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South-South Cooperation between Brazil, India and South Africa

1. Introduction

Since a few years there is a new discussion regarding south-south coalitions between developing countries, especially since the creation both of the IBSA Dialogue Forum between India, Brazil and South Africa and the Group of the 20+ (G 20+) during the World Trade Organization (WTO) negotiations (Siciliano Brêtas 2005). In this context my question in this paper is why such coalitions appear and under what conditions they grow or perish. Therefore I will focus on the case of the India, Brazil, South Africa Dialogue Forum (IBSA or G3).

Why is that interesting? Studying the IBSA we have the chance to take a closer look at three countries of the global south which are – based on their economic and political potential as regional powers – in the position of participating in the definition of the global governance and global economic architecture. After having passed through a period of structural adjustments and social changes due to neoliberal reforms during the 1990s, Brazil, India and South Africa started orienting themselves towards the world market and multilateralism. As an economic consequence all three countries are now showing high growth-rates, but in the social sphere they continue having big disparities (Barrios & Meyer-Stamer 2000; Jha & Kumar 2005; Mngxitama & Eveleth 2003).

Furthermore the analysis of the IBSA is interesting for the understanding of south-south coalitions themselves. Looking back in the history of south-south cooperation since the 1950s starting with the period of decolonization, the east-west conflict, and later on the beginning of globalization, it has been visible that each of these countries plays a major role. In the beginning it was the independent India during the government of Nehru (1947) that engaged itself for the cooperation in and with the south. From the 1960s on also Brazil, together with other Latin American countries, started participating as an observer in the Non Alignment Movement (NAM) (Brock 2004: 618 ff.). South Africa only got interested in south-south cooperation once the Apartheid Regime was defeated since the 1990s, soon becoming an important partner for other developing nations, especially for India and Brazil.

2. How do we analyze south-south coalitions? A theoretical approach

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2 Among the members of the G 20+ are Egypt, Argentina, Bolivia, Brazil, Bolivia, Chile, China, Colombia, Costa Rica, Cuba, Ecuador, Guatemala, India, Mexico, Nigeria, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand and Venezuela.
My basic question in this paper is why a south-south coalition as IBSA can appear and under what circumstances it can develop or even fail. The scientific analysis of the formation of state coalitions can be made with a huge variety of theories, starting with (neo) realist up to (neo) functionalist, constructivist or even gender approaches. I will use a neo-institutionalist approach. The basic assertion in neo-institutionalism is that states tend to build coalitions with countries with similar interests or values. Following the thoughts of Keohane (1984, 1989, 1998) this approach analyzes the way the nation-state deals with or reacts to the growing political, economic and social interdependences in the period of globalization. One of the main developments observed is a growing cooperation among nation-states and the creation of common international / multilateral institutions through which common problems can be solved and / or common interests and goals can be pursued. Being led by rational logic - as it is presented in the Regime Theory – states try to maximize their welfare and security through international cooperation (Meyers 2005: 504 ff.).

Meyers mentions four reasons for international cooperation structures: First international institutions increase the information level between the partners, lowering uncertainties related to the interests of the others. In second place transaction costs can be reduced by continuously linking sectors and problem-solving mechanisms. In third place such cooperation strengthens the cohesion between countries, because giving it up is related to certain costs. In fourth place institutions influence the definition of interests and perceptions of the participating and other actors (in Krell 2004: 67). Based on these four assumptions I would like to study the south-south coalition between India, Brazil and South Africa. Thus, I will start by introducing the IBSA Forum and in a second step I will discuss the specific interests that each of the three countries pursues within this coalition. Finally I will conclude with the analysis of the presented information relating them with the theoretical assumptions.

3. The IBSA Dialogue Forum (G3)

The IBSA Dialogue Forum is a trading- and interest-block created in June 2003 in Brasilia, being officially founded during the 58th UN-General-Assembly in September 2003. The main purposes of this coalition are the following. First of all the IBSA-Forum was established to strengthen the common political position in multilateral fora such as the United Nations (UN), the International Monetary Fund (IMF) and especially the WTO. One of the main aims is the reform of the mentioned institutions, in order to give the developing countries more relevance in the decision-making process as well as to gain more influence-power for themselves. In this sense India and Brazil demand a permanent seat in the Security Council of the UN, arguing to be representing the Latin-American and south-east Asian regions (IBSA
Summit Declaration 2006; Soares de Lima & Hirst 2006). In order to assure the political coordination and the development of the common strategies between the three countries a trilateral commission has been launched.

Besides the political cooperation there is a very strong interest in **commercial and technological exchange** covering several sectors such as energy (bio-fuels, wind, solar and nuclear energy), transport (aviation and maritime south-south connections) or information & communication technologies\(^3\). In this sense the first IBSA summit at the presidential level held in Brasilia in September 2006 focussed on agreements aimed at stimulating **trade between and economic growth** in the three countries (Stamm 2004). Together the IBSA-Countries have a total trading volume of 400 billion USD, but between each other it only reaches approximately 2 to 3 billion USD. Although these numbers imply an increase of almost 600% between 1994 and 2004, it is still insignificant compared to the trade amount with the traditional partners like the US, the EU or Asia. In order to support the IBSA intra-trade there is the proposal of creating a Trilateral Free Trade Area (T-FTA) between India, Mercosur and South Africa Customs Union (SACU) in the near future (RIS 2006 / White 2005). Following the results of the simulated T-FTA by Sandrey & Jensen (2007) there definitely could be positive effects for the IBSA-trade, especially for South Africa.

Not forgetting the “third-worldist” approach, the IBSA-Forum has also come up with a **social agenda** focussed on the eradication of poverty and hunger in other developing countries through the IBSA Facility Fund. Each of the three countries has declared its intention to allocate at least 1 million USD every year for social projects, for instance in Guinea-Bissau and Haiti. The fund is being administrated by the United Nations Development Fund (UNDP). Furthermore there is an international drug purchasing facility to respond to the challenges of HIV/AIDS, malaria and tuberculosis (IBSA2006: 3).

After having indicated the basic common tasks of this new south-south coalition I would now like to take a look behind the curtain, looking for individual interests in each country that motivate the cooperation with the others. It is important to remember that although the G3 is a group of regional powers, there is a huge asymmetry in terms of economic and political power between them. Is there a winner or a looser in this game or are we talking about a win-win situation? Answering these questions will help us understand the functions of this south-south

\(^3\) Besides several meetings of the Science and Technology Ministers since 2004, a common technology-fund was created and each country contributes with yearly 1 million USD in order to support research projects conducted by common scientists. The focus issues are the research on Malaria, HIV/AIDS, Nanotechnology, Biotechnology and oceanography (IBSA 2007).
coalition from each country-perspective and could point out, as a step further, the conflicts and risks in the future.

**4. India within the IBSA: porcupine or tiger?**

Since the country started liberalizing from 1991 on there was a shift in the foreign relations policy in relation to industrialized and developing nations from a pure “nay-saying” and “third wordlists” rhetoric to a more open-minded and also economically self-interested thinking (Narlikar 2006: 59 ff.). Raja Mohan describes the development of the Indian foreign relations as from a vegetarian, lame and defensive porcupine to a tiger, mainly interested in pragmatic security- and trade-issues (ibid). But is that true?

Basically, what we see today is a mixture of the old and the new position that combines all interests at once. In this sense India appears a bit confused - or better - contradictory: The new pragmatic foreign strategy focussed on integration into the world market suddenly - once confronted with the industrialized countries – appears to be uncertain whether to play the role of a sceptic developing country or a self-confident regional power in the international arena. This position can be clearly seen in the dichotomy with which India actively approaches the USA on the one side, building anti-hegemonic cooperation networks with other developing countries on the other (Wagner 2006). How can we explain that, and further, how does a multilateral south-south coalition with Brazil and South Africa fit in this picture?

Although India has introduced liberal reforms in the economic sector and made a new entrepreneur-class appear in the international trade relations, the fundamental position in its foreign relations has not really changed. What has changed, though, is the perception of a weakening alliance of the developing countries in the international relations, whose mayor advocate India still believes to be since the 1950s. A good example is the leading role India played in the creation of the Like Minded Group (LMG) gathering 14 countries such as Cuba, Egypt, Indonesia, Malaysia, Pakistan, Tanzania and Uganda during the Uruguay-Round at the WTO in 1996. The basic interest of this group focussed on the implementation issues, “that is, the unanticipated costs of implementing the agreements of the Uruguay Round that developing countries faced, and the costs to them of the unkept promises by the developed countries” (Narlikar 2006: 65). The main problem here was that after having shown a strong commitment with this coalition during the Seattle Ministerial Conference in 1999, it was during the Doha Ministerial Conference (2001), that single member states started dealing bilaterally with the industrialized countries, especially the USA. As a result the LMG broke apart, leaving only one country behind without any bilateral agreement: India. This LMG-shock, to put it descriptively, is one of the most important lessons that drove the Indian
international negotiators to seek for new and strong alliances in the developing world that could not leave such a coalition that easily. This was the beginning of India’s dual-strategy in the south-south cooperation, supporting the creation of two new third-world coalitions before the Cancun (5th) Ministerial Conference of the WTO in 2003. Together with the new Brazilian government of Ignácio Lula da Silva on the one hand, India supported the creation of the G 20+ (in August 2003) in opposition to the US-EU-position concerning the so called Singapore Issues. A bit earlier (in June 2003), on the other hand, almost as an insurance not to be left alone again during the negotiations, India joined Brazil and South-Africa in the IBSA. Here we see the twisting role: again it was India and Brazil which stepped out of the commitment with the G 20+ during the 6th Ministerial Conference of the WTO in Hong Kong, although they also had blocked the negotiations in Cancun. As members of the FIP (Five Interested Parties, later G 6 with Japan) India and Brazil joined a small negotiation-group in 2004 with the US, the EU and Australia, fulfilling their particular interests concerning agriculture subsidy (Brazil) and the maintenance of special custom regulations (India), leaving behind the demands of the weaker developing countries. In the continuation of the WTO-negotiations in 2006, India - as well as Brazil – again got caught between their role as a leading representative of the Third World and the desire to speak only in their own name (Deckwith 2006). In this sense one function of the IBSA becomes clear: it allows India to play the role of an industrialized and developing nation. As a south-south alliance of the regional-powers, India, Brazil and South Africa have become interesting members in the circle of what can be described as super-powers (G8), not only because of their economic and political strength, but also because of their support from and their influence in the developing world. In this new role, India and the other two have to cope with the responsibility towards their regional allies and the developing world itself. Therefore it is understandable that the IBSA-Forum also works as a funding institution, supporting development projects through its Trust Fund for Hunger and Poverty Alleviation (IPEA 2004: 11). For Biallas & Knauer (2006: 5 ff.) this new role has a certain cost, since with the institutionalization of the three regional powers in the IBSA, in a certain way their right to claim the role of representative of the developing world vanished. The agro-exporting IBSA-countries for instance are very interested in expanding their agriculture export sector and in achieving higher rents at the world market. To reach this, they would even accept lowering national subsidies and import-barriers for agricultural products. But baring in mind

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4 India follows a protectionist policy in order to protect the local middle and small farmer sector with close to 600 million people or approximately 60 percent of the Indian population. In regard to the liberalization of services India is very open minded, just the contrary of Brazil (Deckwirth 2006: 103 ff.).
that most developing nations are importers of agriculture products or mainly small and medium scale farmers, they would have to give up their own agriculture-efforts as well as loose import-taxes. For the authors it is in this controversy between export-interests and advocacy-responsibility that the IBSA-Forum created the *IBSA Facility for Alleviation of Poverty and Hunger*.

But here again, it would be incorrect to see these international social policy efforts only as a bargaining instrument or a payment for legitimacy to the developing world. As Wagner (2006) puts it, India’s foreign policy is still attached to the NAM ideology, in which social development and the achievement of the Millennium Development Goals are fundamental.

And there we reach the second part of our question: why cooperate with Brazil and with South Africa? Besides the already mentioned important support that Brazil and India give each other as legitimate advocates of the third world, India is interested in the technological and economical transfer and cooperation with the South American countries. The cooperation focuses on the already mentioned sectors of energy, transport, information and communication technology as well as bio- and nanotechnology. And why South Africa? Stamm (2004: 15) suggests that getting South Africa into the cooperation might have happened initially only because there was the need for a transit-country in the Indian-Brazilian Trade. This Idea is still valid as one can see in the RIS Policy Briefs number 26 (2006: 3) prepared at the request of the Indian Ministry of Commerce and Industry. It says:

> “The new element in the equation [of the IBSA] is the emergence of a geographically dispersed range of ports offering transhipment services. This offers the possibility of providing even the smaller destinations with access to increased regional trade. The principal trans-shipment ports on the basis of geography for the IBSA trade should be at Durban or Cape Town. This might call for making arrangements for the creation of an IBSA Warehousing facility in South Africa which could be used by Indian and Brazilian enterprises for mutual transhipments, and to exchange technical experiences will certainly pave the way in sustaining closer integration in near future.”

But surely South Africa is more than just a secure transit-station, especially for India. If we think about the amount of Indian investments in the sectors of healthcare, metal-industry, brewery and IT or the growing bilateral trade, rising from 45 million USD in 1993 to 870 million USD in 2003, than it is quite clear that South-Africa has its own economic and geo-strategic importance in the trilateral cooperation. For India especially the energy sector is interesting: “South Africa has a highly developed synthetic fuels industry, which takes advantage of the country’s abundant coal resources with coal liquefaction technology. With the oil prices ruling at around US$ 60 p.b., this technology may be commercially viable and could be explored by Indian companies” (RIS 2006).
5. South Africa in the IBSA: the clever small brother

The relation between India and South Africa is a good starting point to analyze the position and interests of South Africa in the IBSA. It is interesting to see that India played an important role in the reintegration of the African Nation into the international arena, after having supported the diplomatic boycott against the Apartheid Regime between 1957 and 1993. During that time South Africa was very isolated on the international level. It was only in 1994 that the country joined international organisations like the UN, the Commonwealth, the NAM, the Organisation of African Unity (OAU) and the SADC. Since then South Africa’s foreign policy is concentrated (1) on multilateral cooperation for a more equal Global Governance Architecture, (2) on bi- and multilateral south-south coalitions, (3) on the cooperation with industrialized nations and (4) on the solidarity between the African continent (Sidiropoulos 2006: 2).

With the transition and the political and economic liberalization, India, Brazil and South Africa came closer, but only since the creation of IBSA they recognized each other as strategic partners. Grant (2006: 16) understands South Africa’s engagement in the IBSA as a chance to learn from India and Brazil in order to find its place and role to play in the global governance and economic architecture. In this sense India and Brazil have a model-function, on which South Africa orients its foreign policy and trade interests and through which it can be integrated in the circle of the big regional powers. But, although South Africa wants to cope with the role of a regional power it has not chosen to do it with military strength as did Brazil and India.

The main interest for South Africa to participate in the IBSA is - as Biallas & Knauer (2006: 5) say - to gain a better position in the WTO agriculture-negotiations. Although agriculture has only a small share in the GDP, the country is very engaged politically in this sector because of the high influence by the national Agro-Lobby in the Ministry of Trade (Deckwirth 2006: 13). This is one reason why this Ministry focuses so much on south-south alliances in its “Global Economic Strategy“, like the IBSA and the G20+. What South Africa demands is the same as India, meaning a better access to the European and North American markets as well as the abolition of trade barriers, in order to achieve higher prices for agricultural goods on the world market (Grant 2006: 17 ff.). In this sense it is remarkable that in almost all official documents concerning international trade and foreign policy, South Africa mentions to be also articulating the interests of all other developing countries, especially the G22 and the Africa-Group.
Another function of the IBSA for South Africa is a better understanding of India’s and Brazil’s position in the foreign trade issues, which means a plus in information and therefore more planning-security. After having interviewed a few officials of the national foreign trade and policy sector, Grant (ibid: 22 ff.) points out that “they understand the domestic forces driving these positions as well as a great admiration of the technical and strategic skills of the negotiators from both those countries”. And the cooperation can have positive effects for South Africa. Having in mind the plan of a Free Trade Area, Sandrey & Jensen (2007) built a model to foresee the gains and losses for South Africa. They found out that South Africa can win much more than its neighbours (Botswana, Namibia, Lesotho, Swaziland). The most positive effect for South Africa would be the preferential access to the protected Indian market for the export of agricultural and elaborated products. Another, rather unexpected effect would be the possibility of exporting big amounts of gold, being the biggest gold-producer worldwide, to India, itself one of the largest jewellery-producers. The interesting fact here is that “it is understood that bulk of trade between India and South Africa is in gold, gems and jewellery. However, this trade is today routed through Europe and which in turn leads to a situation wherein neither South Africa nor India has a significant role in the value chain. Therefore, there appears to be immense potential for investment, which enables these countries to capture a significant position in gold, gems and jewellery value chain. The abundant supply of colour stones in Brazil and the rich craftsmanship of India in polishing stones provides yet another investment opportunity for the third country markets” (RIS 2006).

There could also be positive effects in the South African domestic market because India could be a strong competitor for the Chinese dominant position, as for instance in the Textile-Industry.

Now, playing the role of the “small brother” South Africa has to be careful in not loosing its voice inside the coalition and its economic and political balance with the regional partners. White (2005: 1) explains that “unless South Africa can replicate Brazilian-style involvement of other regional players and demonstrate an assertive commitment to development and leadership in South Africa marginalization will be a continuing risk. IBSA activities in South Africa and India pale in comparison to those in Brazil. The two appear less engaged with their regions on IBSA-related initiatives”.

6. Brazil in the IBSA: south-south solidarity or economic ambitions?

The Brazilian general “national interests“ are defined by what Amaury de Souza calls the “Foreign Policy Community“, meaning members of the executive, legislative and judicative powers as by leading personnel in the social movements and economic interest groups, NGOs,
journalists and scientists. Foreign policy in first instance has (1) an instrumentalist character and is closely related to an economic and “developmentalist” discourse. (2) For the country it is a high priority to represent an independent role in the Latin-American region and in relation to the industrialized countries. (3) There is a strong commitment with multilateral fora and since the Lula-Administration especially with south-south coalitions like the IBSA Forum (Boeckh 2003; de Oliveira u.a. 2006; Soares de Lima & Hirst 2006: 22 ff.).

Brazil’s engagement concerning the creation of the IBSA always has served a few quite ambiguous purposes. On the one hand - just as India - Brazil claims a permanent seat in the Security Council of the UN in order to enhance modification in the global governance and economic structure, and furthermore giving the developing countries more strength in the multilateral system as a balance to the unipolar power of the USA (Schläger 2007). Therefore Brazil wants the support and legitimacy from other regional powers of the south such as India and South Africa. Then, in order to achieve a better trading position for itself, Brazil takes a leading role in south-south coalitions as the G 20+ speaking for the developing nations in general, but continues following its particular economic interests through IBSA. As Costa Vaz (2003: 10 ff.) explains, Brazil’s foreign policy is strongly influenced by economic and trade interests, which are often in conflict with the interests of the USA and the EU. Putting it simple, just like India and South Africa Brazil demands a fair access to the European and the US-American markets for its export-products. Until today this has not been achieved mainly due to the resistance of the US and the EU, as the failure of the ALCA and the WTO-negotiations notably show. That is also a reason why Brazil continues with the diversification of its foreign trade towards other regions of the developing south, although knowing that the USA and the EU continue being its biggest trade-partners.

Focussing on the relationship between Brazil and India the creation of the IBSA mistakenly may seem to only have a strategic function for international negotiations. But if we take a closer look at all the cooperation fields and the aim of creating an IBSA-FTA, the picture turns out to be indicating towards a promising south-south transfer of financial, technological

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5 Brazilian foreign policy is highly influenced by the agro-export interests, especially the orange, sugarcane, soy beans and coffee producers because of their big contribution to the national export (more then 40 %). Yearly this continually growing sector contributes with approximately 10% to the GDP. But also the Brazilian steel industry has a growing interest in exploring new markets like India and China (Decker & Mildner: 23 ff.).

6 In this matter Soares de Lima & Hirst (2006: 37) think that “Brazil’s foreign affairs have now become a matter of controversy in domestic politics in a way that they were not in the past, and intra-bureaucratic divergences over the priorities of the countries foreign policy have also become more frequent. These differences reflect a profound debate, […] in which local elites view the relations with the industrialized nations as more profitable and viable than the expansion of ties with the south”.

and agricultural goods and services\(^7\). One main interest for Brazil is the growth of its state aviation industry (EMBRAER), one of its main industrial sectors and a potential export possibility to India. As India is just in the process of developing its national and international aviation infrastructure, it has a huge need for civil aviation technology. Another interesting sector is the expansion of the largest Brazilian private enterprise in the area of transportation logistic Companhia Vale do Rio Doce to India and South Africa by cooperating with their state enterprises Companhia de Logística e Comércio Exterior (CONCOR) and Transnet. Not mentioning the efforts in the sphere of Research and Development (R&D), cooperation in small and medium enterprises (SMEs) and tourism, I would like to point out the promising sector of energy technology exchange: “About 62 per cent of energy requirements of Brazil is met by renewable sources of which ethanol from sugarcane accounts for as much as 10 per cent. Given the fact that India is the largest producer of sugarcane in the world and is facing booming oil import bill, the returns from India-Brazil cooperation in this field cannot be over emphasized. [...] In April 2002 India and Brazil signed a memorandum of understanding for technology sharing in blending of petrol and diesel with ethanol” (RIS 2006: 4).

Last but not least the Brazilian interest in sharing its technical and personal expertise in the field of development cooperation in order to support the creation of alternative development assistance mechanisms has to be named. Although its capacity of financial donation is quite small compared to China or India, Brazil has made a big effort in professionalizing its skills and programs in the field of technical and development assistance focussed on other countries of the third world. The aim is to constantly transfer its know-how based on its best practices through the already mentioned IBSA Trust Fund for Alleviation of Poverty and Hunger coordinated by the UNDP (Schläger 2007).

For Brazil, also Africa is a very interesting continent in an economic and political sense and south-south coalitions function as an important entrance-door to that continent. Besides the cultural and historical ties between Brazil and the Portuguese speaking countries\(^8\), Africa has a huge amount of interesting energetic resources, still not being really exploited by the own states. Especially China, India and Russia compete for the access to those sources, and Brazil is trying to enter the play-ground. Furthermore Africa represents a strategic allocation market. That explains why Lula has already visited more than 17 countries on the African Continent during more than five trips, inaugurating twelve new Brazilian embassies since 2003. The

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\(^7\) In the first run India, Brazil and South Africa plan to agree on a Free Trade Facilitation Framework (IBSA TFF) “focusing on identifying and eliminating non tariff barriers and evolving a framework for trade facilitation” like harmonizing conformity assessment procedures and standards as well as of the customs producers (ibid).

\(^8\) Angola, Cabo Verde, Guinea-Bissau, Mozambique, São Tomé e Príncipe.
growing trade with and investment in African countries is growing constantly. Between 2002 and 2006 the Brazilian-African trade has tripled, growing to an amount of 13 billion USD. Compared to the 40 billion USD trade between China and Africa this sum of course looses significance. In first instance Brazil exports food as well as industrial goods and imports energetic resources from Angola and Nigeria. For Brazil, South Africa would also be a very interesting allocation market for Motor Vehicles (Schläger 2007: 8 ff.) Likewise Brazil is investing in social projects on the African Continent\(^9\). In the year 2005 the Brazilian Cooperation Agency ABC (Agência Brasileira de Cooperção) supported 54 bilateral projects only in Africa, the majority invested in the Portuguese speaking countries. But also here, compared to what China and India invest, Brazilian donations (15 million USD between 1998 and 2004) are relative (Altenburg & Weikert 2006: 34).

7. Conclusion
Having analyzed the specific interests of each of the three countries I would like to come back to Meyers four theoretical neo-institutionalist assumptions presented at the beginning in order to answer why the IBSA exists and what risks it could face in the future. First it was said that international institutions increase the information level between the partners, lowering uncertainties related to the interests of the others. This argument turns out to be important. Through IBSA India for example knows that it will not be left alone so easily during the WTO negotiations with the industrialized nations as long as Brazil is also dependent of India in this bargaining coalition. Furthermore both countries know about their political and economic ambitions on national and international scale, sharing important information in order to avoid a competitive climate between them. One example here is the support these countries give each other in their demand for a permanent seat in the UN Security Council. And finally South Africa for sure knows that it is respected as a regional power by Brazil and India and that it is being accepted as a very important dialogue-partner. In second place it was said that transaction costs can be reduced by continuously linking further sectors and problem-solving mechanisms. As shown, IBSA started with the main objective of strengthening the coalition of the south during the WTO negotiations. What we see today is quite remarkable: The international cooperation between the three countries has grown and today also applies to the sectors of technology-transfer, energy, R&D, tourism, transport-systems and international social policy among others. In third place such cooperation strengthens the cohesion between the countries, because resigning to it is related to certain

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\(^9\) Brazil started giving development assistance in the framework of south-south cooperation since the 1970s (Schläger 2007).
costs. Indeed giving up a preferential market access or the delivery of specific products to friendly prices between the three countries would mean high costs. Furthermore one could say that the combination of political and economic functions of the IBSA always makes it risky to step out of the coalition because it could always have economic as well as political costs. In this article we have not mentioned China, but pulling out of IBSA basically would mean to leave action-space to the biggest southern regional power.

In forth place it was expected that institutions influence the definition of interests and perceptions of the participating and other actors. This point can be seen in the changing strategies and positions that the IBSA-countries have chosen in the past 4 years. The rather defensive and “nay-saying” position followed by India was softened by Brazil’s aggressive world-market oriented strategy. But, as we showed before, the different approaches gave the IBSA-Forum an ambiguous standing between the developing and the developed nations. In this sense the three countries appear to be sitting between two chairs, not knowing which one to choose. One of these chairs belongs to a developing country, interested in protecting its own market and gaining access to the markets of the US and EU -the active participation in south-south coalitions like the G 20+ shows that side of the IBSA. The other chair belongs to a developed and industrialized nation, willing to open its boundaries to foreign capital, products and services and to negotiate with the G 8 countries vis-à-vis. Here we mentioned the example of the participation in the G 6, what could be understood as a betrayal of the interests of the developing countries. In this logic we could argue that the creation of IBSA represents the institutionalization of this common ambiguity and the search for a new position, belonging neither to the developing nor to the developed world. The following quotation shows this ambiguity quite well (Coning 2006: 2):

“In Brasilia, Mbeki, Singh and Lula sent an important message to the G8 and G20. They made it clear that these three middle powers, each representing the most important emerging market in their respective regions, will join forces to shape a world trade regime that also serves the interests of the developing world. IBSA also sent an important message to NAM, namely that countries like India, Brazil and South Africa are not going to be held back by those members of NAM that are not ready to take innovative and activist action to promote their own interests. [...] IBSA’s message is that such collective action is only meaningful if it is positively shaping the future, and if NAM is not able to agree on a meaningful programme then countries like India, Brazil and South Africa will forge ahead on their own”.

The near future will show how IBSA may develop with this ambiguity or if each of the countries will finally choose one role for itself. Forman & Segaar (2006: 11) see a big chance for the consolidation of the IBSA if the cooperation in the above mentioned policy and economic fields is able to be strengthened. IBSA will not survive if it is only used as a
legitimating instrument to gain a permanent seat in the Security Council in the UN. But it is also clear that a loss of this young institution would mean loosing a mediator between the developing and the developed world (Grant 2006: 17). After all they represent the interests of both parties.

8. Literature


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