Administrative barriers in intra-BRICS trade and investment, and measures to eliminate them

Prepared by the BRICS Business Council
Deregulation Working Group

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Оглавление

Technical regulation

Brazil 🇧🇷

Submitted by: India 🇮🇳

Barrier's description

As per FINAM, 60% components of a product needs to be localized for the buyer of that product to get credit @ 2% for 10 years. In case, the buyer in Brazil buys products that do not comply with FINAM, the he may get credit @ anywhere between 10-24%. Indian agri-machinery companies find this a restrictive clause that may discourage Brazilian buyers from choosing Indian products. Additionally, there is an import duty of 14% imposed on tractors while in most parts of the world there is no import duty on tractors. Import duties on agri-machinery are also in the range of 14% to 18%, while most countries it is up to 5%.

* Brazilian Development Bank credit program

Recommended measures

Indian agri-machinery industry is quite mature and is capable of supporting the demand for items such as tractors across BRICS countries. Steps must be taken to encourage trade in agri-machinery amongst the BRICS nations. Customs duty rationalization will help increase intra-BRICS trade in agri-machinery.

Leading authority

Brazil: Ministry of Commerce and Industry

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Submitted by: India 🇮🇳

Barrier's description

The grant of marketing authorization for the dossiers filed by generic companies takes longer than usual. While most of the countries in the South American region, including Mexico, grant approval in 12-24 months, in Brazil it takes 3-4 years or sometimes even longer.

It takes 18-24 months to schedule an inspection of the manufacturing facility (to verify if the manufacturing facility complies with the guidelines of Good Manufacturing Practices (GMP) as designed by ANVISA or not). Once the GMP inspection has been scheduled, thereafter queries and exigencies, if any, have been addressed and the final GMP certificate has been published / issued by ANVISA, only then can a dossier be granted marketing authorization.

Recommended measures

The Brazilian Health Surveillance Agency (ANVISA) is requested to speed up the process of grant of marketing authorizations.

Suggestions in this regard include:

Option 1: ANVISA could speed up the process for scheduling inspections to grant of GMP certificate.

Option 2: India has approximately 370 manufacturing facilities approved by USFDA (US Food and Drug Administration) for ingredients and finished products, second largest outside of USA. It would be ideal to have some harmonized standards and quality systems between ANVISA and USFDA to recognize the GMP certificates issued by each other. If not, can ANVISA build harmonized standards and quality systems with other regulatory bodies across the globe to ease the load and timelines related to inspections?

Option 3: To participate in PIC/S (Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation scheme, jointly referred to as PIC/S), which has 44 countries (participating authorities) that have built-in harmonized GMP and quality inspection standards and recognize the inspections of each other.

Leading authority

Brazil: ANVISA and Ministry of Health

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Submitted by: India 🇮🇳

Barrier's description

For development of a generic product to be launched in Brazil, companies need to perform some tests, studies etc. ANVISA insists that the reference samples (samples of Innovator products from Innovator companies) used for the conduct of such tests / studies should be procured locally in Brazil. For Indian companies, most of these tests / studies are performed in India at their R&D centres. It takes 3-4 weeks to import/ export samples to-and-fro India for such tests and studies because of delays in custom clearances, document to be presented at airport / customs etc.

Recommended measures

This is a bottlenecks and if relaxed would speed up developmental timelines of new products by generic companies.

Leading authority

Brazil: ANVISA and Ministry of Health

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Submitted by: India 🇮🇳

Barrier's description

The post approval changes take a lot of time to be approved. In some cases, companies need to carry out changes to the dossier after a marketing right has been granted, for example change in the ingredient source or change in some specifications of the product. Such changes take 3-4 years to be approved by ANVISA.

Recommended measures

Sometimes during full-scale commercial productions and due to external uncontrollable factors, there is a need to make some changes in the dossier. It is suggested that the process of post approval changes may be expedited.

Leading authority

Brazil: ANVISA and Ministry of Health

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Submitted by: India

Barrier's description

The interaction between companies and ANVISA needs to be constructive. Sometimes companies face rejection of dossiers based on a preliminary check list analysis by ANVISA. The contents of the dossier are not checked at this moment. As a result of which though the relevant documents are present in the dossier, it gets rejected. Once the dossier gets rejected, the company has to join the queue of analysis again with a fresh application thereby delaying approval. The checklist analysis is being done to clear the backlog of dossiers but more rejections than approvals are coming in and this is the problem.
In cases of rejection of dossiers, if companies decide to appeal against the decision of ANVISA, this appeal too has a queue for review and a long lead time.

Additionally, it is difficult to schedule meetings with ANVISA to discuss about regulatory pathway for new products, new associations / combinations of drugs in Brazil. The response timelines by ANVISA for such meetings are late.

There have been cases where guidelines for certain types of products have been issued by ANVISA on a particular date and dossiers which were filed earlier to the date of issue of guidelines been rejected for not complying with the new guidelines. Rejection of dossiers in such cases means that the time and money invested by the company gets wasted and need to start the process afresh using the new guidelines thereby delaying approval and forcing review of business viability.

Recommended measures

It is suggested that gestation period in pharmaceutical industry is high compared to some other industries and unless there is a constructive discussion between generic companies and ANVISA, it becomes difficult to progress ahead with projects. Even for a generic company to develop a product takes about 12-24 months and costs about 1mn US$ (and sometimes more depending upon the complexity of the product).

Leading authority

Brazil: ANVISA and Ministry of Health

Russia

Submitted by: India

Barrier's description

Vaccines which have a generic profile and are used extensively by WHO require clinical trial in Russia for registration.

Recommended measures

India has a setup of the Central Drugs Laboratory (CDL), a National Control Lab under Govt. of India, for release of finished vaccines and this ensures governmental control on the quality of each batch of vaccines. Russian authorities should take note of this set up and ease procedure for vaccine clearances when exported to Russia. It is suggested that CDL can get accreditation from Russian National Control Lab so that vaccines can be easily accepted in Russia.

Leading authority

Russia: Ministry of Health.

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Submitted by: India

Barrier's description

Supplying or even participating in Russian vaccine tenders is difficult. For e.g. getting product registered is a long task and on top of that currently foreign manufacturers cannot participate in vaccine tenders if there are two local vaccine manufacturers.

Recommended measures

Steps must be initiated by the Russian authorities to encourage / facilitate vaccine manufacturers that meet the global standards (WHO) both for registration and supply of vaccines.

Leading authority

Russia: Ministry of Health.

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Submitted by: India

Barrier's description

'Third-one out' law - Government approved decree № 1289 dated 30 November 2015 'On establishment of restrictions on access of medicines of foreign origin in the frame of the state procurement'. This implies that medicines of foreign origin, included in Essential Drug List, will not be admitted to tenders where at least two applications are present from Russian / European Economic Union member countries. Restrictions are not applicable for medicines packaged within the EEU territory until 31st December, 2016. It is felt that from 2017 local players would get much preference over imports.

Recommended measures

One of the key issues which the Indian companies face is absence of a clear legal definition of what constitutes a 'Local product'. Is it enough to produce Fixed Dose Form (FDF) and package it locally to be considered 'local' for the purpose of 'tenders' or should the API also be manufactured locally. A law which would introduce the definition of 'local manufacturer' is much awaited.

Leading authority

Russia: Ministry of Commerce and Industry.

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Submitted by: China 🇨🇳

Barrier's description

The Russian product certification standard and accounting principles. According to its Product and Certification Service Act, Russia imposes mandatory certification of both domestically made and imported products. These products may only be used or marketed with the Russian certificates GOST. In practice, the Russian certification standards are complicated, 70% of which are not consistent with the international standards, and some safety factor standards are even higher than those of the average developed countries. Meanwhile, Russia does not recognize the certification of related international standards so that foreign enterprises have to go through repeated certification. In project contracting, many Chinese enterprises which have newly entered the Russian market would meet with a number of difficulties due to the different Russian standards. Moreover, Russia has been following the accounting principles developed by former Soviet Union, which include enterprise financial accounting methods that are rather different from the international accounting principles. Therefore, Russian companies have to spend more time converting the standards.

Recommended measures

It is recommended that Russian certification agencies develop a standard catalog by referring to the international practices so as to facilitate the certification and entry of foreign products. Also, Russia should promote the application of international accounting principles while implementing its domestic ones.

Leading authority

Russia: Standardization Authorities.

China 🇨🇳

Submitted by: India 🇮🇳

Barrier's description

India has been exporting quality buffalo meat to more than 70 countries for the past four decades in increasing quantities year after year following OIE guidelines for export of frozen deboned buffalo meat without any FMD disease risks to any of the importing country. India has official FMD - Control Programme which has been certified by OIE

(FMD program has been operating in the country since 2003 and India Foot and Mouth Disease Control Programme has been officially recognized by OIE as on 15th May 2015)

China, however, has been objecting import of Indian buffalo meat.

Indian application is as per OIE Code - Article 8.8.22 i.e. Recommendations for importation from FMD infected countries or zones where an official control programme exists. Chinese authorities, however, have stated to consider the same under 8.8.20 or 8.8.21 where the country / zone is free of FMD (practicing / not practicing vaccination for FMD).

China being a member country of OIE like India should not insist to comply with OIE Articles 8.8.20 or 8.8.21 without showing scientific evidence that there are proven risks to import under Article 8.8.22 under which India has been exporting Indian buffalo meat to a large number of countries without any FMD implications even before endorsement of Indian national FMD control programme.

There is no justification in the suggestion to establish and satisfy ‘FMD free zone practicing (not practicing) vaccination and get OIE approvals’. This suggestion and not accepting Indian buffalo meat export in compliance to OIE Article 8.8.22 is against SPS Agreement of WTO.

Recommended measures

Authorities in China should take a considered view in this matter and permit import of Indian buffalo meat as per the procedure outlined in OIE code Article 8.8.22 as India Foot and Mouth Disease Control Programme has been officially recognized by OIE as on 15th May 2015.

There were no recorded cases of FMD risks on account of import of Indian buffalo meat by any country for the past four decades.

All WTO members should base their SPS (health) measures on international standards where they exist or on science based risk assessment. The OIE is the international standard setting body recognised under the WTO SPS Agreement for standards relevant to animal diseases.
China will be benefitted with import of quality Indian buffalo meat having many superior properties such as low fat, low cholesterol, higher protein and desirable for cardiac health and nutrition.

Leading authority

China: State Veterinarian and Animal Health Department

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Submitted by: India

Barrier’s description

Export of grapes to China requires a specific cold treatment protocol which is complicated and increases cost of shipment by at least INR 15,000 / 40’ HC refer container.

Recommended measures

Considering the safe arrival of Indian grapes in China over the last few years, the SPS protocol needs to be updated. The cold treatment clause may be done away with as the concerned pest – Mediterranean Fruit Fly – is not observed in Indian grapes.

Leading authority

China: AQSIQ and Ministry of Commerce and Industry.

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Submitted by: India

Barrier's description

Indian companies have reported that currently registration fee payable by Indian exporter for product registration in China is US$ 36500 / product which is quite high. Quality testing charges are over and above this which an exporter has to pay.

Recommended measures

Registration fee for products and quality testing charges in China may be rationalised to promote trade.

Leading authority

China: Ministry of Commerce and Industry.

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Submitted by: India

Barrier's description

Indian companies are asked to showcase local case studies where they have delivered on equivalent large deal from the local market, whereas they don't even qualify to be in the bidding process. Requirements such as (Level I SI certificate + Security Certificate + Local case study requirement) ensure that Indian IT companies cannot bid for / win large deals from Chinese Govt. or SOE space.

Recommended measures

- En-shorten qualification process for large Indian companies who have already invested in China for many years to graduate to Level I certificate in short duration rather than waiting for 5-10 years keeping their global revenue base in consideration.
- Global case studies of Indian companies should be considered from e-Governance, SOE domain and allow them to participate in large deals as Tier I provider instead of debarring them from the contest.
- Companies that are registered in China and are governed by local laws should be accorded security certificate without long processing times for such certificates.

Leading authority

China: Ministry of Commerce and Industry.

South Africa

Submitted by: India

Barrier's description

India has been exporting quality buffalo meat to more than 70 countries for the past four decades in increasing quantities year after year following OIE guidelines for export of frozen deboned buffalo meat without any FMD disease risks to any of the importing country. India has official FMD - Control Programme which has been certified by OIE (FMD program has been operating in the country since 2003 and India Foot and Mouth Disease Control Programme has been officially recognized by OIE as on 15th May 2015)

South Africa, however, has been objecting import of Indian buffalo meat of pH below 6.0.

Indian application is as per OIE Code - Article 8.8.22 i.e. Recommendations for importation from FMD infected countries or zones where an official control programme exists. South Africa being a member country of OIE like India needs to accept the OIE international standards. Not accepting Indian buffalo meat export into South Africa in compliance to OIE Code Article 8.8.22 is against SPS Agreements of WTO.

Recommended measures

Authorities in South Africa should take a considered view in this matter and permit import of Indian buffalo meat as per the procedure outlined in OIE code Article 8.8.22 as India Foot and Mouth Disease Control Programme has been officially recognized by OIE as on 15th May 2015.

FMD virus does not survive in the frozen deboned meat at pH below 6 which has been scientifically proven and FMD risks from buffalo meat does not arise as demonstrated by large quantities of frozen boneless buffalo meat exports to many countries in the past decades.

All WTO members should base their SPS (health) measures on international standards where they exist or on science based risk assessment. The OIE is the international standard setting body recognised under the WTO SPS Agreement for standards relevant to animal diseases.

South Africa will be benefitted with import of quality Indian buffalo meat having many superior properties such as low fat, low cholesterol, higher protein and desirable for cardiac health and nutrition.

Leading authority

South Africa: State Veterinarian Import Export Policy Unit and Directorate of Animal Health.

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Submitted by: India

Barrier's description

Indian automobile companies have mentioned that homologation of automobiles is a time consuming process and needs to be simplified.

Recommended measures

The process for certification of products that it meets the regulatory standards and specifications such as safety and technical requirements needs to be simplified.

Leading authority

South Africa: Ministry of Commerce and Industry.

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Submitted by: India

Barrier's description

Registration of pharmaceutical products in South Africa can take as many as 48 to 60 months.

Recommended measures

The regulatory authorities in South Africa need to expedite the product approval process so that commercial activities and transactions can be initiated much earlier.

Leading authority

South Africa: Medicine Control Council, Ministry of Commerce and Industry and Ministry of Health.

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Submitted by: Russia

Barrier's description

Complicated procedure of certificates validation for Russian aviation equipment supplied to South Africa.

Recommended measures

- Initiate a mutual analysis of airworthiness requirements for helicopters to find inconsistencies and explore the possibilities of their harmonization.
- Having a bilateral treaty on mutual recognition of helicopter equipment airworthiness standards between the Aviation Register of Interstate Aviation Committee (IAC AR) and South African Civil Aviation Authority (SACAA).

Leading authority

Russia: Aviation registry of the Interstate aviation committee
South Africa: South African Civil Aviation Authority (SACAA).

All BRICS members

Submitted by: China

Barrier's description

The BRICS countries have not yet practiced mutual recognition of professional qualification of engineering technicians. Having their own professional certification bodies, the BRICS countries do not recognize the professional qualification of engineering technicians dispatched by foreign contractors. But this may hinder the investment exchanges among the BRICS nations. For instance, South Africa does not recognize the engineer qualification certificate issued by China, which will disable the Chinese contractors in applying for enterprise qualification registration locally. However, without such registration, the contractors may not participate in local bidding and project contracting.

Recommended measures

The BRICS nations should establish a mutual recognition system for professional qualifications.

Leading authority

BRICS: Professional certification bodies.

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Submitted by: China

Barrier's description

The BRICS nations do not mutually recognize their enterprise qualification licenses. There is a lack of communication and cooperation between the trade associations and qualification certification bodies of the BRICS countries, and there is no centrally coordinated mutual recognition program for the enterprise qualification licenses of different countries. Consequently, an enterprise has to deal with a long and complicated certification process in other BRICS countries. This may hamper the economic and trade investment exchanges among the BRICS countries. Take Russia as an example. The Russian construction industry qualification licenses are issued by its federal self-regulatory organization. To obtain such a license, foreign enterprises should in the first place apply to join the organization, which has a significantly high membership threshold that may add to the uncertainty of the license application process. Moreover, the membership approval usually takes a long time and involves quite a large cost of money. In addition, the categorization of Russian licenses is sophisticated, with 35 types of construction licenses that are widely different from those of China. With only one license, one may be qualified for several types of jobs in China; but to do the same in Russia, one may need several licenses. Hence, it has increased both the difficulty for Chinese enterprises to join the federal self-regulatory organization and the cost of license application.

Recommended measures

The BRICS countries should push forward the mutual recognition of qualification licenses through the communication and cooperation between the certification bodies of the BRICS countries, streamline the procedures, and improve the efficiency. For instance, the

Chinese Construction Enterprise Qualification Certificate should be certified and recognized by the relevant Russian agencies, and any Chinese enterprise with such a certificate may be directly issued with the corresponding Russian licenses.

Leading authority
BRICS: Qualification certification bodies.

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Submitted by: Russia

Barrier’s description
B Entry of products made in the BRICS countries into the partner countries’ markets is complicated by the necessity to conduct expensive duplicate research and testing.

Recommended measures
- Synchronizing the lists of chemicals utilized by the BRICS countries' industries, and the lists of prohibited chemicals.
- Developing international testing/research standards for chemicals and products based on inter-state and national standards of the BRICS countries. It would simplify the procedure of evaluating chemicals and products for their compliance with national statutory requirements of the BRICS countries.
- Synchronizing the processes of new chemicals notification in the BRICS countries. It would simplify entry into the markets of countries manufacturing innovative chemical products.

Leading authority
BRICS: Standardization Authorities.

Submitted by: Russia

Barrier’s description
National legal framework of BRICS member countries in the sphere of technical regulation is being harmonized along the guidelines of regional economic unions. There is no mechanism for bringing the standards in compliance with those effective within BRICS.

Recommended measures
Devising a roadmap for harmonization of technical regulation within BRICS and approving it with existing regional unions.

Leading authority
BRICS: Standardization Authorities; Ministries of Commerce and Industry.

Customs administration

Brazil

Submitted by: India

Barrier’s description

An Indian company has reported that they have shipped goods to a Brazilian party. Due to financial issues with the party, the Indian company called back all original documents and requested the shipping line to reship the cargo to a new destination. However, the Brazilian custom authorities have refused to hand over the cargo to the shipping company for sending it back to India or elsewhere or to handover the container to another Brazilian customer and are insisting on NOC from the Brazilian consignee.

Recommended measures

As the Indian company is still the owner of the cargo and owns all original documents, the Brazilian customs authorities should allow the return of the cargo without insisting on an NOC from the Brazilian consignee.

Leading authority

Brazil: Customs Authority.

Russia

Submitted by: India

Barrier’s description

Indian tractor manufacturers have reported that import duty on tractors in Russia is substantial and this makes imported products unviable to compete with local Russian manufacturers.

Recommended measures

Indian agri-machinery industry is quite mature and is capable of supporting the demand for items such as tractors across BRICS countries. Steps must be taken to encourage trade in agri-machinery amongst the BRICS nations.

Leading authority

Russia: Ministry of Commerce and Industry.

South Africa

Submitted by: India

Barrier’s description

Currently in South Africa Completely Built Unit (CBU) cars less than 1000 cc imported from India attract 25% import duty. Cars imported from EU countries and which are less than 1000 CC attract nil import duty. In case of some other countries having trade agreements with South Africa the duty rate is lower around 18%.

Currently for trucks and buses imported from India the duty rate is 20% and this makes the vehicle's landed cost quite expensive and uncompetitive compared to OEMs manufacturing locally.

Recommended measures

South Africa should consider giving similar benefits for cars imported from India. A preferential agreement with reduced duty for Indian manufacturers will help South African consumers the choice of affording vehicles from India at reasonable prices.

For light duty vehicles, the limit of manufacturing minimum 30,000 units per year under one roof to avail duty benefits should be relaxed to provide a competitive footing to emerging players as this will help benefit South Africa consumers.

Leading authority

South Africa: South Africa Revenue Service; Ministry of Commerce and Industry

All BRICS members

Submitted by: Russia

Barrier's description

BRICS countries use different foreign trade commodity codes. It holds especially true for complex goods such as parts for industrial machines. Forced to change commodity codes when crossing borders, suppliers incur increased costs.

Recommended measures

Mutual recognition of classification solutions and development of a mechanism for resolving collisions thereof.

Leading authority

BRICS: Customs Authorities.

Financial and corporate regulation

Brazil

Submitted by: China

Barrier's description

Brazil does not allow foreign companies to establish non-operational organizations in the country. When doing preliminary surveys or before expanding their investment or business in Brazil, many foreign companies need to collect more market information, strengthen their communication with long-term and potential clients, and establish representative offices, liaison agencies and other non-operational offices. However, according to the Brazilian laws, foreign companies may only be allowed to register operational entities in the country. The regulation impedes the examination of Brazilian investment environment by many foreign companies, thus having an adverse impact on foreign investment.

Recommended measures

It is recommend that Brazil allow foreign companies to legally register non-operational entities in Brazil, and develop the related taxation system.

Leading authority

Brazil: Ministry of Trade and Industry.

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Submitted by: India

Barrier's description

When calculating the cost of importing a service to Brazil, there are five different types of taxes that apply. On an average, this tax burden increases the cost of importing services to Brazil by 40%.

Recommended measures

It is suggested that taxes on import of services be rationalized.

Leading authority

Brazil: Ministry of Commerce and Industry.

Russia

Submitted by: China

Barrier's description

The cost of bank guarantee and onlending in Russia is excessively high. Given the Russian market features and generally low rating of Russian companies, some China-Russia cooperation projects need Russian banks to provide guarantee or onlending services. However, the high charge leads to high project cost on the borrower's side. As a result, some cooperation projects have been pended so far.

Recommended measures

It is recommended that the Russian government urge big national banks to properly lower the guarantee and onlending charges and bring more benefits to the real economy.

Leading authority

Russia: Ministry of Finance.

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Submitted by: India

Barrier's description

Usage of Letter of Credit (terms of payment) is a mode largely not available while dealing with Russian parties.

Recommended measures

Ministry of Finance, Govt. of India can discuss with Russian Finance Ministry to introduce this mode of payment through Russian banks and Indian banks should have the facility to confirm these LCs.

Leading authority

Russia, India: Ministries of Finance.

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Submitted by: India

Barrier's description

Given the recent movements in the value of the Rouble, it has been extremely difficult for firms to bear the exchange rate risk. This is having a bearing on Indian exporters having business ties with Russia.

Recommended measures

To tide over the situation, it is suggested that Indian and Russian governments must consider Rupee-Rouble trade and make an effort to keep the exchange rate between the two currencies stable.

Leading authority

Russia, India: Ministries of Finance; Central Banks.

India

Submitted by: China

Barrier's description

India puts an overly high limit on the financing price of foreign commercial banks. Chinese-funded banks face the upper limit of financing price in India. According to the regulations on overseas commercial loans promulgated by the Reserve Bank of India, the consolidated lending rate with an average maturity of more than five years shall not exceed LIBOR+500BP, while that with an average maturity of more than three years not exceed LIBOR+350BP. Although it is good for the Indian companies to control the financial cost, it narrows down the scope of enterprises and industries that are allowed for financing.

Recommended measures

Considering the current project financing needs, the credit capacity of local enterprise and the inflation in India, the Reserve Bank of India should create a looser foreign currency financing environment and allow for a more flexible financing price scope for projects adopting the project-based financing mode.

Leading authority

India: Central Bank.

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Submitted by: China

Barrier's description

The registration procedures of Indian project companies are complicated. According to the Indian laws, only by registering a project company in India can foreign enterprises implement their projects in the country. The registration shall be approved by the Reserve Bank of India, Ministry of Finance and Ministry of Home Affairs, and it normally takes six months or a year. Whether the project company can be successfully registered in time is a major risk faced by the contractors in performing their duties.

Recommended measures

It is suggested that the Indian government simplify the registration procedures.

Leading authority

India: The Reserve Bank; Ministry of Finance; Ministry of Home Affairs.

South Africa

Submitted by: China

Barrier's description

Foreign exchange control in South Africa impedes freight settlement of shipping business. South Africa has strict control over the foreign exchange flowing out of it. If you want to remit foreign exchange from South Africa to another destination, you will have to get the approval of South Africa's foreign exchange authority beforehand. The long approval procedure always causes trouble to international shipping service providers in South Africa that deliver cargoes in third countries (which means countries other than South Africa and the country that the shipping company comes from).

For instance, South African cargo agencies always entrust international shipping companies to conduct shipping business in third countries. When the cargoes are loaded on the vessel and the vessel starts to sail from the third country, the South African agency pays the freight (usually denominated in USD, which is foreign exchange for SA) to the international shipping company. Then the international shipping company has to remit the USD freight to ship-owners outside South Africa, who actually carried the cargoes in the third country. According to South Africa's regulation, the international shipping company has to apply for permission of the SA foreign exchange authority before the freight can be remitted to the ship-owner. But it usually takes over one month to get the approval. So in many cases, after the cargoes reach the destination, the shipping company still cannot remit the freight to the ship-owner. If the ship-owner does not receive the freight, they have the right to refuse to release the cargoes to the consignee. So in many cases, the consignee makes claim on the shipping company.

Recommended measures

Since most countries in the world allow free flow of foreign exchange in the form of shipping freight, we kindly suggest that the foreign exchange authority in SA loose the control over freight, and improve its approval efficiency.

Leading authority

South Africa: Ministry of Finance.

All BRICS members

Submitted by: China

Barrier's description

Trade in local currencies among BRICS countries is insufficient. Trade among BRICS countries are mainly denominated by US dollar now, which adds to transaction costs and makes BRICS countries susceptible to risks caused by fluctuation of USD exchange rate. At the same time, the exchange rate of some BRICS countries' currencies is choppy recently, Rouble and Real, for instance. Exchange rate risk has become a barrier to obtaining loans for companies.

Recommended measures

(a). The governmental authorities and financial institutions of the BRICS countries shall work together to establish an onlending cooperation mechanism;

(b). The central banks of BRICS countries should establish and improve the arrangements on bilateral currency swaps. Currency swap agreements shall be signed among all BRICS countries. Such mechanisms have already been announced between China and Brazil, and between China and Russia. The current situation and potential of bilateral trade should be considered in designing the scale of currency swaps. Meanwhile, the exchange rates of countries within the swap mechanism should be stabilized in order to avoid risks caused by exchange rate fluctuation.

(c). The BRICS countries should consider allocating a certain quota in their existing bilateral currency swap agreements to support their trade and investments with other BRICS countries. With the authorization of the central banks of two BRICS countries, the banks of one country may, within the quota limit, directly provide borrowers from the other BRICS country with loans in currencies that the borrowers need.

Leading authority

BRICS: Ministries of Finance

Visas and migration

Brazil

Submitted by: India

Barrier's description

Indian companies are making investments in Brazil and hiring even 90% locals for their operations face huge problems if they need to send senior resources to manage large investments. Some of the issues faced include:

Work Permit – One of the major issues that an Indian Company faces is legalization of birth certificates and marriage certificates. This process takes 3-6 months depending upon where the certificates were issued. If the certificates were issued in any of the metros then it is relatively easy, but if certificates are issued somewhere in remote villages then the timelines could be quite long.

Business Visas – Business visas applications are reviewed with a long lead time.

Recommended measures

The process to grant work permits and visas needs to be hastened and made less complex as this would enable senior business executives to travel with ease and on a short notice. Launch of a BRICS Business Travel Card would be greatly appreciated by members of the BRICS business fraternity.

Leading authority

Brazil: Ministry of Home Affairs; Ministry of External Affairs.

India

Submitted by: China

Barrier's description

Indian labor visa is a common problem encountered by Chinese contractors which implementing projects in India. It has a serious impact on the project performance. The Indian visa policy changes frequently and has set substantial limit on the labor visa.

Recommended measures

It is suggested that the Indian government loosen its control on the labor visa for Chinese workers.

Leading authority

India: Ministry of Labor; Ministry of Home Affairs

China

Submitted by: India

Barrier's description

Presently, business visas by both countries are issued for short durations and single entry and both sides insist on receiving ink-signed hard copy invite letter in original to be attached with the visa application.

Further, for legalization of documents in case of work permits, currently, one need to get all the documents certified by Indian Government and legalized by Chinese Embassy before one can apply for the work permit. This takes at least 3 months to get a work permit.

Recommended measures

It is suggested that longer duration business visas with multiple entry for highly skilled workers, senior executives and CxO level reps be considered on a reciprocal basis.
It is also proposed that both countries do away with the demand of asking for original invite letter and scanned version be accepted by respective missions on reciprocal basis to facilitate transfers of senior executives for business related activities.

Finally, it would be of great help if company can take the responsibility of certifying/legalizing documents which will cut down the work permit processing time considerably.

Leading authority

China, India: Ministries of Home Affairs; Ministries of External Affairs.

South Africa

Submitted by: China

Barrier's description

The South African business visa approval procedures are complicated, and the application of work visas is too difficult. Although South Africa has started to provide ten-year multiple-entry visas to qualified senior Chinese business persons, the application of business visas remains rather difficult for other ordinary business people. The procedures are tedious, complicated and pro-longed. In addition, as the application of South African work visas is 100% denied at present, the applicants may only choose to return home and apply for other types of visas, or their companies should send a different batch of people to work in South Africa. All these have severely impacted the development of Chinese-funded enterprises in South Africa.

Recommended measures

(1) If a person has applied for an extension of business visa before it expires, and the related government bodies fail to approve the request before the visa expires, it is suggested the South African government not include this person into its "Persona Non Grata" name list, should the person provide his visa extension application receipt.

(2) The South African Migration International should properly soften the terms on work visa applications, and provide five-year work visas for people from the BRICS countries so as to facilitate the business of BRICS enterprises in South Africa..

Leading authority

South Africa: Department of Labor; Department of Home Affairs.

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Submitted by: India 🇮🇳

Barrier's description

It takes a minimum of 2 / 3 weeks for processing business visa for South Africa with a lot of administrative formalities. Same is the case with Intra-company transfers (ICT) & permits, wherein it takes anywhere upwards of 8-10 weeks. Currently, ICT is being given only for 2 years and in some case for 4 years. It cannot be extended beyond 4 years, which should be relaxed, and ICT should be renewable every 2 years, as long as the law of the land is being followed.

Expatriate employees are also very expensive to hire because of higher work permit charges. Moreover, as per the current work permit application process, it is mandatory to get Police Clearance Certificate from all the countries an applicant would have visited in the past 10 years. This mandatory requirement is particularly bothersome for members of the IT industry who work in a global environment and travel across countries on work as specialists for various global projects. It may be noted that some of the countries do not have the practise of giving a Police Clearance Certificate. Others that do oblige may require the applicant to be present in person at the local police station to grant the PCC. And the time taken to get PCC can vary from 4 weeks to 18 weeks depending on the country norms.

Recommended measures

There is a need to have faster clearance for business visas and permits. Similarly, Intra-company transfers need to be facilitated with greater ease.

South Africa's new policy to allow long-term multiple entry business visa for bona fide business people from BRICS countries is a positive move.

Work permit charges may also be rationalised to economise the cost of expatriate employees.

Further, PCC covering country of residence for preceding two years may be considered sufficient. Also to bring down the processing time, proof with receipt / affidavit of the PCC application be accepted since timelines for issue of PCC are not within the control of the applicants.

Leading authority

South Africa: Ministry of Home Affairs; Ministry of External Affairs.

All BRICS members

Submitted by: China

Barrier’s description

Chinese citizens often encounter identify recognition problems when entering other BRICS countries. Their names are presented by Chinese Pinyin in their passports, and the Chinese characters may be different, only with the same pronunciation. By only identifying Pinyin, the immigration system of other BRICS nations might restrict the entry of a lawful Chinese citizen into the country of destination if the Pinyin of his name happens to be identical with that of someone banned to enter.

Recommended measures

Apply fingerprint and other biometric methods in identity recognition by the exit and entry administration of the BRICS nations.

Leading authority

BRICS: Ministries of External Affairs; Immigration authorities.

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Submitted by: China

Barrier’s description

The lack of Business Travel Visas for conscientious company leaders.

Recommended measures

BRICS countries may arrange a kind of new visa as “BRICS visa”. Allocation of quota on BRICS visa will be granted to the qualified companies/organizations. For example, in the initial stage, 500 reputed companies/organizations of each BRICS country can have rights to get 1000 BRICS visa for work, business visit, travel freely among BRICS countries. Carrier of BRICS visa have the same right of domestic residents.In the second stage, more companies/organizations can be qualified and added in the list.

Leading authority

BRICS: Ministries of External Affairs; Immigration authorities.

Standards in e-commerce

All BRICS members

Submitted by: Russia

Barrier's description

Inconsistence of e-commerce standards in the BRICS countries and linguistic barriers to e-commerce.

Recommended measures

- Developing standards based on harmonized positions on the following matters:
    - goals and objectives achieved through creation of e-commerce system (in B2B, B2G and e-bidding segments),
    - possible means of harmonizing and integrating e-commerce systems,
    - regulatory and legal support to and infrastructural and functional aspects of e-commerce,
    - efficient infrastructural and functional e-commerce tools.
- Creating a multilingual platform to simplify understanding of e-commerce procedures.
- Developing unified templates to be used in existing translation systems in e-procurement segment.

Leading authority

BRICS: Ministries of Commerce and Industry.

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Submitted by: China

Barrier's description

The lack of information on BRICS companies trustworthiness.

Recommended measures

We need a "BRICS credit investigation & verification system" to ensure the commercial integrity and increase the cost of fraudulent commercial activities in BRICS countries. Now Chinese companies are using SinoSure but not enough.

Leading authority

BRICS: Ministries of Home Affairs.