

Concept note

Enhancing Cooperation on Supply Chains

Overview

Since the outbreak of Covid-19 Pandemic, the fragilities of supply chains have been a wide concern among BRICS countries and beyond. The supply chains of critical productions such as medical supplies and semiconductors have been in disorder. In addition to difficulties created by the pandemic to international travels and logistics, rising unilateral and protectionist measures have further exacerbated the stability and resilience of global supply chains. The resulting impact in the form of shortages and inflation is stalling the global economic recovery. According to the WTO, the global economic loss in the year of 2021 caused by the disruption of supply chains reached 2.6 trillion US dollars.

The other megatrend observed during the pandemic is the accelerated digital transformation process, which is reshaping the competitive advantages, restructuring the global production networks and further unleashing the potential of trade in services. Particularly, the development of trade in services creates new opportunities for emerging and developing economies and their MSMEs by improving their integration into the global supply chains and moving them higher up in the global value chains.

In recent years, multilateral foras including the WTO and the G20 are strengthening cooperation on supply chains. In the *Strategy for BRICS Economic Partnership 2025*, the BRICS countries also decided to enhance supply chain connectivity through identifying bottlenecks in the regional supply chains to ensure more efficient and timely operation of supply chains.

To promote trade and investment growth and economic recovery under the current circumstances, the BRICS should join hands in responding to common challenges and building stable, safe and mutually beneficial supply chains by enhancing cooperation in areas including medical supplies, trade facilitation, trade in services, MSMEs, etc.

Proposed Outcomes

- Develop a *BRICS Initiative on Enhancing Cooperation on Supply Chains* based on discussions at the CGETI meetings.
- Hold the first BRICS cooperation forum on trade in services.
- Establish the BRICS Cooperation Network for Trade in Services to exchange information and share best practices among the governments, associations and businesses. The network can also be used by businesses for information sharing and matchmaking.

Timetable

- **At the first CGETI meeting in February 2022**
 - Discuss the Concept Note and agree in principle on the overall direction for enhanced cooperation.
- **Before the second CGETI meeting**
 - Exchange views on the draft *BRICS Initiative on Enhancing Cooperation on Supply Chains* with the assistance of relevant IOs.
- **At the second CGETI meeting in April 2022**
 - Deliberate on the draft *BRICS Initiative on Enhancing Cooperation on Supply Chains* and endeavour to reach a consensus.
- **Before the third CGETI meeting**
 - Revise the draft outcome document based on the discussion among the members.
- **At the third CGETI meeting in late May/early June 2022**
 - Agree on the outcome document and submit them to the Trade Ministers for approval.

In September 2022, the Presidency will host the first BRICS cooperation forum on trade in services during the China International Fair for Trade in Service (CIFTIS). On this occasion, the BRICS Cooperation Network for Trade in Services may be officially launched.

Guiding Questions

1. What are the challenges that your country face in securing stable and unimpeded supply chains? What actions you propose to be taken by BRICS countries in response?
2. The development of trade in services is a powerful tool for countries to move up higher in global value chains. What are your expectations and suggestions for the proposed BRICS Cooperation Network for Trade in Services?