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## **Plenary Session of BRICS Civil Summit**

### **2nd Topics: “The BRICS and the International Economy”**

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**Boa tarde camarada, muito obrigado por me receber hoje!** I hope this is grammatically correct.

First of all, warm greetings from Indonesia, from civil society organizations in Indonesia to all of you all who attended the BRICS Civil Summit in Rio or attended virtually across the BRICS member countries and beyond.

Secondly, thank you Brazil, Russia, India, China and South Africa that accepted Indonesia as a full member country of BRICS in January 2025. It is our pleasure being part of BRICS, being part of Global South's solidarity, respect and collaboration for equal and just governance of the world. It is also my first time attending the BRICS Civil Summit. My personal memory goes directly to the Non-alignment movement, Asia Africa Conference, and the Bandung Declaration in 1955 that was Indonesia's contribution to the Global South. I personally hope that Indonesian CSOs can contribute to the BRICS Civil Council process now and beyond.

Before going to the current global economic situation, let us revisit the Communique of the Asian-African conference, the Bandung declaration. On economic cooperation, the Bandung declaration strongly mentioned the economic cooperation among the countries on the basis of mutual interest and respect for national sovereignty, to provide technical assistance to one another, in the form of: experts, trainees, pilot projects and equipment for demonstration purposes; exchange of know-how and establishment of national, and where possible, regional training and research institutes for imparting technical knowledge and skills in co-operation with the existing international agencies.

So, the founding leaders in the Global South already give us the foundation and modality to strengthen these principles into reality. I do hope the BRICS can realize these agendas and foster them.

### **Current international economy:**

- The global economy has been facing complex challenges. Ongoing President Trump's tariffs were escalating geopolitical tensions and have intensified global uncertainties. Trump's tariffs policy reflected the global imbalance triggered by the powerful country and giant corporations that have driven inequality and the persistence of a brown economy.
  - Additionally, the digital revolution and the rise of the gig economy have transformed labor markets, creating both opportunities and vulnerabilities. These forces continue to shape the global economic landscape, which underlines the need for greater inclusivity in economic governance for developing nations.
  - The climate crisis is also having a significant and increasingly negative impact on the global economy, potentially leading to trillions of dollars in losses and a substantial reduction in global GDP.
- 1) Global economy (GDP) estimated will face a loss by 50% from climate risk shocks between 2070-2090, unless immediate policy action on risks posed by the climate crisis is taken (Institute and Faculty of Actuaries, January 2025).
  - 2) International Chamber of Commerce (ICC)'s report 2024: climate-related extreme weather events have cost the global economy more than \$2 trillion over the past decade (2014-2024).
    - Populations are already impacted by food system shocks, water insecurity, heat stress and infectious diseases. If unchecked, mass mortality, mass displacement, severe economic contraction and conflict become more likely.
    - This impact stems from various factors, including extreme weather events, disruptions to agricultural production, hunger, price of foods hiking, unemployment, and the long-term effects of rising temperatures on productivity and infrastructure.

### **BRICS goals on the current international economy:**

- BRICS aims for a multipolar world order and creates a more equitable international economic system that better reflects the interests of developing countries.
- In the face of escalating Trump's tariffs policy and trade wars, BRICS seeks the opportunity to strengthen intra-bloc trade and promote alternatives for US Dollar-based trade.

- BRICS also has a greater potential to amplify influence in shaping a more inclusive and diversified global economic system.
- Through collective action, BRICS seeks to create a more balanced and resilient global economic framework.

Some recommendations are below:

1. Trade and Investment

Current Situation: BRICS countries still face barriers in increasing intra-group trade and investment. However, US protectionism and geopolitical tensions could bring opportunities to boost intra-group trade and cooperation.

Recommendation: Simplify trade regulations and the flow of people within BRICS countries to boost trade. Encourage more inclusive and equitable value chain systems in BRICS.

Global Financial Architecture

2. Current Situation: Less developed countries need fair and inclusive financing, without increasing debt or imposing conditionalities.

Recommendation: Formulate the ideal mechanism of debt relief treatment. Some good examples are a debt-for-development swap and a debt-for-nature swap.

3. International Monetary and Financial System

Current Situation: Over-reliance on USD currencies.

Recommendation: Strengthen cooperation among central banks in BRICS to promote Local Currency Settlement (LCS) and to expand Bilateral Currency Swap Agreements (BCSA).

4. International Tax Cooperation

Current Situation: Global tax rules unequally limit the ability of developing countries to mobilize tax revenues. The ability of developing countries to have a voice and full participation on an equal footing has been severely undermined.

Recommendation: Encourage the UN Tax Convention, and establish a multistakeholder tax supervisory board under the UN to harmonize the global tax system. Ensure tax architecture inclusivity that embraces minorities, such as people with disabilities, and incorporates gender equality.

5. NDB and South-South Cooperation



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Current Situation: The New Development Bank is understood to be an important instrument for promoting a new world economic order.

Recommendation: Promote NCB collaboration with other MDBs to increase NDB's institutional capacity. Encourage NDB to support energy transition projects.

#### 6. Financial Technology and Financial Inclusion

Current Situation: The need for equal access to sources and financing, and markets for all nations. Responsible innovation in financial technology is essential to promote inclusion, and sustainable development.

Recommendation: Encourage cooperation among stock exchanges in BRICS countries, fostering sharing knowledge-technology to develop market infrastructure and innovative financing, such as thematic bonds. There should be a clear regulation for fintech to ensure consumer and data protection, and to avoid moral hazards such as over indebtedness.