

Event report:

Event: New Delhi Consultation
Project: South South Economic Cooperation
Exploring IBSA Initiative
Date: 7th October, 2005
Venue: Federation House, FICCI, New Delhi

About project:

The project, “**South-South Economic Cooperation: Exploring IBSA Initiative**” aims to explore and analyse trade and economic relations between IBSA countries. Given the recent attempts to forge closer trade and economic cooperation, future trade scenarios will be explored by examining the present volume and composition of trade and factoring the perceptions of stakeholders on trade and economic cooperation. The project, started on January 1, 2005, is a one-year project funded by the Swiss Agency for Development and Cooperation (SDC), Switzerland.

The research component will also involve a survey to understand the business perceptions on trade and investment in IBSA countries, followed by a study of cross-cutting concerns in the form of non-tariff barriers (NTBs), freight costs, transaction costs etc. Subsequently, a sector study will be initiated wherein an attempt will be made to study complementarities and scope for cooperation within a particular sector.

Background:

South-South economic cooperation has long been promoted as a means to increase exports, reduce the excessive dependence of developing countries on markets of developed countries and to enhance diversification of Southern exports beyond primary commodities. The Cancun fiasco and the emergence of G-20+ alliance have increased the importance of this very pertinent aspect of global trade.

Having had the experience of working on projects on trade and development issues, CUTS Centre for International Trade, Economics & Environment (CUTS-CITEE), has taken up the challenge of exploring the possibility of enhancing South-South trade, which at present constitutes only 10 percent of world trade.

This project on South-South cooperation (SSC) on trade and investment will take the reasoning further by looking at demand and supply-side factors, which can enhance (or are hindering at present) trade between India, Brazil and South Africa (IBSA countries). The initiative has recognised that trade and investment advocacy can play a major role in achieving better economic and political results at the regional and international levels.

Objective of Consultation:

The objective of this Consultation was to engage relevant stakeholders and understand their perspectives and concerns on future trade and investment scenarios including regional trade initiatives so as to promote policy responses that factor stakeholder

preferences. It is intended to involve business representatives, government, civil society representatives and academics from their respective countries, to discuss issues for better economic cooperation between IBSA countries.

It was expected to concentrate on the following issues:

- Increasing the ties amongst the three IBSA countries
- Understanding the potential for promoting trade and investment between these countries
- Engaging relevant stakeholders and understanding their perspectives and concerns on future trade and investment scenarios

Session proceedings:

Session I Inaugural session

- Welcome by Mr. V.S. Sahney, Co-Chairman, FICCI South Africa Committee and Corporate President, Sun Group
- Project Introduction by Dr. P. Ranade, Director (Research), CUTS-CITEE
- Address by HE Mr. Francis Moloi, High Commissioner, High Commission of South Africa
- Address by Luis Antonio Balduino, Economic Counsellor, Embassy of Brazil
- Remarks by M.P.M. Menon, Former Indian Ambassador in Brazil
- Keynote Address by Mr. Rakesh Kumar, Additional Secretary, MEA
- Vote of Thanks by Mr. Rajan Kohli, Deputy Secretary General, FICCI

Welcome address: Sahney

Welcomed the distinguished guests and invitees. He mentioned that South-South Cooperation is 11% of world trade. In March 2005 IBSA business council was launched. All countries have core competencies. Engaged in cumulative role. These countries have their own core competencies and they can form vertex of trilateral economic cooperation between these countries. Agreement of these three countries moves beyond official signing of agreements and engages in consultative role for exchange and information on IBSA markets, identification of potential sectors for cooperation and discussing challenges and opportunities.

P Ranade:

Stakeholders left out of the purview of decision making and the IBSA initiative is strikingly representative of this, as there is very little knowledge on the same. He further gave an introduction on how and why CUTS had undertaken this project.

Luis Balduino:

Opined that when we talk about South – South Cooperation in general and IBSA in particular, we see that IBSA has very interesting features. It comprises of one developing country from each developing region. These countries have important leadership role to play in each region. In the political life of these democratic countries, democratic process

plays a very important role. They face similar challenges in their growth process and share to a very large extent the same prospect in multilateral agenda.

Even if it is very young initiative the track record is not so bad, for example even if it is not exactly in IBSA, we already have a trade area, a PTA signed between MERCOSUR and India, a PTA signed between MERCOSUR and SACU countries and on going negotiations between India and SACU which will be finalised soon.

We have a objective to increase bilateral trade flows from about 5 billion to 10 billion by 2007. It may seem to be a ambitious objective but if we look at what is happening to trade between Brazil and India, last year total trade flows were between \$1.2 billion to \$1.4 billion and this year in first six months we are already at \$1.6 billion. There is a impressive growth of trade taking place.

Even if this PTA agreement is not into force, there is a trilateral civil aviation agreement has been signed. There is an ongoing negotiation for trilateral maritime transportation agreement with the objective of developing a maritime transportation corridor between three countries.

There has been an “economic growth and equity” seminar with participation of representatives from academia and NGO’s. There have been various meetings on science and technology and issues such as * research and information society. There is an IBSA dance festival plan scheduled to take place in Brazil this year. A trilateral commission has been established and has already met twice, in India and South Africa and the third meeting takes place next year in Brazil.

A business forum was established in March 2005 in Capetown. But as it was mentioned, if IBSA has to really takeoff, the involvement of people and society have to be intensive. Democracy is the crucial aspect of the IBSA members and the participation of different segments of the three societies is very important. In this regard the business community plays a very important role in bringing the three countries together and we feel enormous opportunities that IBSA makes business sense. It is a crucial matter to find out where these opportunities are and to start exploring them.

MPM Menon:

He was the Ambassador from January 1999 to 2002 and went on to explain the background of Indo-Brazilian relationship at that time Indian exports to Brazil were US\$170 billion. We were not only behind Japan, China and Korea, which are known for their strong exports to Latin America but we were also behind Malaysia, Indonesia and even Thailand. Brazil did not attach much importance to economic cooperation with India in 1999.

He said he decided on two items, he felt were important for strengthening the bilateral cooperation between India and Brazil - Pharmaceuticals and Information Technology

For the first year his efforts were to bring the Brazilian Health Minister to India so that Indian pharma companies could make headway into the Brazilian market. He found that Pharmaceuticals sold in Brazilian market were ten times higher in price, than those sold in the Indian market. Most MNCs were not keen to get producers from other countries to Brazil and other Latam countries. They had tremendous political influence and would lobby against visiting other countries. Finally he was able to get Health Minister of Brazil to visit India in July 2000, much against the pressures from MNC's who did not want Indian cooperation on Pharmaceuticals with Latin America. The external affairs ministry and Latin America mission at that time mentioned that they tried to get other countries like Argentina health ministers but succeeded only in Brazil. This opened the way for Indian Pharmaceuticals companies into Brazil. The result was that more than 30 Indian Pharmaceuticals companies are exporting to Brazil. Company like Ranbaxy has production unit in Brazil. They have Portuguese name Hanbaxy known well in Brazil.

The second achievement was to get IT minister Mr. Pramod Mahajan to visit Brazil in 2002. He visited Governors in all Brazilian states and invited them to India and two of them came and the result was they got doors opened in their states for Pharmaceutical and IT companies of India. Governors of most Brazilian states were keen to invite IT companies.

After the trilateral Commission meeting, he wrote an article in Indian Express March 2004, 'Three Continents One Goal' and mentioned that inspite of closeness in working of these three countries at the WTO and at the UN General Assembly, the first visit of external / foreign affairs minister to Brazil from India was in June 2003.

IBSA was formed and two years had been spent. You have trilateral commission meeting that is taking place every march. The first meeting took place in India; the second in South Africa and third meeting will be in March 2006. Also the summit meeting is taking place but all summit meetings are on the sidelines of UN General Assembly.

One thing important for the initiative like IBSA to be successful is that summit meetings should take place exclusively for IBSA and a target has to be put about what is to be achieved by IBSA in a stipulated time (5 or 10 years) by an action oriented plan.

Nodal point meetings, were conducted for every sector to study cooperation but for success more thrust was needed. Air services and maritime agreement are there but no direct air link though it should have been. To send goods to Brazil, you have to send goods by feeder line to Singapore and then to Brazil.

During his tenure , the largest trade expo was organised in South America in Sao Paolo and the ITPO was not sure of getting more than 100 companies and he promised to be present personally. 245 Indian companies participated with 5000 square metres.

Lots of areas can be identified for cooperation. Reason for increase of exports of Brazil to India is because of the Embraer jets taken by IAF. Jet Airways and the Govt. of India

have also brought Embraers, which is the third or fourth largest manufacturer of aircraft in the world.

Therefore, to be successful only signing MOUs was not sufficient and a study was necessary to understand which areas were good for increasing trade.

Francis Moloji

IBSA is a new approach to South-South Cooperation (SSC). He mentioned he would be speaking on what IBSA is and what challenges it faces and why IBSA would succeed. Strategic objectives and goals are numerous and wide ranging. IBSA is in its embryonic stage and lot of talk is confusing. Official line is IBSA brings together three countries of the south and not contrary to other movements of the south. IBSA is a more sophisticated arrangement. IBSA is not an exclusive club but a “club of three countries that wanted to do something new in South-South cooperation”. Push the broader agenda of development in SSC

Challenges:

1. IBSA pronounced on everything under the sun and all issues are already on the agenda of the other institutions like NAM, Bandung Conference etc.
2. Multiplicity of Agendas causes confusion. How do you reconcile agenda of IBSA and others.
3. There are inadequate channels of communication to the various stakeholders. They don't know what is IBSA. Capetown decision to open website but it is not known. To remain in love u have to communicate.
4. Multiple and overlapping commitments. Balancing of bilateral and trilateral cooperation. Implications become difficult to know. Tariff schedules are multiple and customs official are often confused.
5. Three countries are competitors and it is difficult to forge cooperation among them. But clear complementarities do exist.
6. Challenges of implementation, as no single secretariat and in each country only ministries deal with it. Multiplicity of mini secretariats exists. Structures are important to take decision and take follow-up.
7. If people attach great importance to you then a lot more is expected from you. Robert Zoellick, called for concessions for large developing countries when trade issues are involved. In context of multilateral negotiations, there is room for S & DT but once you get importance that space is eroded.
8. Undemocratic organisations and how they relate to IBSA is a challenge.

Why despite challenges, IBSA will succeed

Developing countries interacted with developed countries from a position of weakness and this has huge implications on effectiveness, as their agendas influence the development challenges they wanted to be addressed. Weak bargaining power indicates no influence, therefore issues are ignored, no benefits derived, countries are marginalized and eventually trapped in poverty. In the context of developing countries with IBSA SSC has been promoted differently. SSC was never done this way. Move from elaborate and technical agreements with detailed discussions and are aloof from ground realities. IBSA is different as it tries to leverage on present strength based on key competencies of each

country. Each agreement is based on achievable and deliverable targets and is on the same lines as ASEAN. Issues kept aside where difference of opinion exist. IBSA has a chance of succeeding as most agreements succeed where strong partners lead, and those where economies are growing. Loose integral agreements augurs well for cooperation. Remove divisive rules from the agreements and necessary to have all on board. With political will, IBSA will succeed.

Rakesh Kumar

India committed to SSC and we need to make it more purposeful and useful for all stakeholders. Days of dealing in primary trade long gone by and many countries of the south have evolved and this provides for a fillip to trade amongst them. All the three countries are locomotives for further growth individually and to the continents in which they are located. There is ample scope for sharing of capabilities. This initiative was initially confined to foreign offices of these countries but later it was decided not to confine only to being geo-political phenomenon. We are trying to involve parliamentarians to broad base it. We are targeting a trade of 11 billion and it is hoped the IBSA Business Council would help in achieving this. The IBSA FTA needs further consideration and could start with PTA. Need for specialized fare will be conveyed to the Minister. Single secretariat is a good idea. Website is also a good idea and we need to update it often. Bridging information gap is very important for all stakeholders. He further added that he was keen to have the recommendations of the event sent to him.

Rajat Kohli: Proposed the vote of thanks. He mentioned that we see that commitment is present at political level. In all the IBSA countries, democracies are growing and afforded immense potential for growth. Therefore a result oriented approach is necessary with quantifiable targets.

Session II Plenary Session and open house

Chair : Yogendra Garg, Director, FT (Africa), MDA & MAI,
Ministry of Commerce and Industry

Presentation: Parashar Kulkarni, CUTS - CITEE

Discussants: N. Jagjivan, Chief Executive, JV Gokal and Co., Mumbai
Shobhit Khattri, Regional Manager (Latin America), TATA Motors

Parashar Kulkarni:

Gave a presentation on the perception survey conducted amongst the business community and other stakeholders regarding the knowledge about the IBSA initiative. After a detailed review of the IBSA initiative and the methodology he presented the key findings of the survey related to Trade and investment, Business awareness and the Non Tariff barriers and key concerns. Trade was low and a striking feature was the lack of awareness amongst the business community regarding this initiative. Although trade existed in some form, yet investment was not of any significant value. The current state of Indian investment in Brazil and South Africa has no clear direction and a sizeable volume is yet to be achieved. Investment relations between IBSA countries can be best described as adhoc. There are significant barriers that hinder trade within IBSA countries. Biggest concerns while exporting/investing in Brazil and South Africa that impact all sectors alike are freight costs and

logistics. Transport costs were narrated as the single largest factor impeding India's exports to Brazil and South Africa. Costs of business facilitation was also a concern, which includes courier charges, travel costs, telephone costs as it was revealed that day-to-day cost of doing business are clearly higher. Additional Costs like customs also increased the cost of exporting to Brazil. Access to information due to language was also proved a barrier. Risk perceptions like crime, corruption, and risk regarding payments and financial transactions have proved to be the significant barriers. The other hindrances include Visa and administrative hurdles and sectoral barriers. Some recommendations were also made.

Yogendra Garg:

From the presentation it was very clear that IBSA transport need to be strengthened. There is a serious lack of Business information and people to people contact needs to be enhanced

N. Jagjivan:

His firm was diversified into ethanol and co-generation activities, with presence in Brazil and South Africa. Energy is a critical aspect and India is facing an energy crises and needed to know how we can benefit. SASOL of South Africa has successfully converted COAL to gas energy and this is a technology that could be used effectively by India. Energy is a common problem of all along with poverty. The Kyoto Protocol has economic opportunities as well as benefits. The World Bank says that IBSA can save 40-50k of lives and about US\$2bn in economic terms if smog comes down and if suspended particulate matter decreases. 50% of sugar used in Brazil is utilised for ethanol production, ie 20mn tons out of 40 mn tons. If India produces 20 mn tons then alongwith 40mn tons of Brazil it is 50% of world's sugar production. India and South Africa now follow the 5-10% of fuel mix petrol to lower emissions and also import bills.

How can one reduce the impacts of high fuel prices? Some suggestions are : Making it mandatory for engineers to use ethanol or bio-fuels. Depending on sugar/ ethanol prices. Indian Oil Corporation will buy from farmers at Rs19 and will make it available cheaper. The West has not allowed anyone to do well because of subsidies on sugar in the internal market. However, US/EU and Brazil are encouraging ethanol consumption. India and Brazil can solve 10-15% of their energy needs and give a better return to the farmers and a unique way to tackle poverty and energy problems.

Brazil has come up with an ethanol, diesel mix which is 70% of our fuel consumption. If we use flex-fuel engines then those running on fuel mixed with Jatropha oil and oil from GM seeds then 20% of car transportation can use this changed technology.

South Africa has pebble bed nuclear technology that is safe. 30000 MW of power are needed by India, as recently mentioned by the President, APJ Abdul Kalam, which can be delivered through the use of this technology. SASOL, the South African Co., converts coal to gas and coal to liquid gas. If IBSA works together then it will be a benefit as they can harness this technology easily. Therefore, there is the need to work on an energy policy amongst all Governments and save billions of dollars and simultaneously also reduce poverty. IBSA therefore needs to be involved in a bio-fuels policy. Cultural and

language affinity needs to be used for forging economic ties. This will give immediate deliverables.

Shobhit Khattri: wished to share the experience in Brazil, though not directly connected with the Brazilian market. Brazil is a large automobile market. All automobile (commercial vehicles) manufacturers are present and Brazil is therefore a far more competitive market. India has only 2 players in the commercial vehicles segment Tata and Leyland. The need therefore is for having an equivalence of standards, like homologation , common tyre ratings etc and this should be undertaken in the IBSA Initiative.

On tariffs, there are higher tariffs from India than from other countries. Also there are tariffs on the lower income bracket than on other incomes. Trucks from EU have a tariff of 15% whereas those from India have 20% tariff loading. Brazil is entrenched in Mercosur and hence the tariffs are Regional Content Indexed (RCI). In Mercosur a 60% RCI is difficult to attain.

Travel Visas issued from Brazil are easier than those from most other Latin American countries.

FDI policies are in line with those of other Latam Countries. Work permits and movement of people is difficult. With this the movement of service personnel needed for the vehicles that are designed for Indian conditions, makes it difficult for the manufacturer.

Yogendra Garg: IBSA countries constitute 1.2 billion people and are doing trade worth 400bn. Hence, there is a huge opportunity, but intra-country trade is a dismal 2%. Therefore, an FTA or a PTA would not suffice. What we need is a trade facilitation or a comprehensive agreement which an FTA alone will not provide. Rising international trade volumes indicate a potential for this movement. Also as mentioned earlier an IBSA Secretariat and a website will be needed to give an institutional set-up for the IBSA initiative

Floor discussion:

SP Singh, Environment Technologist: (Directed to N Jagjivan) Technology for ethanol is widely available, even in India. How is the Indian farmer going to gain if the same ethanol is going to be used in the production of alcohol.

N Jagjivan: This year with sugar at Rs1500, the farmer makes money. With IOC buying ethanol at Rs19 per litre he makes an additional Rs200. Therefore, an ethanol policy will benefit the farmer directly.

SP Gupta: But who is holding up this policy?

N Jagjivan: Blending of fuels is a problem area. Currently BASF, Akzo Noble of Sweden and a Brazilian Company alongwith Akzo Noble have developed an emulsion with an additive that permits free mixing and which retains the properties of the fuel. Corn, soya, rapeseed oil can be used in this mix. As part of our wasteland program 10-

20% can be used for the cultivation of Jatropha or rape seed. What is needed is a bio-fuels policy. The farmer gets a percentage of ethanol and sugar prices. When oil prices are high, ethanol consumption increases and the farmer benefits. Therefore, a Bio-fuels policy with clear tax incentives is necessary. In Brazil the farmer participates with sugar mills and the Government and what the farmer gets is what the mill gets and what is exported. When the oil prices rise, the ethanol prices also increase and the farmer gains. When times are bad everybody loses. The programme is structured in such a way that when sugar prices are high and ethanol prices are high, sugar is diverted to ethanol production. This would have been the case last year for India. With high Oil prices we would have bought ethanol at Rs13 per litre, which is half of what we paid and instead of importing oil at \$40 to a barrel we would have bought at Rs13 and a deficit of US\$20bn would have been closer to US\$14-15bn. It is therefore a win-win situation for everyone. The Government now sees sense in a bio-fuels policy. With December, when the policy comes into force, we would see an increased investment in ethanol production. Wasteland production utilised for oil production would give employment, cheaper fuel and reduce deficits. Tangible benefits will be available for everyone. It is beneficial for the environment too. 1500-2000 lives are being lost due to pollution in the 4 major cities of India and the World Bank thinks this can be corrected by just using a 10% blend of ethanol. Saving the loss of lives quantified at 15000 and \$300 million per year and if extrapolated to the entire 1.5mn cars in India, can be a huge gain. For example, Shanghai or Beijing have announced that all cars and trucks be run on a blend of 10% of ethanol or bio-diesel by 2008 Olympics. In fact China is the 3rd largest producer of bio-diesel in the world. Therefore, it is necessary to see how we can use technology and take it forward. Building a relationship amongst the IBSA countries is therefore necessary. Apart from bio-diesel, Embraer and HAL have complementarities. Denel of South Africa is producing 5% of the air frames for the airbus and so its merely a question of taking this initiative forward.

Francis Moloi (comment): More often than not statistics creates a very gloomy picture. Though what statistics reveals is suggestive and what it hides is vital, yet there are necessary conditions required for investment to take place. The way investment has moved it has emulated very little of the orthodox requirements of investment. What drives investment is not anything else except business perceptions, and they are not worried about ideologies. One therefore needs to work on the business perceptions. Earlier it was fashionable to do business only with the west but now times are changing and it is ok to do business with the likes of India, China and others. In the same vein, IBSA is now a pilot project and we need to run with it. Role of Government is finished. It is necessary for Business to take it ahead. Policy makers cannot do anything more and the IBSA Business Council needs to get its act together. Government should now respond to the needs and demands of business. When business demands and pursues, the politicians will also move. For example when we look at exports of Phosphates, 5% is required as tariff from South Africa but for others its 1% and therefore we need to talk tariffs down. So is the case with cars. You need to tell the Government to reduce tariffs to zero, the ball is in your court.

Balduino (comment): Demand by business is more important. PTAs are a good start but there has to be a move further with trade Facilitation and how goods can get out of customs fast. Eventually, we will have to think of a trilateral FTA. Its like the cycle theory where you will have to keep moving constantly. With ethanol farmers are much better off rather than just dealing with oil. India would be much better off as technology is now more mature and if ethanol transforms into an international commodity there would be a better market and better prices. The stone age did not finish because of the lack of stones and so will the oil age not be over because of the lack of oil. It will be replaced by better and cleaner sources of energy.

P. Ranade (comment): IBSA requires to make a lot of noise so people become aware and mindsets are changed. Open doors, open windows will finally lead to open minds. The IBSA Secretariat should look at sector specific issues and these would give higher dividends. Loose arrangements may be even better and you can cooperate well. Information dissemination by the Government is required. One should also look at trade facilitation and arriving at a equivalence of standards. Business to Business and people to people contacts are required. An institutional framework like a Secretariat and a website are some of the recommendations that can be made.

Rajbanshi (comment): Endorse the view that a secretariat should be established instead of having mini-secretariats. There has to be visibility and it's the job of the Businesses rather than Governments to take this initiative forward.

Pramod Dev (comment): Agree that there is a need for an IBSA Secretariat. But one should not go for deep seated Secretariats like the SAARC Secretariat. Let businesses be left alone and if such institutions are present transaction costs rise and money is wasted. Don't have institutionalised frameworks. Institutions are inefficiency creating and have more relationship building than anything else. You can't do away with politicians as they are the necessary conditions but they should leave aside politics. Chambers of Commerce and Associations will have a facilitating role to play and we should see how FICCI can interact with the Government to increase Business to Business interactions between the three countries.

Recommendations of National Consultation:

1. Need to have summit meeting exclusively for IBSA and not on the sidelines of the UN General Assembly as is now the case.
2. Such meetings should have a perspective of an action plan for achievement in the next five or ten years with definable targets.
3. Nodal meetings were currently conducted for each sector but they require additional thrust and momentum.
4. Direct flights, with specialized fares, to Brazil are not yet cleared by the concerned Ministry. This will help in reducing time taken to travel.
5. Need for a study of new areas where IBSA can increase the trade volumes and where complementarities exist. There has to be an identification of the areas of complementarities.

6. There has to be a balance sought between the bilateral and the trilateral. As there are multiple commitments and it is necessary to distinguish between the two. Unless this distinction is not sought a lot of confusion prevails in the concerned departments.
7. Tariff schedules are multiple and complicated and need to be simplified.
8. There is a felt need for an IBSA Secretariat to give an institutional set-up to the IBSA initiative.
9. An IBSA website giving the latest information should be created.
10. A Sectoral approach rather than a company to company approach is more appropriate.
11. Need to have channels of communication with other stakeholders to increase awareness and knowledge about Brazil, South Africa and the IBSA initiative
12. Business Chambers are not forthcoming in helping business by increasing awareness. Need for a more pro-active role.
13. An annual trade fair is necessary to increase the awareness and visibility about IBSA.
14. For this initiative to succeed, it needs to move beyond government officials signing agreements on behalf of their respective countries. The process needs to include a wide cross-section of government departments, the private sector and other stakeholders in a consultative role. It is the private sector that trade, not governments. In order to increase levels of trade between the IBSA countries concrete steps will have to be taken to address the real barriers to trade that private companies face on a daily basis, such as inadequate transport, standards and red tape.
15. Role of Government is finished. It is necessary for Business to take it ahead. Policy makers cannot do anything more and the IBSA Business Council needs to get its act together. Government should now respond to the needs and demands of business and when business demands and pursues, the politicians should also move.
16. People to people contact has to become the bedrock of the initiative rather than let it remain as Government to Government engagement.
17. There is need to work on an energy policy. Ethanol, Nuclear and coal gasification is required as a viable option.
18. The announcement of a Bio-fuels policy with clear tax incentives needs to be given highest priority as it will create the need for oils such as Jatropha and rape seed. The Jatropha, can be cultivated on waste lands and it will provide employment opportunities and help in reducing poverty too.
19. Common standards need to be evolved amongst the IBSA countries. Equivalence agreements are the need of the hour.
20. Investments are dependant on business perceptions and mindsets. Unless one changes them, investments will never be made.
21. Trade facilitation may be necessary rather than having an FTA alone.
22. Transaction costs are high and the necessary institutional framework not being in place increases them substantially. Freight costs and logistics are currently huge. Communications costs too are very high. Air and sea transportation links need to be improved along with communications linkages

23. If IBSA countries work together then it will be a benefit as they can harness bio-fuel / ethanol technology easily. IBSA needs to be involved in a bio-fuels and an energy policy. There is the need to work on an energy policy amongst all Governments to save billions of dollars and simultaneously contribute to the reduction of poverty.
 24. Cultural and language affinity needs to be harnessed for forging economic ties. This will give immediate deliverables.
 25. Work permits for easier movements of personnel are required.
 26. The way investment has moved it has emulated very little of the orthodox requirements. What drives investment is not anything else except business perceptions, and they are not worried about ideologies. One therefore needs to work on the business perceptions.
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