BRICS foreign Ministers discuss impact of covid-19

Part of: GS-II- I.N Organisation (PT-MAINS-PERSONALITY TEST)

External Affairs Minister has emphasized that the current COVID-19 challenge underlines all the more the need for reform of multilateral systems and that reformed multilateralism is the way forward. In his remarks at the BRICS Foreign Ministers Meeting on Coronavirus through video conference, Dr Jaishankar referred to the centrality of development and growth in the global agenda.

Important points

1. He emphasized that the pandemic is not only posing a great risk to the health and well being of humanity but is also severely impacting global economy and output by disruption of global trade and supply chains
2. The Minister said, economic activity across sectors has been negatively impacted leading to loss of jobs and livelihoods.
3. He emphasized that there is a need to provide support to businesses, especially MSMEs, to tide over the crisis and ensure livelihoods are not lost.
4. The External Affairs Minister pointed out that the efficacy of traditional medicine systems to strengthen immunity should be recognized and that BRICS should support these efforts.

Facts

BRICS, which brings together almost 42 percent of global population, with impressive growth, investment and trade share, has an important role to play in shaping the global economic and political architecture. India also reaffirmed its strong support for Russian BRICS Chairship in 2020 and the overall theme of “BRICS Partnership for Global Stability, Shared Security and Innovative Growth”.

‘Self -help measures’

The official pointed out that BRICS was looking at the possibility of additional “self-help” measures that the grouping could adopt, following the initiatives adopted during the recently concluded meeting of the board of governors of the BRICS New Development Bank (NDB) on April 20.

“Three days ago, the Bank fully disbursed a USD 1 billion emergency loan to China. This week, we will present to the Board of Directors, an emergency loan of USD 1 billion to India. The Bank is in discussions with Brazil and South Africa for loans of USD 1 billion each. All three loans are along similar lines to the China loan. And we stand ready to do more, if our members request it, NDB President K.V. Kamath said. He pointed out that the NDB had the “financial capacity” to provide $10 billion in “crisis-related assistance” to BRICS member-countries.

BRICS
BRICS is an acronym for the grouping of the world’s leading emerging economies, namely Brazil, Russia, India, China, and South Africa.
- In 2001, the British Economist Jim O'Neill coined the term BRIC to describe the four emerging economies of Brazil, Russia, India, and China.
- The grouping was formalised during the first meeting of BRIC Foreign Ministers in 2006.
- South Africa was invited to join BRIC in December 2010, after which the group adopted the acronym BRICS.
- It comprises 42% of the world’s population, has 23% of the global GDP and around 17% of the world trade.
- The chairmanship of the forum is rotated annually among the members, in accordance with the B-R-I-C-S.
- Brazil is the current chair of the grouping.
- The BRICS Leaders’ Summit is convened annually.
- During the Sixth BRICS Summit in Fortaleza (2014) the leaders signed the Agreement establishing the New Development Bank (NDB). They also signed the BRICS Contingent Reserve Arrangement.

New Development Bank

- NDB is headquartered in Shanghai.
- At the Fourth BRICS Summit in New Delhi (2012) the possibility of setting up a new Development Bank was considered to mobilize resources for infrastructure and sustainable development projects in BRICS and other emerging economies, as well as in developing countries.
- During the Sixth BRICS Summit in Fortaleza (2014) the leaders signed the Agreement establishing the New Development Bank (NDB).
- Fortaleza Declaration stressed that the NDB will strengthen cooperation among BRICS and will supplement the efforts of multilateral and regional financial institutions for global development thus contributing to sustainable and balanced growth.
- NDB’s key areas of operation are clean energy, transport infrastructure, irrigation, sustainable urban development and economic cooperation among the member countries.
- The NDB functions on a consultative mechanism among the BRICS members with all the member countries possessing equal rights.

Contingent Reserve Arrangement

- Considering the increasing instances of global financial crisis, BRICS nations signed BRICS Contingent Reserve Arrangement (CRA) in 2014 as part of Fortaleza Declaration at Sixth BRICS summit.
- The BRICS CRA aims to provide short-term liquidity support to the members through currency swaps to help mitigating BOP crisis situation and further strengthen financial stability.
- The initial total committed resources of the CRA shall be one hundred billion dollars of the United States of America (USD 100 billion).
- It would also contribute to strengthening the global financial safety net and complement existing international arrangements (IMF).