



## **SECOND IBSA SUMMIT**

### **BUSINESS COUNCIL DECLARATION**

**16 OCTOBER 2007**

The India-Brazil-South Africa (IBSA) Business Council held its second annual meeting on Tuesday 16 October 2007 in Johannesburg, South Africa. All the five members of the IBSA Business Council were represented – Associated Chambers of Commerce and Industry of India, Business Unity South Africa, Confederation of Indian Industries, Federation of Indian Chambers of Commerce and Industry, and the National Confederation of Industry of Brazil.

2The IBSA Business Council decided to create a Steering Committee made up of up to twelve members from each country who will be appointed for one year with the option of renewal by the five business organisations. The Steering Committee will have its first meeting in India before the next IBSA Summit to be held in 2008. It will be responsible for providing guidance and oversight of the activities of the Business Council. The members of the Steering Committee will be leaders of organised business and captains of industry from a range of key sectors. The Steering Committee will establish working groups to address specific issues as necessary, including to explore the financing of IBSA Business Council initiatives.

3The IBSA Business Council reiterated its support for initiatives aimed at strengthening South-South cooperation, in particular those aimed at promoting trade and investment opportunities. It welcomed the growth in trade, investment and technology transfer between the three countries. Both tariff and non-tariff barriers need to be addressed if this growth is to continue into the future.

4It called upon the IBSA governments to assist the private sector in improving connectivity between the three countries, including through improvement in transport linkages and more efficient access to visas for business people. The IBSA Business Council proposed that



consideration be given to an IBSA business travel pass scheme. It also asked for governments to consider ways of streamlining the process of issuing work permits. Ongoing efforts to lower the cost of doing business in India, Brazil and South Africa are appreciated and it is important to continue to make progress in this regard.

5The IBSA Business Council welcomed the proposal by the governments to explore the negotiation of a trilateral free trade agreement between India-Mercosur-SACU. It called upon the IBSA governments to ensure that the private sector and other stakeholders are consulted on this issue, including during the preliminary discussions on its feasibility.

6Further, the IBSA Business Council expressed its strong support for the ongoing commitment of the governments to the multilateral trading system and the conclusion of the Doha Round of WTO negotiations. The leading role played by India, Brazil and South Africa in the G20 and other coalitions of developing countries was welcomed.

7The IBSA Business Council identified six priority sectors for its second annual meeting and held discussions on each. The following is a summary of the main points raised during the parallel working groups.

### Energy and Climate Change

8The IBSA Business Council acknowledged the significance of climate change for the global economy. It called upon the governments of the three countries to work with the private sector in the development of renewable energy sources. Innovative thinking is required to identify an appropriate climate change strategy, including R&D and clean development mechanism projects. The use of biofuels will expand in the world due to increasing consumer demand, global warming and public policy interests. Biofuels represent an important opportunity for developing countries, in particular for India, Brazil and South Africa. The IBSA Business Council agreed that the most efficient source for ethanol is sugar cane. All three countries have potential to take advantage of the opportunities in this sector.



The three countries can benefit from technology transfer in the area of biofuels. The IBSA Business Council supports the transformation of ethanol into a global trade commodity and the development of an approved methodology on biofuels for CDM projects. The IBSA Business Council proposed an integrated energy security policy with focus on resource preservation, environmental protection, and access to energy, renewable energy sources, poverty reduction, financing options and energy efficiency.

### Mining

9 India, Brazil and South Africa are countries that are all rich in natural resources. There is therefore considerable scope for the mining sector to continue to make a significant contribution to the economies of the three countries. The IBSA Business Council recognised the potential for greater technology transfer in the mining sector. It noted the importance of regulatory regimes to ensure that local communities have a stake in mining operations, that operations are safe and that the environment is respected. The Business Council emphasised the need for greater local beneficiation of mineral resources and the possibilities for leveraging existing programmes and technical know-how in the three countries.

### ICT

10 The importance of a competitive ICT sector was stressed by the members of the IBSA Business Council. High telecommunications costs can have a negative impact on the overall cost of doing business in a country. The scope for establishing ICT training institutions was discussed and linkages between the private sectors in the three countries was encouraged, including the importance of ICT technologies in sectors such as banking and financial services. India, Brazil and South Africa all have a strong interest in growing the business process outsourcing (BPO) sector, especially given the positive contribution that can be made to employment.



### Health care and pharmaceuticals

11 IBSA Business Council appreciated the scope for cooperation in the Health care & Pharmaceutical Sector in providing affordable medicine. It recognised the significance of facilitating Joint ventures and Technology transfers by simplifying procedures. It also called for joint cooperation in R&D and highlighted the need for harmonisation of the regulatory process within the IBSA group. There was an urgent need for positive incentives to promote investment in the pharmaceuticals sector, by way of duty reduction and tax incentives etc. It also recommended joint engagement in skills development in the health care sector initiated under PPP, where India could play a leading role.

### Infrastructure and logistics

12 The IBSA Business Council emphasised that it is connectivity that will determine the success of the IBSA movement from air links to maritime transport. The Council stressed that both air and maritime connectivity needs to be strengthened between the three countries. Discussing technology, the Business Council noted that there must be a free flow of transfer of technology and skills in the infrastructure sector. All three IBSA countries have committed to extensive infrastructure development programmes and these should be undertaken in partnership with the private sector.

### Financial services

13 The IBSA Business Council recognised the importance of competitive financial services sectors for the overall development and growth of the three countries. It called upon the government to consider ways in which to streamline the regulatory regimes in each country so as to enable the effective and efficient operation of financial service providers. The IBSA Business Council encourages the exchange of information on best practices as well as appropriate skills and technology in the financial services sector. This includes in the areas of retail banking, the provision of banking services for those who have previously not had access to the banking system, microfinance and trade finance.