought to determine *whether the IBSA Forum should be understood as a form of South-South cooperation which aims to promote collective self-reliance among developing countries and the democratisation of international institutions, or as a vehicle for promoting the IBSA countries' shared national interests in increasing their power capabilities and gaining a more prominent place in global political power structures.*

Specifically, having examined various concepts and theories from the field of International Relations, the paper seeks to make the neorealist argument that *IBSA cooperation should be understood as a form of 'soft balancing' involving: i) the use of non-military tools such as entangling diplomacy and the withholding of cooperation in order to frustrate US (and other developed country) policies in global governance fora; and ii) the use of economic (and technical) strengthening to increase the IBSA countries' economic and technical capabilities.* In order to support this argument, two specific propositions were developed in Chapter 2 and a comprehensive overview of IBSA cooperation was provided in Chapters 3, 4 and 5.

This chapter aims to bring the paper to a conclusion by showing how the evidence presented in the preceding chapters supports the central argument of the paper. Section 6.2 provides a brief summary of the findings of Chapters 3, 4 and 5. Section 6.3 then evaluates the propositions developed in Chapter 2 against these findings, showing that soft balancing is a suitable concept for understanding IBSA cooperation and that the IBSA countries' national interests in increased power capabilities and a greater role in global governance are the main motivating factors behind IBSA cooperation. Finally Section 6.4 concludes by highlighting the lessons and limitations of the analysis provided here.

6.2 A summary of IBSA cooperation under the IBSA Forum

The analysis provided in Chapters 3, 4 and 5 highlights the multifaceted nature of IBSA cooperation. Unlike many issue-specific coalitions, the IBSA Forum has served as a platform for the IBSA countries to cooperate on issues ranging from global security and trade governance, to specific technical and administrative challenges. These chapters have also shown that in terms of promoting the stated interests of the IBSA countries, including a greater voice for developing countries in global governance institutions, increased intra-IBSA trade and investment and the development of enhanced technical capabilities, IBSA cooperation has had mixed success. All three pillars of IBSA cooperation – cooperation on global governance, promotion of intra-IBSA trade and investment and sectoral cooperation – have experienced notable successes as well as undoubted failures.

For example, IBSA cooperation on global governance has certainly contributed to the IBSA countries gaining a more prominent role in global governance fora. This is true at the WTO, where Brazil and India have graduated to the inner circle of negotiating processes, and at the G20, where the IBSA countries have had success in getting issues such as capital controls and IMF quota reform onto the agenda. On the issue of UNSC reform, however, the IBSA countries have been unable to use the IBSA Forum as a vehicle to lobby for permanent Security Council seats, due to South Africa's commitment to AU guidelines on the issue and a preference on the part of India and Brazil to lobby through the G4. Furthermore, after notable success at COP17 in Copenhagen – where they were instrumental in brokering a deal favourable to their interests – the IBSA countries have struggled to maintain a unified position in global climate change talks, and the legitimacy of their position on differentiated responsibilities has come under attack from both developed and developing countries.

Attempts to foster increased trade and investment between the IBSA countries have also been only partially successful. Intra-IBSA trade flows have increased significantly since the establishment of the IBSA Forum, but this growth predates the IBSA Forum and occurred off very low levels of intra-IBSA trade in the 1990s. Furthermore, growth in intra-IBSA trade has failed to match growth in IBSA trade with certain other fast-growing economies, notably China. These facts suggest that the IBSA Forum has had only a limited impact on intra-IBSA trade. Cooperation under the IBSA Forum has also failed in its aim of providing significant momentum to the process of establishing a comprehensive institutional framework for intra-IBSA trade governance, and the mooted India-MERCOSUR-SACU FTA does not look like being concluded any time soon. Intra-IBSA investment, meanwhile, remains largely insignificant as a share of the IBSA countries total inward and outward FDI.

Finally, IBSA sectoral cooperation is still very much in its infancy and faces numerous challenges including a lack of clear objectives in certain areas and logistical challenges arising from the vast distances between the three countries. Nevertheless, in some areas it has yielded notable gains. In science and technology, for example, IBSA cooperation has resulted in projects with potential commercial relevance and has facilitated knowledge transfer through closer engagement between the scientific communities of the three countries. IBSA cooperation in the area of revenue administration has provided the countries with an opportunity to learn from one another's experiences in dealing with large taxpayers and tax avoidance, while the IBSAMAR series of naval exercises has fostered closer ties between the IBSA navies, and has facilitated greater power projection by the IBSA countries. These practical examples of SSC have not only enhanced the IBSA countries' technical capabilities, they have promoted closer ties between the countries and have given them an opportunity to project both hard (naval cooperation) and soft (cooperation on social development) power. IBSA sectoral cooperation has therefore complemented IBSA cooperation in multilateral fora and efforts to boost intra-IBSA trade and investment.

6.3 IBSA cooperation as 'soft balancing': evaluating the propositions

In Chapter 2, this paper presented a number of concepts and theories from the field of International Relations in the hope that these might facilitate a better understanding of the motivations behind IBSA cooperation. One such theory was neorealism. It was shown that a neorealist explanation of the IBSA countries' contemporary foreign policies would focus on their responses to US hegemony. In particular, neorealists would expect the IBSA countries to either bandwagon with, or balance against, the US, depending on which strategy would better maximise their relative security. Given the apparent absence of overt bandwagoning or balancing behaviour on the part of the IBSA countries, this paper argues that 'soft balancing' is an appropriate concept to describe the IBSA Forum, and IBSA cooperation in general. In order to evaluate this argument, two propositions (and corresponding alternative propositions) were developed. In this section these propositions are evaluated against the evidence provided in Chapters 3, 4 and 5 of the paper.

> *Proposition 1: IBSA cooperation has involved the use of non-military tools such as entangling diplomacy and the withholding of cooperation in order to frustrate US (and other developed country) policies in global governance fora.*

Alternative proposition 1: IBSA cooperation has not involved the use of non-military tools such as entangling diplomacy and the withholding of cooperation in order to frustrate US (and other developed country) policies in global governance fora.

From the evidence provided in Chapter 3, it would appear that Proposition 1 does give an accurate account of IBSA behaviour in various multilateral governance fora such as the UNSC, the WTO, the G20 and the UNFCCC. Within these settings, the IBSA countries have regularly sought to constrain US policy behaviour using diplomacy or by withholding their support or consent. For example, during their recent tenures as non-permanent members of the UNSC[364], the IBSA countries abstained from, or voted against, draft resolutions supported by the US and its allies on a number of occasions[365]. The IBSA countries' opposition to the EU-US text on agriculture at the WTO Ministerial in Cancun and their constant sparring – as part of the NAMA 11 – with the US and other developed countries at the WTO NAMA negotiations provide further examples of the IBSA countries using diplomatic tools to constrain or frustrate US policy goals in multilateral fora.

Similarly, IBSA efforts to get the issues of capital controls and IMF quota reform onto the G20 agenda can be understood as attempts to frustrate US interests in the free movement of transnational capital and to dilute the voting power of the US at the IMF. Even at the UNFCCC, where the IBSA countries, as part of the BASIC alliance, have worked constructively with the US, IBSA's defence of the principle of differentiated responsibility stands in direct contrast to US efforts to ensure large emerging economies do their bit in response to global climate change. Given such behaviour, IBSA efforts to ensure a greater role in multilateral fora can be interpreted as attempts to ensure an increased capacity to use these fora to soft balance the US. At the very least, the examples provided above lend strong support to Proposition 1 and provide good reason for rejecting the corresponding alternative proposition.

Proposition 2: IBSA cooperation has involved the use of economic (and technical) strengthening to increase the IBSA countries' economic and technical capabilities.

[364] India and South Africa both held a non-permanent seat on the UNSC in 2011-2012, while Brazil held a non-permanent seat in 2010-2011

[365] For example, the IBSA countries abstained from voting on a 2011 Security Council Draft Resolution condemning the Syrian government on its excessive use of force in dealing with the crisis it was facing. This signalled their disapproval of the position of the US (and its allies) on the issue (Security Council Report, 2012).

Alternative proposition 2: IBSA cooperation has not involved the use of economic (and technical) strengthening to increase the IBSA countries' economic and technical capabilities.

As Chapter 4 highlighted, the economic aspect of IBSA cooperation has been somewhat disappointing, as the IBSA countries have failed to fully exploit the opportunities inherent in deeper economic integration between the three countries. It would therefore be wrong to conclude that economic strengthening has been a central focus of IBSA cooperation. Nevertheless, IBSA cooperation has involved activities and initiatives that aim to strengthen the economies of the three countries. Examples include various initiatives to boost trade and investment between the three countries and elements of IBSA sectoral cooperation, such as cooperation on revenue administration, which indirectly support economic growth in the IBSA countries. Furthermore, as shown in Chapter 5, IBSA sectoral cooperation has been used to facilitate an improvement in the IBSA countries' technical capabilities. These examples suggest that economic and technical strengthening has been a goal of IBSA cooperation and therefore provide some support for Proposition 2 and for rejecting the corresponding alternative proposition.

Having found support for these two propositions it would appear that IBSA cooperation can be interpreted as soft balancing. As an interpretation of IBSA cooperation, soft-balancing also appears to provide a more accurate account than other possible interpretations that might be provided by the theoretical approaches outlined in Chapter 3. For example another interpretation that could be developed from within the realist paradigm, is that IBSA cooperation represents a strategy to promote the IBSA countries' standing in their respective regions. This paper has found little support for such an interpretation, however, and most IBSA observers agree that the IBSA Forum plays a minimal role in regional security issues and that the IBSA countries regional goals tend to be largely independent of their "international aspirations"[366]. Furthermore, given the fact that the IBSA countries dwarf their neighbours, it is unlikely they would feel a pressing need to resort to interregional alliances in order to improve their standing in their respective regions.

Liberal institutionalism would provide a broadly similar interpretation of IBSA cooperation to that defended by this paper. A liberal institutionalist interpretation would stress the pursuit of possession goals such as economic growth, enhanced technical capacity and greater prominence in global political power structures and would emphasise the role of the IBSA Forum as a mechanism for

[366] de Souza, 2009: 12

coordinating the IBSA countries cooperation in pursuit of these shared national interests. It would also surely point out that multilateral institutions have provided an important platform for the IBSA countries to pursue these interests, as their strategy of 'latent multi-institutionalisation' has enabled them to promote their interests across a broad range of issues.

Where a neoliberal institutionalist interpretation would run into difficulty, however, would be in explaining why the IBSA countries have not made more of an effort to deepen intra-IBSA economic integration through the establishment of the proposed India-MERCOSUR-SACU FTA, as such an agreement would undoubtedly result in absolute economic gains for all three countries, even if the gains were smaller than some analysts have suggested. Liberal institutionalism might also have difficulty in accounting for the IBSA countries' repeated attempts to thwart the policy goals of the US and its allies in various multilateral fora, although it is possible that such actions could be linked to the pursuit of particular national interests.

Unlike neorealist and neoliberal institutionalist interpretations of IBSA cooperation, dependency theory-inspired interpretations would not view the pursuit of possession goals as the motivating factor behind IBSA cooperation. Instead, such interpretations would focus on the IBSA Forum's role in promoting the collective self-reliance of the developing world through broader SSC and the disengagement of developing countries from exploitative relations with developed countries. These interpretations would also highlight the efforts of the IBSA countries to promote the democratisation of global governance structures and a greater role for developing countries in the decision-making processes of multilateral institutions.

While IBSA rhetoric has framed IBSA cooperation in terms of promoting the interests of the global South and of seeking milieu goals such as greater equity and representativeness in global governance, there are a number of problems with interpretations of IBSA cooperation as being motivated by South-South solidarity rather than by the national interests of the IBSA countries. First, despite the South-South rhetoric of the IBSA Forum, IBSA cooperation has not placed significant emphasis on broader SSC in practice. Economic and technical cooperation has largely been limited to cooperation between the three IBSA countries, and the most obvious avenue for broadening such cooperation – the establishment of the proposed India-MERCOSUR-SACU FTA – has not been pursued particularly vigorously. Furthermore, the much-heralded IBSA Fund, which has been touted

as a South-South development assistance success story[367], is relatively insignificant in terms of size[368] and has only resulted in the completion of three relatively small-scale projects.

Second, IBSA cooperation has not involved efforts on the part of the IBSA countries to disengage from relations with the developed world. If anything, the IBSA agenda has promoted increased engagement between developed and developing countries within various multilateral institutions. A good example of this would be the way in which the IBSA countries, working through coalitions such as the G20+ and the NAMA 11, have promoted more active participation by developing countries in WTO negotiating processes. While the IBSA countries recognise that institutions such as the UNSC, the WTO and the G20 are dominated by the developed world, they have not sought to exit these institutions, but rather to gain a more prominent role within them.

Third, while the IBSA countries have repeatedly emphasised the principles of equity and representativeness in global governance, a close analysis of their behaviour suggests that this discourse is merely part of a strategy to enhance the legitimacy of their own claims to a more prominent role in global governance structures[369]. For instance, IBSA calls for an expanded UNSC with permanent seats for countries from Africa, Asia and Latin America is based on the belief that they would be the beneficiaries. This is clearly the case, as the IBSA countries would not support bids by the likes of Nigeria, Pakistan and Mexico for these seats. Similarly, IBSA calls for developing countries to play a greater role in global financial governance are based on the fact that as members of the G20 they are among the countries best positioned to acquire a greater role.

It is not surprising that IBSA cooperation in the area of global governance is motivated by self-interest rather than a desire to promote the interest of the South, as in many areas the interests of the IBSA countries diverge from those of other developing countries. For example, while Brazil and South Africa strongly support the removal of trade-distorting domestic support for rich country agricultural producers, many net food-importing developing countries would not benefit from such an outcome. Divisions between the IBSA countries and other developing countries have also surfaced at global climate change talks where many smaller developing countries have criticised the IBSA countries' unwillingness to commit to legally-binding measures to reduce GHG emissions. For these reasons it would appear that the rhetoric of equity and representativeness is merely used as

[367] White, 2009: 3

[368] With an annual contribution of US$1 million from each of the IBSA countries, the IBSA Fund is the same size as the 'financially insignificant' IBSA Science and Technology Fund

[369] Matthew Stephen has suggested that the IBSA countries' strategy tends to "equate a more equitable multilateralism with their own relative elevation" (Stephen, 2011: 26).

legitimating cover for the IBSA countries' shared interest in increasing their power capabilities through a more prominent role in global governance structures.

The analysis provided above strongly suggests that the pursuit of shared national interests is the true motivating force behind the IBSA Forum and IBSA cooperation, and that the neorealist concept of soft balancing provides the most appropriate interpretation of IBSA cooperation.

6.4 Lessons and limitations

In addition to identifying shared national interests as the primary motivating factor behind IBSA cooperation and showing why such cooperation can be understood as neorealist soft balancing, this paper has also identified a number of lessons that can be drawn from the story of the IBSA Forum. First, the IBSA Forum has shown that it is possible for developing countries to build sustainable coalitions that are not issue-specific and that such coalitions can maintain their relevance in some areas even as they fail to achieve their objectives in others. Second, in the current, highly globalised world, developing countries are unlikely to seek to disengage from relations with the developed world. Instead, as the IBSA countries have done, today's developing countries are more likely to view SSC as a complement to, rather than a replacement for North-South relations.

Finally, new forms of SSC involving emerging middle powers and other upwardly mobile developing countries are more likely to be motivated by issues of national interest than by ideology or a sense of South-South solidarity. This is particularly true given the fact that the South is not a homogenous whole, and the interests of today's developing countries often diverge quite radically, which make the idea of promoting the 'interest of the South' somewhat incomprehensible.

While these lessons are important, it must be pointed out that the analysis and conclusions provided by this paper are subject to certain limitations. For one, the paper has only examined the IBSA Forum, ignoring other contemporary examples of such alliances, including BRICS and the Bolivarian Alliance for the Americas (ALBA). These coalitions could potentially provide a somewhat different story with regard to contemporary SSC. In line with neorealist approaches, the paper has also largely ignored the role of internal politics and other domestic factors which may have had a bearing on the objectives and dynamics of IBSA cooperation. While the objectives of the IBSA Forum have remained largely consistent since its establishment, it is possible that domestic factors, such as changes in government, have had a bearing on the effectiveness of IBSA cooperation. For example, it is possible

that the change in South Africa's government that occurred in the late-2000s may have contributed to the slowdown in momentum in some aspects of IBSA cooperation – such as the process of establishing a trilateral FTA – as former South African President Thabo Mbeki was a particularly strong proponent of SSC, and the IBSA Forum in particular.

Finally, in focusing only on processes and initiatives that legitimately form part of IBSA cooperation this paper has ignored the vast array of non-IBSA foreign policy activities undertaken by the IBSA countries. It is quite possible that such activities – for example, the Indian Navy's annual joint exercises with the US Navy – are better interpreted using other IR concepts such as bandwagoning, and actually contradict the interpretation given to IBSA cooperation by this paper. Nevertheless, while an exhaustive account of contemporary SSC or of the IBSA countries' foreign policies would certainly need to address these and other issues, for the purpose of interpreting the motivations behind IBSA cooperation, the issues examined in the paper are felt to be sufficient to provide a deeper understanding of the IBSA Forum.

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