



Strengthen International Regulatory Cooperation among BRICS for greater social and economic development in the post-pandemic era

Despite the profound and far-reaching impact of the COVID-19 pandemic, throughout the world, the momentum of economic globalisation cannot be changed. Confronted by multiple global problems, including sluggish economic recovery, severe inflation, food insecurity, and energy crisis, the international community needs to further strengthen international economic cooperation and maintain the global value chain. This is to promote economic globalisation in a more open, inclusive, balanced, and win-win manner.

In the post-pandemic era, what the international community urgently needs to do is to boost socio-economic recovery and, more importantly, to reconstruct and innovate international rules as well as reform and rebuild the global governance system.

As tariffs and non-tariff measures (NTMs) have been reduced and even eliminated, different rules, regulations, standards, and executive bodies among countries have emerged as new “behind-the-border” trade barriers. This has a deeper impact on international trade in goods and services compared with traditional tariff barriers. It is recommended that BRICS countries strengthen international regulatory cooperation (IRC), emphasise macroeconomic policy coordination, and speed up the cultivation of talents in the field of global governance, thus stimulating post-pandemic economic growth and social progress.

I. The COVID-19 pandemic has affected the world widely and deeply, bringing several challenges to economic globalisation and global economic governance. However, it cannot reverse the trend of economic globalisation and instead will accelerate a new round of globalisation.



Confronted by a series of problems including sluggish economic recovery, severe inflation, food insecurity, and energy crisis, the international community should work together to further strengthen international economic cooperation and maintain efficiently the global value chains (GVCs), to make economic globalisation more open, inclusive, balanced and beneficial to all. With the introduction of various economic stimulus policies and the development of emerging industries worldwide, the world economy continues to recover. International trade remains an important way for countries around the world to participate in the global economy and to boost domestic economic growth. Meanwhile, cross-border investment is still the main driver of international trade and international trade demands continue to grow. However, there are several fundamental challenges to Economic and Social Development in the Post-Pandemic Era as follows:

- **Global cross-border investment is in a slump.**
According to the *World Economic Outlook*, influenced by geopolitical tension and other factors, some countries are increasingly considering

production shifts to enhance the resilience of supply chains. In the long run, the shifting of foreign direct investment has a relatively severer impact on emerging economies (IMF, 2023).

- **Macroeconomic policies are in disarray, global inflation continues, and global financial instability has dramatically increased.**

At present, the global financial condition has tightened sharply, and the cost of financing has increased, triggering risks such as long-term debt loss and massive capital outflows, which exert huge impacts on the credit operating environment and public finances (IMF, 2023).

- **Some major countries' economic policies experience severe spillover effects, and global value chains face great challenges.**

Currently, under sustained high inflationary pressure, the American Federal Reserve has accelerated its tightening policy and raised interest rates rapidly and sharply, with European countries following suit. The spillover of US monetary policy has led to unprecedented inflation as well as systemic risk in the international financial system.

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II. The challenges in the post-pandemic era are not only about economic recovery and development but, more importantly, about the reconstruction and innovation of international economic and trade rules as well as the international regulatory cooperation.

The development of economic globalisation has witnessed rising new economies and new business models. Previous international economic and trade rules have failed to meet new requirements of economic development, while new rules have not yet been formulated, and there are more national practices deviating from international rules. At the same time, with tariff rates continuously dropping, the focus of international trade rules begins to shift from the border regulations of market access, such as tariffs, to the behind-the-border regulations related to domestic industrial policies and environmental policies:

- **The supply of international economic and trade rules lags seriously behind the demand.**
The current international economic and trade rules have failed to match the development of the world economy, trade, and investment, and cannot satisfy the needs of economic globalisation. With the emergence and innovation of emerging technologies such as artificial intelligence, digital technology has given birth to the digital economy and digital trade.
- **The implementation of international economic and trade rules is a serious problem.**
Currently, the prevailing international rules first reflect the interests and needs of developed countries, failing to fully consider the actual situation of developing countries. In addition, the existing international economic and trade rules are fragmented, with different countries abiding by international economic and trade rules in different forms and at different levels. Even worse, some developed countries try to continue to dominate the formulation of international rules, while ignoring the existence of the rules, taking unilateral actions, and placing their domestic laws above international laws.
- **Strengthening international regulatory coordination and cooperation is increasingly urgent.**
With the drastic reduction of tariffs, behind-the-border trade barriers have become the primary

problem plaguing international trade, which poses huge challenges to the trade, investment, and economic growth patterns of emerging markets and developing economies. Moreover, due to man-made fragmentation and obstruction, the updating of rules is lagging or even regressing, and the regional rules are fragmented. These have restricted the benign cooperation of global economic governance.

III. In the post-pandemic era, the international community will undoubtedly pay more attention to the theoretical research and practical actions of IRC and call on countries around the world to promote IRC in a broader scope and at a deeper level.

International regulatory cooperation (IRC) is not a new topic and was proposed at the early stages of the General Agreement on Tariffs and Trade negotiations. Since the establishment of the World Trade Organisation (WTO), IRC has attracted more attention and made some progress, but the development is still struggling. International organisations, such as WTO, Organisation for Economic Co-operation and Development (OECD), Asia-Pacific Economic Cooperation (APEC), and the United Nations Economic Commission for Europe (UNECE), are all vital forces to promote IRC. As the IRC and international trade policies become increasingly interconnected, some regional and mega-regional free trade agreements include provisions on IRC.

Developed countries started exploring IRC earlier and have conducted a great deal of related work around this issue relying on international organisations as well as many bilateral and multilateral agreements. The OECD is one of the most important international organisations that promote IRC. As early as the 1990s, the OECD began exploring the path to promote IRC and set up the Regulatory Policy Committee (RPC) and began to follow up on IRC of its member states (OECD, 2013).

In the European region, the UNECE has set up a specialised working group called the Working Party on Regulatory Cooperation and Standardisation Policies (WP.6). The WP.6 summarises experiences and lessons learned from national, regional, and global technical standards, regulations, testing, and related activities, discusses good regulatory practices and ways to promote IRC, and strives to establish an open, fair, rule-based, predictable, and non-discriminatory multilateral trading and financial system (UNECE Website).



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The WTO is also one of the main forces promoting IRC. In 2021, 67 WTO members, including China, the European Union, and the United States, jointly issued the *Declaration on the Conclusion of Negotiations on Services Domestic Regulation* and announced the agreement on the *Reference Paper on Services Domestic Regulation*. (WTO, 2021).

In addition, bilateral and multilateral agreements such as the EU-Canada Comprehensive Economic and Trade Agreement (CETA) and the United States-Mexico-Canada Agreement (USMCA) also have dedicated chapters to IRC, outlining the objectives of strengthening regulatory cooperation among countries.

Developing countries urgently need to promote IRC. As representatives of developing countries and emerging markets, the BRICS is a key variable in the current world economic reconstruction, playing

an important role in the fulfillment of developing countries’ aspirations to establish a fair and reasonable international economic order in the development of emerging markets. With great potential in promoting IRC, the BRICS will provide new impetus, which is not only helpful to safeguarding the interests of developing countries in global governance, but also vital for stimulation of the vitality of cooperation mechanisms among developing countries.

IV. Recommendations for strengthening international regulatory cooperation among BRICS Countries

BRICS countries have always been an important engine of global economic growth. Their combined economic output approaches nearly one-third of the world’s total, which has contributed more than 50% to global economic growth. As an alliance of emerging markets and developing countries with considerable market size and global economic influence, BRICS countries could play a significant role in strengthening IRC, reinvigorating global economic recovery, and sustainable development.

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1. A study to establish a special committee for BRICS International Regulatory Cooperation, to regularly release IRC standards, objectives, and procedures related to trade and investment among the participating countries

1.1 Launch the BRICS Forum on International Regulatory Cooperation under the framework of the BRICS IRC Committee.

It can build a platform for information exchange, strengthen macroeconomic policy communication and gradually establish a model of international regulatory cooperation among non-OECD countries that is in line with the actual situation of developing countries. The Forum can discuss issues related to the removal of regulatory barriers, seek opportunities for regulatory cooperation, strengthen exchanges and cooperation among BRICS countries in the negotiation and formulation of international standards and rules, and promote the realisation of the goals of international regulatory cooperation.

1.2 Establish various professional committees under the BRICS Regulatory Cooperation Committee.

The Committee can assist in addressing issues and challenges in regulatory cooperation in different professional fields such as trade in services, investment, and government procurement. The regulatory cooperation committee can establish new professional committees during the cooperation process to address potential emerging issues based on specific circumstances. The professional committees can also compile regulatory standards, relevant initiatives, and information from international organisations, trade agreements, and countries in the respective field to facilitate the exchange of information.

1.3 Establish a regular meeting mechanism for the BRICS International Regulatory Cooperation Committee.

Holding regular meetings is an important tool for IRC, with a focus on advancing inter-governmental cooperation and negotiations, controlling divergences, and promoting win-win cooperation. Through the meeting mechanism, participating countries can engage in extensive discussions, negotiations, and consultations on various topics and challenges. These would be related to the reconstruction and innovation of international rules, digitalisation,

sustainable development, elimination of non-tariff barriers, and reach consensus and develop corresponding action plans.

1.4 Promote Cooperation between BRICS Countries and some relevant institutes of international organisations to accelerate the process of promoting International Regulatory Cooperation.

International organisations have conducted a great deal of work in researching and promoting international regulatory cooperation, and have made certain achievements, accumulated experience, and put forward some feasible paths, which can serve as reference for BRICS countries in their research.

1.5 Promote International Regulatory Cooperation between BRICS countries and developed countries.

The Committee not only aims to strengthen cooperation with other developing countries and international organisations but also to enhance dialogue and cooperation with developed countries. It seeks to grasp the future development direction, establish a long-term cooperative mechanism, and jointly promote the theory and practice of international regulatory cooperation.

2. To Start with the Digital Economy, Green Economy, and other key sectors

2.1 Potentiate International Regulatory Cooperation in the Digital Economy.

First, the BRICS countries have great potential for cooperation in the digital economy due to their large economic volumes, great economic complementarities, and definite advantages in human resources. Second, the BRICS countries have made every endeavor to invigorate Regulatory Cooperation in the Digital Economy. Thirdly, BRICS countries can deepen digital economy cooperation by enhancing IRC, including drawing on the cross-border data transfers mechanism in regional trade agreements such as The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), USMCA, and the Regional Comprehensive Economic Partnership (RCEP) to build a regional cross-border data regulatory cooperation system. With A Digital Economy Regulation Cooperation Committee, BRICS countries can promote IRC in e-commerce and contribute to the construction and reform of the global digital economy governance system.

2.2 Deepen International Regulatory Cooperation in the Green Economy.

Promoting green development through joint efforts has long been the consensus of the BRICS, and sustainable development has been included in the key areas of cooperation in the *Strategy for BRICS Economic Partnership 2025*. By promoting IRC, BRICS countries can coordinate financial standards to raise more capital for green development. Besides, it is critical to coordinate the standards of classifying sustainable economic activities, catalysing cross-border flows of green capital, and recuperating the global green economy. Furthermore, BRICS countries are supposed to foster the liberalisation and facilitation of energy trade and investment and maintain a stable renewable energy industry and supply chain.

2.3 Advance International Regulatory Cooperation in the Financial Sector.

Entering the post-pandemic era, financial regulatory cooperation is more crucial than ever. In recent years, developed economies have placed a premium on IRC in the financial sector and have established several platforms and mechanisms for IRC. The BRICS financial sector is relatively underdeveloped, vulnerable to the volatility of the international financial market and the spillover effect of developed countries' policies. BRICS countries need to establish platforms and mechanisms for IRC, coordinate macro-monetary and financial policies, and jointly reckon with financial risks.

3. To Initiate a network of international governance talents cultivation among BRICS Countries

To cope with multiple challenges in the post-pandemic era, BRICS countries need to cultivate more versatile and high-level professionals and pay more attention to developing countries' needs. It is important for BRICS countries to jointly establish the "BRICS League of Educating Talents in International Governance".

3.1 Promote the sharing and cooperation of educational resources among BRICS countries.

BRICS universities can jointly set up an academic committee on international governance with the support of prestigious experts and scholars from BRICS countries. It is vital to promote communication and develop joint education mechanisms to facilitate the exchanges of students in international

governance, which helps BRICS countries and developing countries to participate in international regulatory cooperation and innovate international regulatory mechanisms.

3.2 Cooperate to establish International Regulatory Cooperation research bases.

In addition to organising round tables, seminars, symposiums, dialogues, and forums, investigations, and research can be further introduced. For example, field visits can be paid between two BRICS countries to obtain real data and then objectively make analyses, and joint research should be strengthened through designing topics on international governance of common interest and cooperating analyses and research publications based on the data obtained.

3.3 Strengthen cooperation with international organisations.

BRICS countries need to further strengthen cooperation with international organisations and attach more importance to the status of international organisations in cultivating talents for international governance. It is significant to advance people-to-people exchanges and further internationalise talent training, gradually shaping a diversified outlook throughout BRICS countries, and leading to a new and vital BRICS mechanism. ●

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