



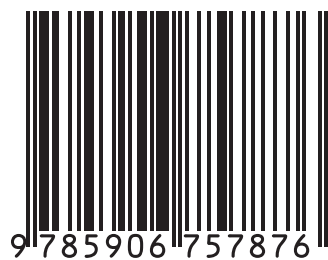
Building with BRICS and BEAMS: a Constructivist Approach to Global Economic Architecture

Yaroslav Lissovolik

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'A house is made of bricks and beams. A home is made of love and dreams.'

A popular US real estate advertisement based on a quote from Ralph Waldo Emerson

'Every spirit builds itself a house; and beyond its house, a world; and beyond its world a heaven. Know then, that the world exists for you: build, therefore, your own world.'

Ralph Waldo Emerson

The stark realities of the world descending into a vortex of sanctions and protectionism have already given rise to a number of initiatives in the developing world targeting the creation of alternative institutions and integration groupings that would to some degree provide for additional venues for openness and liberalization across the developing world. Some of the key initiatives in this area included the launching of the BRICS+ format by China at the BRICS summit and its further development by South Africa during its chairmanship in BRICS in 2018.

These innovative approaches to economic integration increasingly point to a more active cooperation among not just the largest economies of the Global South but also the largest regional integration blocks led by BRICS economies. A potential megablock that brings together these regional integration arrangements denoted as BEAMS (BIMSTEC¹, EAEU², AU³, MERCOSUR⁴, and SCO⁵ – all on the basis of previous outreach undertakings by BRICS countries) could form the basis for the first megablock of the developing world that would have enough weight to provide a counterweight to other competing megaprojects such as the Trans-Pacific Partnership (TPP) or the Transatlantic Trade and Investment Partnership (TTIP).

¹ The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is an international organization of seven nations of South Asia and South East Asia, composed of Bangladesh, India, Myanmar, Sri Lanka, Thailand, Nepal, and Bhutan as its member states.

² The Eurasian Economic Union (EAEU) is a political and economic union of states located in central and northern Eurasia, its member states are Russia, Belarus, Kazakhstan, Armenia, Kyrgyzstan.

³ The African Union (AU) is a continental union consisting of all 55 countries on the continent of Africa.

⁴ MERCOSUR, officially Southern Common Market, is a South American trade bloc, its members are Argentina, Brazil, Paraguay, Uruguay.

⁵ The Shanghai Cooperation Organization (SCO) is a Eurasian political, economic, and security alliance that consists of China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Uzbekistan, India, Pakistan as member states.

The paper seeks to explore the main modalities in which a BEAMS framework could be created and evolve to expand cooperation potentially to other integration groups in the developing world. In this way, the BEAMS framework as a platform of cooperation among regional integration projects could form a key pillar of a more extensive BRICS+ framework that for its part could also include bilateral and multilateral alliances among individual countries and regional blocks of developing countries. The ultimately main goal in this paper is to come up with a **coherent roadmap of South–South integration** that provides both **structure** and clarity on the evolution of cooperation in the developing world. This in turn is meant to open up the possibilities for Global South economies to reap the benefits of lower trade and investment barriers. The scale of such dividends from South–South trade liberalization is substantial given the growth potential and the scope for reducing trade barriers among developing countries.

Reviewing the Construction Site: Some Background on the BEAMS Concept

With South Africa's chairmanship in the BRICS and the 10th summit in 2018, the BRICS states have come full-circle in their outreach efforts vis-à-vis other developing economies. Back in 2013, it was precisely South Africa that launched the first outreach exercise with respect to its regional partners in Africa. The onset of the new 5-year cycle marked by South Africa's BRICS chairmanship builds on China's earlier innovations with BRICS+ and also features new approaches pointing to the qualitative transformations in the BRICS dialogue with the developing world.

The BRICS outreach exercises at the very outset were framed in a regional context with all core BRICS members inviting their regional partners to take part in the BRICS summits throughout the 2013–2018 period:

- 2013, South Africa: Durban BRICS summit – the outreach exercise is launched. Attending the outreach were the Chairperson of the African Union, the Chairperson of the AU Commission, African Leaders representing the eight Regional Economic Communities.
- 2014, Brazil: During the Fortaleza summit in Brazil, the outreach meeting brought together the BRICS and leaders of UNASUR, the Union of South American Nations which includes members of the MERCOSUR as well as a number of other countries in South America.

- 2015, Russia: At the 7th BRICS Summit in Ufa the outreach incorporated the SCO as well as the EAEU.
- 2016, India: Goa BRICS summit – the outreach was attended by the heads of member states of the BIMSTEC.
- 2017, China: Xiamen BRICS summit – a major innovation takes place, whereby China launched the BRICS+ arrangement, which involved the invitation of the leaders of Egypt, Guinea, Mexico, Tajikistan, and Thailand. The novelty of China's approach was to transcend the regional approach rendering the cooperation with other developing countries, transcontinental/transregional in scope.
- 2018, South Africa: Building on the innovations of China, South Africa opted for a synthesis of regional outreach approach and the diversified BRICS+ approach that became focused on various regional integration groups of developing countries, in particular, the countries invited to take part in the BRICS+ exercise included:
 - Argentina (as Chair of the G20 and influential MERCOSUR member),
 - Indonesia (as Co-Chair of the New Africa–Asia Strategic Partnership with South Africa and influential ASEAN member),
 - Egypt (as Chair of the G77+China),
 - Jamaica (as incoming Chair of CARICOM⁶), and
 - Turkey (as Chair of the OIC⁷).

Further innovations along the BRICS+ road may involve progression to forming a unified platform of regional integration arrangements that featured in the outreach activities of the past 5-year cycle of BRICS summits. Such an aggregation of regional arrangements from the past summits for each of the BRICS members would then feature AU, MERCOSUR (given the difficulties experienced by UNASUR), EAEU, SCO as well as BIMSTEC. Altogether the resulting acronym – BEAMS – among its several meanings is suggestive of the role of the aggregating platform of regional integration blocks as supporting structures to the edifice built on BRICS. In terms of terminology, the BEAMS platform is to denote the aggregation of regional integration groups, with BRICS+ being a broader concept that incorporates other forms of BRICS' interaction with developing economies such as platforms of regional developing institutions or regional financing arrangements (RFAs).

The above BEAMS grouping is a direct, almost one-for-one reconstruction of the sequence of BRICS outreach exercises with their regional partners throughout the 2013–2017 period. In effect, **it is the 'revealed preference' of the BRICS economies** with respect to the composition of the BRICS+ aggregating platform of regional integration groups. The contribution from China was that of launching a diversified,

⁶ The Caribbean Community (CARICOM) is an organization of fifteen Caribbean nations and dependencies whose main objective is to promote economic integration and cooperation among its members, to ensure that the benefits of integration are equitably shared, and to coordinate foreign policy.

⁷ The Organization of Islamic Cooperation (OIC) is an international organization consisting of 57 member states, with 53 countries being Muslim Majority countries.

BRICS-PLUS: WHAT TO EXPECT FROM THE BLOC'S EXPANSION

BRICS-Plus is a continuation of the BRICS bloc concept, expanding the inter-regional bloc to regional organizations that bloc members have leading roles in. Also important is the creation and expansion of development banks that BRICS countries participate in

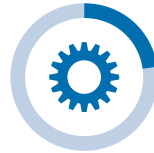
BRICS countries make up



16%
of global
trade



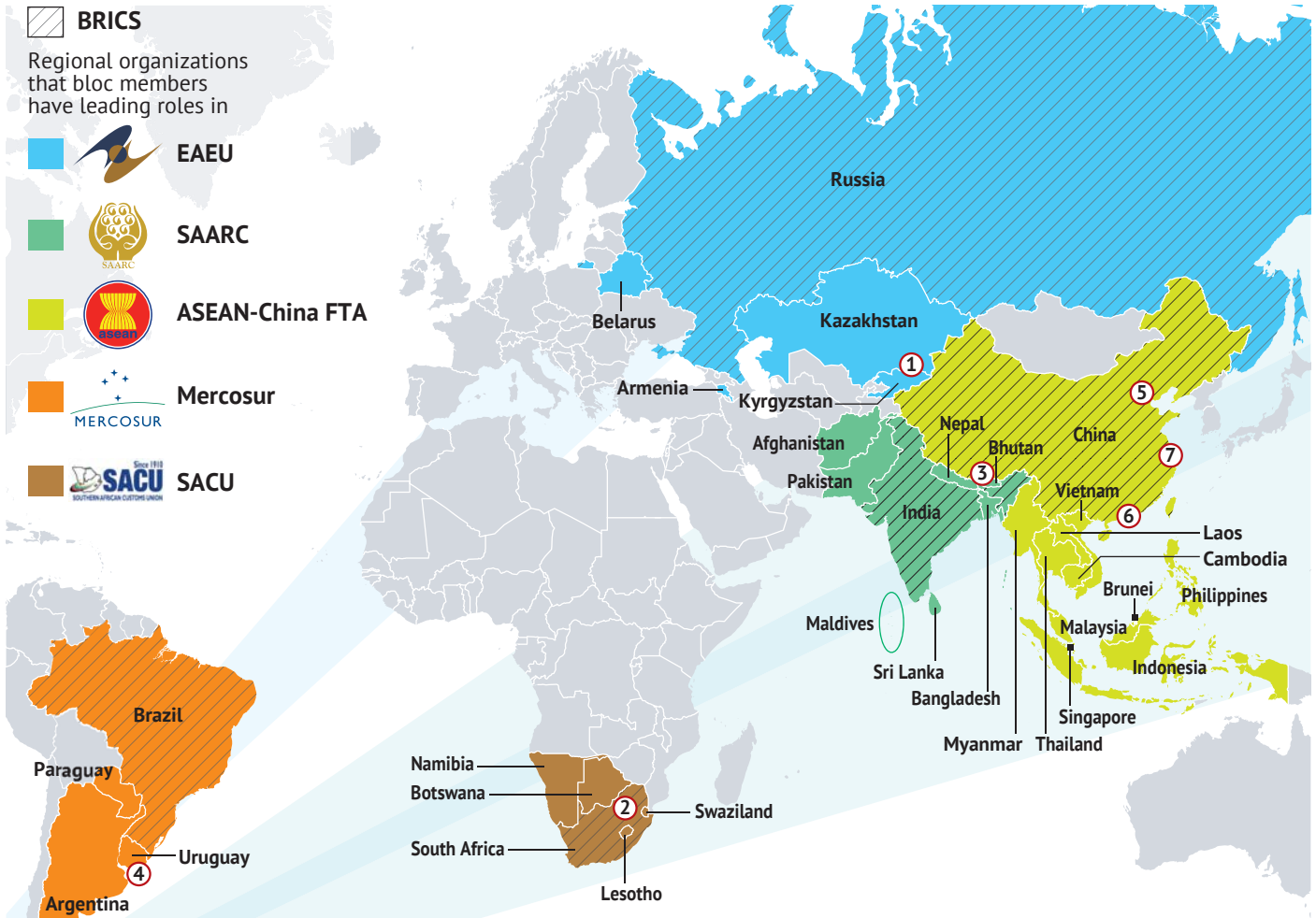
15%
of the IMF
reserve



23%
of global
GDP



40%
of global
population



Regional development banks



① Eurasian Development Bank (EDB) – Almaty



② Development Bank of South Africa (DBSA) – Johannesburg



③ SAARC Development Fund (SDF) – Thimphu, Bhutan



④ Mercosur Structural Convergence Fund (FOCEM) – Montevideo, Uruguay



⑤ China Development Bank (CDB) – Beijing



⑥ China-ASEAN Investment Cooperation Fund (CAF) – Hong Kong



⑦ New Development Bank (NDB) – Shanghai

Source: "Theme and Cooperation Priorities of 2017 BRICS Summit." brics2017.org
Valdai Paper #69. BRICS-Plus: Alternative Globalization in the Making?

global approach within the BRICS+ format that taken together with earlier outreach exercises lays the foundations for what China's foreign minister Wang Yi termed as the 'most extensive platform for South–South cooperation with a global impact'. In other words, BRICS+ and BEAMS as its subcomponent, is a summing up/synthesis of earlier BRICS experiments and innovations in the field of building ties with the Global South.

Employing New Construction Tools: BEAMS as the 'Supporting Structure' in Global Economic Architecture

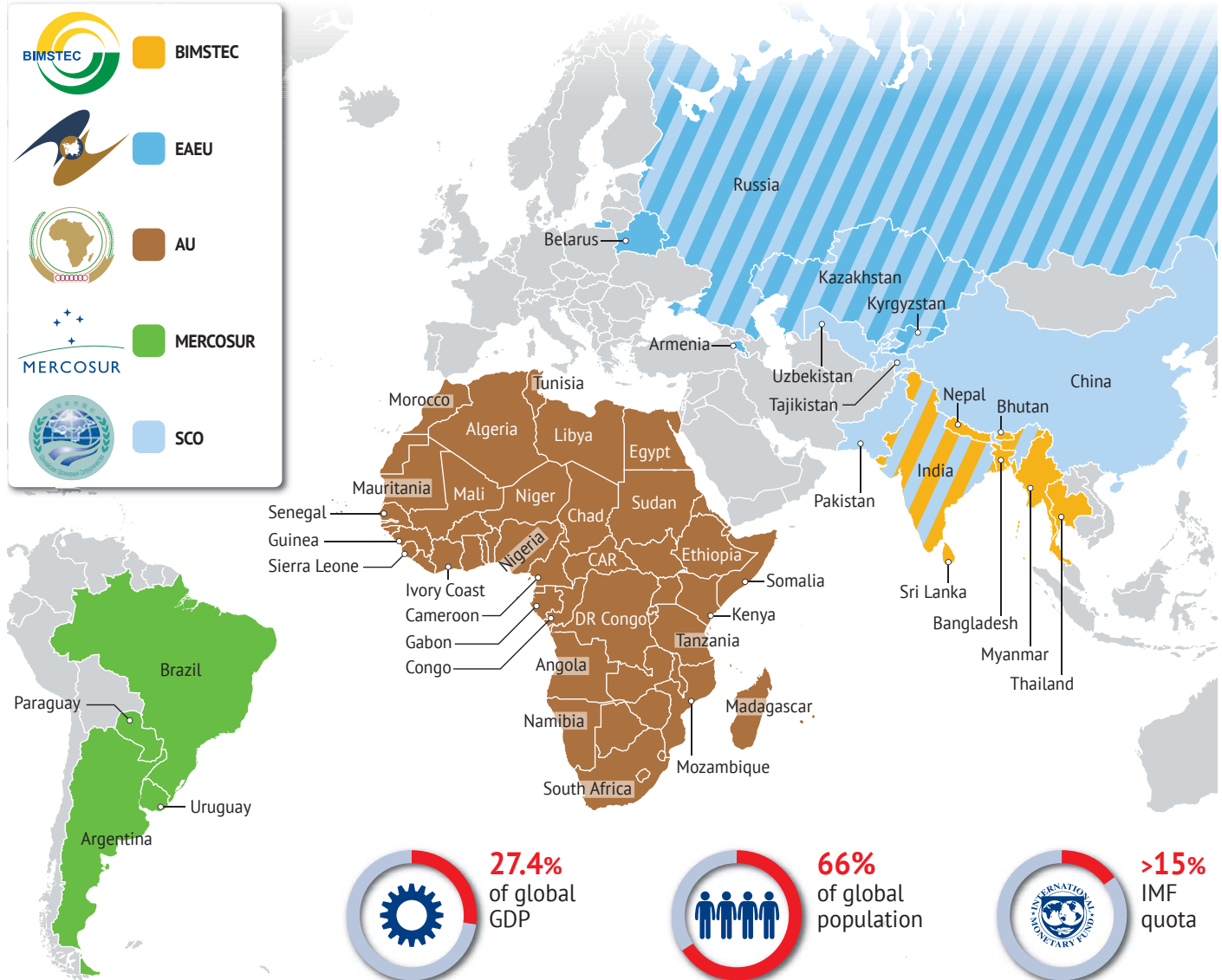
The commentary on the BEAMS concept has previously mostly focused on the 'solar rays' analogy of the acronym, while a more promising venue may be to look at the angle that brings BEAMS and BRICS under one umbrella of construction tools and materials that may be employed in the building of a new global economic architecture.

A typical house is built from elements such as posts, columns, beams, and bricks, the latter frequently used as the material for the foundation, with beams used as support structures at the upper levels of the building to ensure its integrity. In building jargon beams are an indispensable part of the building construction, serving as supporting structures for floors and playing a key role in the structural integrity of the building. Beams come in many varieties in construction – there are the bond beams, ground beams, ring beams, I-beams as well as vertical or horizontal beams. Balanced construction is predicated on the supporting structures being spread apart to extend support throughout the entire perimeter of the building space. This is much like the sizeable distance between the members of the BEAMS block that has the benefit of the constituent regional integration groups being present in all the key regions of the Global South.⁸ This in turn could provide the missing balance and support to an edifice whose structure crucially depends on the intermediate beams level connecting the country-level foundation and the roof-top of global institutions.

**BRICS+ and BEAMS
as its subcomponent,
is a summing up/
synthesis of earlier
BRICS experiments and
innovations in the field
of building ties with
the Global South**

⁸ Lissovolik, Y, 2018, 'On BRICS vs Distance', Valdai Discussion Club, July 12. Available from: <http://valdaiclub.com/a/highlights/on-brics-vs-distance/>

BEAMS MEGABLOCK



Using these analogies, the BEAMS and the set of platforms of regional integration arrangements more generally may be seen as the missing links/support structures in the edifice of the global economy, and in particular its South–South section. The problem with the global economic architecture built in the last century is that the progression from country-level economic integration to the roof-top of global economic institutions has been too sporadic and swift, missing the crucial stage of incorporating the intermediate level of the supporting structures of regional integration arrangements. Despite their active propagation and increases in sheer numbers, the multitudes of regional integration arrangements have not been properly incorporated as supporting structures/platforms that would, on the one hand, sustain

the global institutions above and render due stability below at the country-to-country level, on the other.

For this stabilizing/supportive function to be duly performed by regional arrangements such as BEAMS in the developing world or their counterparts amongst the advanced economies, what is missing is the formation of common platforms for regional integration arrangements as well as their institutional derivatives such as regional financing structures and regional development banks. Hence, the current system of global governance is in need of greater coordination among regional arrangements – a system of ‘syndicated regionalism’ (Regionalism Inc.) that would fill the voids in regional economic cooperation. The process of coordination could be institutionalized via greater cooperation among the respective development banks and other institutions, with a roadmap for greater coordination in the regional sphere spanning the likes of SCO and the Belt and Road Initiative (BRI) in Eurasia, as well as similar regional/continental syndicates in Africa and Latin America. It could further include a transcontinental element in global governance in the form of BRICS+ and a North–South cooperation mechanism that brings together the largest regional integration groupings.

The BEAMS and the set of platforms of regional integration arrangements more generally may be seen as the missing links/support structures in the edifice of the global economy

In the absence of a system of ‘syndicated regionalism’, of which BEAMS could be one of the key components, the edifice of the global economy continues to lean on the side, with the foundation unstable and the roof increasingly decrepit. A reconstruction of global economic architecture needs to rely on creating a solid structural framework that is reinforced by due connectivity between the country-level to the regions and from the regions to the level of global governance and global institutions.

Rebuilding global governance architecture with regional blocks may serve to strengthen the ‘supporting structures’ of the edifice of the global economy – with hardly any attention paid to coordination among regional arrangements, most of the coordination and regulation was focused on the nation state level or the level of global institutions. Globalization process that is based on integration and cooperation among regional blocks may harbour the advantage of being more sustainable and inclusive compared to the core–periphery paradigm of the preceding decades. A coordinated approach to regionalism allows the world economy to transcend some of the country-to-country barriers to economic cooperation, exploit regional economies of scale in advancing economic cooperation, while at the same time potentially attenuating the risks of confrontation among the competing integration projects.

Assembling the BEAMS Blocks: What Is the Sequencing?

Like any construction process, the formation of regional platforms of integration needs to follow a certain algorithm. In this respect, BEAMS as the direct derivative of the earlier BRICS outreach exercises that included AU, BIMSTEC, EAEU, SCO, and MERCOSUR may be subdivided into two main categories. The first one targets mainly connectivity in the respective continents between BRICS economies and their regional partners and includes the AU and the SCO. This offshoot of the original BEAMS grouping is to emphasize primarily the cooperation among the regional development banks as well as the new development institutions such as the New Development Bank (NDB) to work together in financing infrastructure projects related to intracontinental connectivity in Africa and Eurasia. Further progression in building a network of pan-continental alliances targeting the promotion of infrastructural connectivity may involve the addition of the Community of Latin American and Caribbean States (CELAC) to form a trilateral SCO–AU–CELAC alliance that brings together the vast majority of developing countries.

The second offshoot from the original BEAMS grouping includes BIMSTEC, EAEU, and MERCOSUR – this set of integration arrangements may form the initial stage for the free trade area (FTA) track that is to bring together the main regional integration arrangements with BRICS participation aimed to form a platform for economic liberalization. The formation of a trade and investment partnership among the EAEU, BIMSTEC, and MERCOSUR is facilitated by existing agreements and negotiations already underway. In particular, the EAEU and India are currently exploring the potential modalities for an FTA agreement, while India and MERCOSUR have formed a preferential trade agreement that went into effect in 2009. Finally, MERCOSUR and the EAEU have progressed towards preparing a joint memorandum on cooperation.

The FTA track of BEAMS may be extended to include regional groupings such as the South African Customs Union (SACU) and the ASEAN–China (as well as ASEAN–India) FTA. The latter may play the role of establishing a connection between the BEAMS/BRICS+ framework and the Regional Comprehensive Economic Partnership (RCEP), of which the China/India–ASEAN FTA is a sub-component. This, in effect, leads to a combination of regional integration arrangements that are more focused on trade and investment integration, namely BIMSTEC, EAEU, ASEAN–China FTA, MERCOSUR, and SACU. The resulting acronym is BEAMS that may be

considered as the FTA derivative of the original BEAMS group formed on the basis of BRICS outreach exercises.

Overall, the combinatorics of bilateral alliances within a five-member framework such as BEAMS allows for 10 bilateral ‘integrations of integrations’.⁹ What is important is that out of the 10 potential agreements a significant part is in the process of negotiation or preliminary discussion:

- 1 agreement is already implemented: MERCOSUR–SACU preferential agreement entered into force in 2016;
- 3 agreements have been concluded by BRICS members individually apart from ASEAN–China FTA, ASEAN–India FTA, these are: India–SACU FTA, India–MERCOSUR FTA, EAEU–China non-preferential agreement;
- 4 agreements are under discussion, namely: China–India FTA, China–MERCOSUR FTA, China–SACU FTA as well as EAEU–India FTA;
- 2 agreements are yet to be addressed: EAEU with MERCOSUR and EAEU with SACU.

There are several important conclusions from the description of the progress in the ‘integration of integrations’. First and foremost, it is actually astounding that nearly 80% of the potential bilateral alliances in the BEAMS/BRICS+ circle have already been addressed to a varying degree. Accordingly, the formation of a set of bilateral agreements within the BEAMS circle of integration arrangements may turn out to be more advanced and feasible than is widely believed.¹⁰ Secondly, one of the most advanced BRICS countries in launching alliances with BRICS and BEAMS-related regional groups is India – on the back of agreements with SACU, MERCOSUR, ASEAN and a discussion on a potential FTA with the EAEU. Thirdly, there is a need for a more active role for the EAEU to engage with the respective regional counterparts from SACU and MERCOSUR to complete the set of potential trade alliances among the BRICS-led regional integration projects.

The construction of the BEAMS/BRICS+ framework is not starting from scratch – there already exists a set of regional agreements among the potential BRICS+ members

⁹ The corresponding formula being: $C_n^k = n! / k!(n-k)!$, where $n=5$ and $k=2$; the result is: $C_5^2 = 10$

¹⁰ Even if ASEAN is treated as a separate sixth regional trading arrangement within the BEAMS/BRICS+ circle of integration groups, then out of the 15 potential bilateral agreements 12 (or again 80%) have been to a varying degree discussed/addressed. With respect to MERCOSUR and ASEAN, a joint statement of the second ASEAN–MERCOSUR Ministerial Meeting has been released in 2017 (See: https://asean.org/storage/2017/09/Press-Statement-of-2nd-ASEAN-MERCOSUR-Ministerial-Meeting.22Sept2017.NY_.pdf). Regarding the EAEU–ASEAN contacts, a discussion between the representatives of both blocks took place at 2018 St. Petersburg International Economic Forum, while an FTA with Vietnam secured in 2015 is set to be complemented with an EAEU–Singapore FTA in late 2018.

It turns out then that the construction of the BEAMS/BRICS+ framework is not starting from scratch – there already exists a set of regional agreements among the potential BRICS+ members that can serve as the source of further multilateralization of trade preferences within the BEAMS circle. Some of the already concluded agreements that will serve as the foundation in building a more extensive BEAMS alliance include:

- Preferential trade agreement between SACU and MERCOSUR,
- FTA between China and ASEAN,
- FTA between India and ASEAN,
- Preferential agreement between India and SACU,
- Preferential agreement between India and MERCOSUR,
- Non-preferential agreement between Russia and China.

Separately, one may also include in this category those trade agreements that were concluded between ASEAN members and other developing countries from the BEAMS circle such as:

- FTA between EAEU and Vietnam,
- FTA negotiations between Singapore and EAEU,
- Sri Lanka–Singapore FTA (SLSFTA),
- China–Singapore FTA (CSFTA),
- India–Singapore Comprehensive Economic Cooperation Agreement (CECA),
- India–Thailand FTA (negotiations launched),
- China–Thailand FTA (signed and in effect),
- Malaysia–India Comprehensive Economic Cooperation Agreement (signed and in effect),
- India–Indonesia Comprehensive Economic Cooperation Arrangement (negotiations launched).

Importantly, the set of trade agreements within the BRICS+ framework will serve to shape and provide a sense of direction to the evolution of South–South economic integration. Thus far, the economic integration among developing countries has lacked structure and direction, being notably more fragmented compared to the largely coherent and effective framework of integration in the developed world.

Apart from a set of bilaterals between the regional integration groups led by BRICS, there is a possibility of their successive aggregation into three- and four-member groupings. One such potential sequence could involve the progression from a concluded preferential agreement between SACU and MERCOSUR to a triad that includes SACU–MERCOSUR and India (potentially then extended to other members of BIMSTEC). In fact, trade agreements of varying degree of liberalization

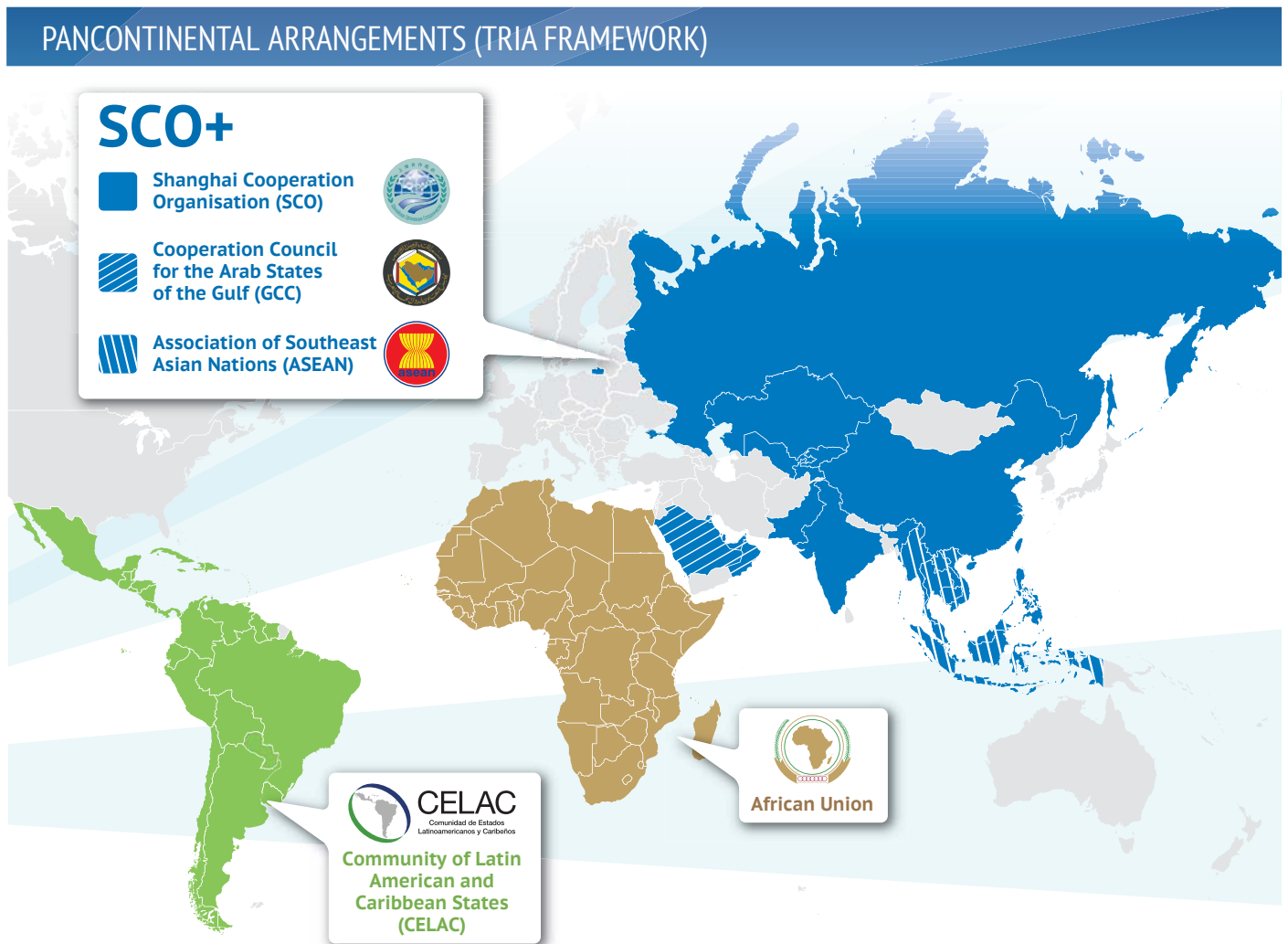
between all three sides have already been concluded. This could be followed then by the EAEU joining the group to form an enlarged quad that is then to be completed in later stages with the addition of the ASEAN–China FTA. Alongside these sequential steps towards forming a South–South megablock, there may be scope to set ‘across the board targets’ for trade liberalization in line with the approach taken in the Asia-Pacific Economic Cooperation forum (APEC). Such targets may be reviewed in 5-year cycles and during the first stages may aim to reduce mutual trade barriers by 5% every 5 years.

Another possible format for the early stages of integration would be to set a minimum level of trade integration on the basis of a common non-preferential agreement along the lines of a similar agreement concluded earlier between the EAEU and China. In this respect, one potential dimension to promoting greater openness within the BEAMS/BRICS+ platform would be to pursue sectoral liberalization in services as well as the reduction of barriers in the investment sphere. Trade rounds setting timeframes and targets for liberalization in services and investment areas (and possibly in other areas such as agriculture or high-tech cooperation) could be harmonized and made consistent with the respective commitments and procedures of the World Trade Organization.

Economic integration among developing countries has lacked structure and direction

The Contours of the Edifice: BEAMS As the First South–South Megablock

Given the above discussion on the potential modalities of integration across the Global South, it may well be that the modalities of the BEAMS grouping may prove to be different over an extended period from the standard notion of a trade block predicated on free trade and a close to complete standardization and harmonization of trade regulations. In fact, the evolution of alliances within the BEAMS framework may be accompanied by diverging modes of cooperation that may emphasize investment over trade or have greater emphasis on the liberalization in the services sector. Such features could well draw criticism from the purveyors of the ‘integration orthodoxy’, according to which all integration needs to mimic



the standard set of measures/agreements attained by the regional integration projects of the developed world.

Notwithstanding such potential criticism, the emergence of a block uniting the largest integration projects of the Global South could well in due course change the dynamics in the patterns of alliances in favour of the developing economies. The International Monetary Fund (IMF) and World Bank figures for 2016 suggest that the BEAMS platform comprising BIMSTEC, EAEU, AU, MERCOSUR, and SCO would account for 27.4% of global GDP, well above 15% of the IMF quota and nearly two-thirds (66%) of the global population. This is a notable improvement compared to the BRICS core, which accounts for 22.3% of global GDP, less than the 15% benchmark for the IMF quota and 42% of the population.

Of broadly the same orders of magnitude would be other possible modifications of the BRICS+ platform, such as the proposed TRIA (comprising pan-continental

unions such as CELAC and AU as well as SCO) and a more Regional Trade Agreements (RTA) focused variation of the BEAMS platform comprising BIMSTEC, EAEU, ASEAN–China FTA, MERCOSUR, and the Southern African Development Community (SADC). While TRIA would account for 29.7% of global GDP and 66% of global population, the corresponding figures for the modified version of the BEAMS platform would be 27.7% and 58.2% respectively.

Interestingly, both modifications of the BEAMS platform are roughly on par in GDP terms with the largest regional integration arrangements in the world, namely the North American Free Trade Agreement (NAFTA), which in 2016 accounted for 28.1% of global GDP and only 6.5% of the world's population. At the same time, in terms of GDP size, BEAMS is notably behind such potential platforms as TPP (together with the US) and TTIP – these account for 38.3% and 46.5% of global GDP respectively.

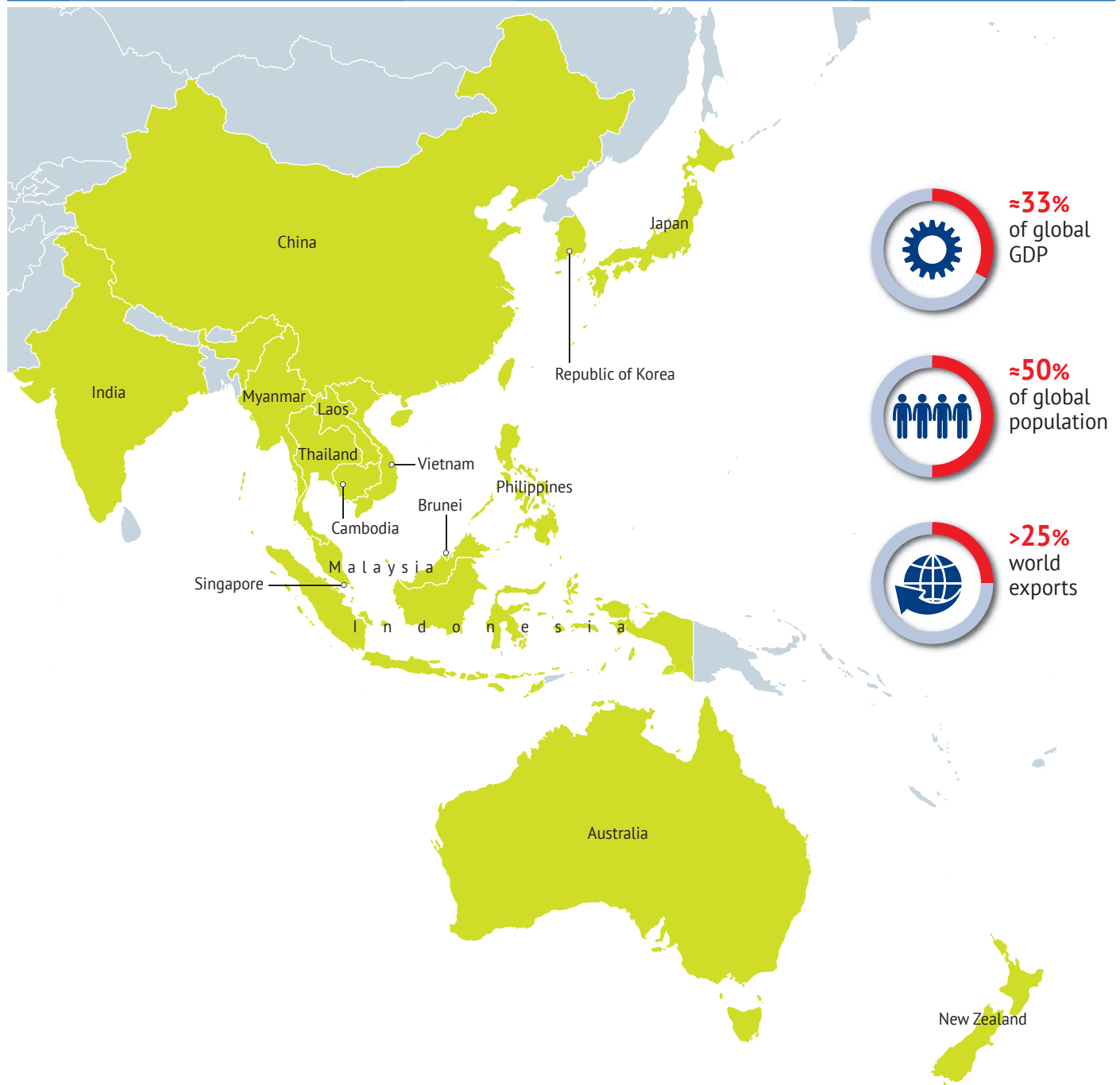
The way for an alliance of developing economies to edge closer to these levels of aggregated GDP weight would be to bring together all of the main regional trading arrangements of the Global South on top of BEAMS/TRIA such as ASEAN and the Gulf Cooperation Council (GCC). This in turn would also serve to bridge the gap with what currently appears to be the largest potential alliance in the world, namely a combined TPP and TTIP platform that would account for more than 60% of global GDP. However, the balance of power shifts in favour of the integration platforms of the Global South if the arithmetic is done on a PPP basis or if longer term projections of the respective GDPs are used to arrive at the grand totals for the regional blocks. According to the estimates of the Russian Ministry of Economic Development, on a PPP basis the BRICS economies already outstrip the G7 economies in terms of combined GDP – \$44 trillion against \$40 trillion.¹¹

Aside from the quantitative considerations of the size of GDP and populations, compared to the BRICS core, the BEAMS/BRICS+ framework presents a qualitatively more diversified structure, which dilutes the prominence of one single country and presents greater diversity and variety of economic models and types of regional integration. An 'extended format' for the BRICS via expanding economic cooperation with regional partners also renders such a platform more promising for increasing use of national currencies across the developing world.¹²

¹¹ 'New Centers of Development and Their Role in the Economic Progress of the World. Expert Discussion', 2018, Valdai Discussion Club, July 19. Available from: <http://valdaiclub.com/multimedia/video/live-new-centers-of-development/>

¹² Lissovolik, Y, 2017, 'Monetizing BRICS+: Introducing the R5 Initiative', Valdai Discussion Club, August 30. Available from: <http://valdaiclub.com/a/highlights/monetizing-brics-r5/>

REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP



The formation of the BEAMS/BRICS+ platform also allows participating economies to exploit the sizeable potential of reducing the South–South protectionism – the signing of the African Continental Free Trade Area (AfCFTA) is one of the most important recent advances in this area. In this respect, the regionalism (including megaregionalism) of the Global South offers more scope for trade liberalization

and variability in integration patterns and formations compared to the largely structured and in some respects ossified regionalism of the developed world.

Perhaps the most important reason why the BRICS+ platform based on aggregating regional groups is expedient and urgent is due to the trends observed in the world economy, namely the formation of megaregional blocks such as the Trans-Pacific and the Transatlantic Partnerships. While the formation of the latter has been postponed by tensions between the US and the EU, there are signs that the Trans-Pacific partnership is brought back to life in the form of a Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), also known as TPP-11. Another potential force that could deliver a strong impetus to trade liberalization in the very region that currently is the main motor of economic growth in the global economy is the RCEP comprising China, ASEAN countries, India, Japan, Australia, New Zealand as well as South Korea.

At the end of August 2018, trade ministers representing the 16 potential members of the RCEP block met to discuss further steps towards solidifying the trade union in an effort to strike a deal in the near term after almost six years of negotiations. The new megablock is set to aggregate several large-scale FTAs, including the free trade agreements between ASEAN countries and China as well as India. If concluded, the agreement would give rise to the largest megablock and the first veritable megaregional integration arrangement, with the 16 RCEP participating countries accounting for almost half of the world's population, about 30% of global GDP, and over a quarter of world exports.¹³

The clinching of the RCEP deal would represent not only an important contribution to trade openness in the region but would also further underscore China's leading role in the global economy in advancing liberalization and economic openness. It would likely also take some of the lustre from the TPP, with China significantly shifting the initiative in its own favour in the Pacific region at the expense of the US. The trend in the global economy directed at building the largest megablocks is on, and it seems like China is getting ahead.

In sum, the main race in the world economy today is the creation of aggregated platforms of regional integration arrangements (the TPP may be contemplated as bringing together several integration arrangements, including NAFTA, ANZCERTA¹⁴, Peru–Chile FTA as well as a number of ASEAN economies)

¹³ 'Regional Comprehensive Economic Partnership (RCEP)', 2016, the Association of Southeast Asian Nations, October 3. Available from: http://asean.org/?static_post=rcep-regional-comprehensive-economic-partnership

¹⁴ The Australia New Zealand Closer Economic Agreement (ANZCERTA) is a free trade agreement between the governments of New Zealand and Australia.

that have enough mass and leverage to attract trade and investment flows from across the world economy. In this respect, the BEAMS formation may be the best that the Global South can come up with in terms of building a large enough platform (in effect its own megaregional or even rather transregional platform) to limit the adverse impact of trade diversion and losses in investment flows emanating from the emergence of other megaregional blocks.

Conclusion: BEAMS As Part of the Emerging Megaregional Architecture

Against the backdrop of the advancement of the RCEP project, the BRICS+ paradigm predicated on the aggregation of the largest integration arrangements where BRICS countries are playing a key role may be seen as a further potential contribution to opening global markets, though more focused on the South–South dimension. In a way, the BEAMS/BRICS+ grouping may be also viewed as a reserve option for China and India to pursuing a more diversified global approach to building megablocks compared to a more regional focus of RCEP.

Indeed, the RCEP project may result in a further shift of economic activity and trade into the Pacific, which would further raise the concentration of global growth and the dependency of the global economy on the performance of the Pacific basin. In this respect, by virtue of its wide geographical coverage, the BEAMS/BRICS+ network is more diverse and is more conducive to rendering economic integration, more balanced and spread across the main regions of the developing world. Being more inclusive and open-ended compared to regionals/megaregionals, it is a project that is less likely to result in trade diversion and spillover effects for the third parties.

Importantly, however, there may be significant positive spillovers from the RCEP project to the formation of a wider BEAMS/BRICS+ framework. First and foremost, this is about bringing ASEAN countries into closer partnership with the largest economies of BRICS, namely China and India. It is also about forming a firmer China–India–ASEAN FTA triangle within the BEAMS framework, in which other such triangles could include South Africa–Brazil–India (IBSA, with MERCOSUR already clinching a preferential deal with SACU) as well as

the EAEU–SACU–MERCOSUR triangle, in which trade policy of the respective BRICS countries is largely delegated to the regional RTA level.

A combination of BRICS+ and RCEP provides China, India, and ASEAN countries with the optionality to building South–South cooperation platforms, while at the same time introducing megablocks that include dynamic representatives of the developed world. BRICS+ may also serve to limit any trade diversion effects from the formation of regional megablocks for the BRICS economies and their regional partners that have not participated in the formation of RCEP. In building ever larger megablocks, it will be increasingly important to envisage and plan ahead mechanisms of cooperation with other regional and megaregional blocks. After all, with the coming of the era of megablocks, spillover effects from large-scale economic integration are likely to become increasingly significant.

The concept of BEAMS will take time to crystallize as some of the regional blocks within its circle such as BIMSTEC are yet to reach agreement on trade liberalization among all regional partners. In the meantime, a number of megaregionals could well emerge and take on substantial prominence – most notably the RCEP. Projects such as TPP as well as TTIP could well be given a second chance in the course of the next several years with the onset of the next electoral cycle in the US.

This means that the BEAMS/BRICS+ framework will need to evolve in a way that leaves open the channels of cooperation with such megaprojects, including those that involve developed economies. In this respect, there may be elements within the BEAMS alliance that may be used to extend the lines of cooperation to such regional projects in each of the key regions where BRICS developing economies come close to their developed economy counterparts and the respective regional blocks. Accordingly, for Russia and the EAEU the potential developed economy counterpart is likely to be the European Union, for MERCOSUR this is likely to be NAFTA, for the ASEAN–China free trade area as well as India it could be the developed economy partners (Australia and Japan) from the Pacific.

The trend in the global economy directed at building the largest megablocks is on, and it seems like China is getting ahead

Finally, another dimension to the BEAMS concept is the constructivist interpretation of international relations predicated on the view that ideas matter, and they may shape the course of international relations to a greater degree than most other factors, including material forces. Alexander Wendt,

one of the prominent proponents of constructivism argues that ‘the structures of human association are determined primarily by shared ideas rather than material forces, and that the identities and interests of purposive actors are constructed by these shared ideas rather than given by nature.’¹⁵ With the progression of economic integration to regional integration arrangements and then on to megablocks, the theme of unifying ideas that hold the integration grouping together becomes increasingly more pronounced. In the case of BRICS and BEAMS as its regional integration derivative, it is precisely the idea of an alternative path to globalization and to economic development as such that served as the foundation for the emergence of the BRICS and then the advancement of the BEAMS concept.

In this respect, the BEAMS concept is not only a product of the standard aggregation of existing regional integrations arrangements but rather a new idea with respect to the role of regionalism in global economic architecture and with regard to the way in which regional integration may contribute to a more balanced and inclusive economic development.

¹⁵ Wendt, A, 1999, ‘Four Sociologies of International Politics’, *Social Theory of International Politics*, Cambridge University Press, October. Available from: <https://bit.ly/2Ga32QK>

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