



UTILIZING AI FOR TRADE AND INVESTMENT IN BRICS

Proposed by Russia

Background

Artificial Intelligence (AI) is acquiring increasing significance as an emerging new general-purpose technology. The impact of AI on member countries is certain, imminent, and will impact BRICS in terms of social and economic development. According to McKinsey Global Institute, the use of AI-solutions could potentially deliver additional economic output of about 1.2% a year by 2030. International assessments indicate that the global AI market size was valued at \$428.00 billion in 2022 and is projected to grow from \$515.31 billion in 2023 to \$2,025.12 billion by 2030.

As follows from the Report of Russia's Autonomous Non-Commercial Organization "Digital Economy", approximately 50% of companies from diverse economic sectors worldwide have already integrated AI into their business processes. At the same time about 36% of all large, small and medium enterprises have successfully implemented AI into logistics and supply chains – with the forecast being that by 2035 AI will increase logistics' productivity by 40%.

All in all, as summarized back in G20 Ministerial Statement on Trade and Digital Economy 2019, AI technologies can help promote inclusive economic growth, bring great benefits to society, and empower individuals. The responsible development and use of AI can be a driving force to help advance the SDGs and to realize a sustainable and inclusive society, mitigating risks to wider societal values. The benefits brought about by the responsible use of AI can improve the work environment and quality of life, and create potential for realizing a human-centered future society with opportunities for everyone, including women and girls as well as vulnerable groups.

The agenda of acquiring cutting-edge technologies as the prospective instruments of raising the competitiveness and productivity has only advanced ever since. In BRICS it led primarily to the inclusion of provisions in Leaders Declarations, Communiques of ICT Ministers, Business Council Recommendations and, most importantly, Joint Statements of Trade Ministerial Meetings stating that it is high time to leverage Industry 4.0 technologies, in particular AI.

Objective

Despite the general consensus on the need to adopt AI tools within BRICS, members of CGETI have not paid special attention to the role AI plays in boosting trade and investment.



As a prerequisite for this discussion though the BRICS CGETI members have concluded BRICS Digital Economy Partnership Framework. The document envisages, on the one hand, the launch of Digital Economy Working Group designed to undertake activities underpinning the discussion on trade and investment aspects of the digital economy. On the other hand, suggests a range of issues, including trade facilitation and investment cooperation that could benefit from the use of digital means. Therefore, CGETI has both the organizational framework and the mandate to dive into the potential applications of AI for more efficient trade and investment processes.

The goal of this initiative is thus to introduce the new item for discussion, exchange of expertise and afterwards for coming up with joint recommendations within CGETI, while not reinventing the wheel. In fact, the issue of AI in trade and investment has been examined by a range of fora, including WTO, WCO, UNCTAD, etc. Experts from these organizations agree that the opportunity to analyze vast volumes of unstructured data open up new perspectives for understanding market dynamics. Based on a set of given parameters, economic operators can improve customer services with more accurate handling of consumer requests, improve delivery and warehousing systems, improve decision making and predictive analytics.

WTO experts agree that within a generation, AI will transform some of the largest categories of international trade in goods (e.g., autonomous vehicles) and international trade in services (e.g., financial services). From the lens of WCO, the most prevalent anticipated advantages are risk management and profiling, fraud detection, and greater compliance. For investors AI is to serve as a tool of better managing investment portfolios and assessing risks in a more comprehensive and automatized manner based on financial statements supplemented with data on market volatility and other factors.

Regardless of these expectations, there are certain obstacles to introducing these types of technology. These include but are not limited to high cost of integration (especially for MSMEs), lack of expertise and a set of good practices that could guide public and private actors on the path towards applying AI solutions. *BRICS could bridge this gap through enhanced capacity building and coordinating approaches towards unleashing AI potential in trade and investment realms.*

Proposed Activities

In this vein, Russia proposes the CGETI Members to adopt a joint Memorandum of Understanding (MoU) on Utilizing AI for Trade and Investment. The MoU will address opportunities that BRICS associate with introduction of AI in trade and investment, challenges requiring mutual response on behalf of the Grouping and recommendations BRICS could follow to resolve these obstacles.

Some of the potential provisions of the MoU:



1. Exchange policies and best practices on providing an enabling regulatory environment for AI that promotes trade and investment, with a particular focus on fostering digital entrepreneurship, scaling up of startups in this area, and adoption of AI by micro-, small and medium enterprises
2. Jointly explore potential AI applications to enhance intra-BRICS trade and economic cooperation, including with respect to reducing barriers in mutual trade in goods and services
3. Facilitate investments, both public and private ones, in AI research and development to foster innovation in trustworthy AI that may contribute to enhancing trade and economic ties of BRICS
4. Expand opportunities for practical application of AI technologies by large companies and MSMEs, including working closely to define the opportunities and challenges for using AI to greater integrate the latter into global value chains and better manage collateral risks, as well as to encourage and enable their participation in e-commerce.

Timeline

Task	Delivery Date
Russia presents the initiative “Utilizing AI for Trade and Investment in BRICS”, members welcome to provide feedback	1 st CGETI Meeting
BRICS members propose elements to be considered within MoU	2 nd CGETI Meeting
BRICS members draft MoU	Intersessionally and within 3 rd CGETI Meeting
BRICS members adopt MoU	Trade Ministers Meeting