

Flemes, Daniel

Working Paper

Emerging Middle Powers' Soft Balancing Strategy: State and Perspectives of the IBSA Dialogue Forum

GIGA Working Papers, No. 57

Provided in Cooperation with:

GIGA German Institute of Global and Area Studies

Suggested Citation: Flemes, Daniel (2007) : Emerging Middle Powers' Soft Balancing Strategy: State and Perspectives of the IBSA Dialogue Forum, GIGA Working Papers, No. 57, German Institute of Global and Area Studies (GIGA), Hamburg

This Version is available at:

<http://hdl.handle.net/10419/47756>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.


Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

G I G A *Working Papers*

German  Institute of Global and Area Studies
Leibniz-Institut für Globale und Regionale Studien

GIGA Research Programme:
Violence, Power and Security

Emerging Middle Powers' Soft Balancing Strategy: State and Perspectives of the IBSA Dialogue Forum

Daniel Flemes

N° 57

August 2007

GIGA Working Papers serve to disseminate the research results of work in progress prior to publication to encourage the exchange of ideas and academic debate. Inclusion of a paper in the Working Papers series does not constitute publication and should not limit publication in any other venue. Copyright remains with the authors.

GIGA Working Papers

Edited by GIGA German Institute of Global and Area Studies / Leibniz-Institut für Globale und Regionale Studien.

The Working Paper Series serves to disseminate the research results of work in progress prior to publication to encourage the exchange of ideas and academic debate. An objective of the series is to get the findings out quickly, even if the presentations are less than fully polished. Inclusion of a paper in the Working Paper Series does not constitute publication and should not limit publication in any other venue. Copyright remains with the authors. When Working Papers are eventually accepted by or published in a journal or book, the correct citation reference and, if possible, the corresponding link will then be included in the Working Papers website at:

www.giga-hamburg.de/workingpapers.

GIGA research unit responsible for this issue: Research Programme 'Violence, Power and Security'

Editor of the GIGA Working Paper Series: Bert Hoffmann <hoffmann@giga-hamburg.de>
Copyright for this issue: © Bert Hoffmann

Editorial assistant and production: Silvia Bücke

All GIGA Working Papers are available online and free of charge at the website: www.giga-hamburg.de/workingpapers. Working Papers can also be ordered in print. For production and mailing a cover fee of € 5 is charged. For orders or any requests please contact:

E-mail: workingpapers@giga-hamburg.de

Phone: ++49 (0)40 - 428 25 522

GIGA German Institute of Global and Area Studies /
Leibniz-Institut für Globale und Regionale Studien
Neuer Jungfernstieg 21
20354 Hamburg
Germany

E-mail: info@giga-hamburg.de

Website: www.giga-hamburg.de

Emerging Middle Powers' Soft Balancing Strategy: State and Perspectives of the IBSA Dialogue Forum

Abstract

How can weaker states influence stronger ones? This article offers a case study of one recent exercise in coalition building among Southern middle powers, the 'India, Brazil, South Africa (IBSA) Dialogue Forum'. The analysis outlines five major points: first, it argues that the three emerging players can be defined as middle powers in order to frame their foreign policy behavior and options at the global level. Second, soft balancing is a suitable concept to explain IBSA's strategy in global institutions. Third, institutional foreign policy instruments are of pivotal significance in IBSA's soft balancing strategy. Fourth, the potential gains of IBSA's sector cooperation, particularly in trade, are limited due to a lack of complementarity of the three economies. And fifth, IBSA's perspectives and impact on the international system will depend on four variables: IBSA's ability to focus on distinct areas of cooperation, the consolidation of its common strategy of soft balancing, the institutionalization of IBSA, and its enlargement in order to obtain more weight in global bargains.

Key words: India, Brazil, South Africa, IBSA Dialogue Forum, middle power, foreign policy, international relations, South-South relations

Dr. Daniel Fledes

is political scientist and researcher at the GIGA Institute of Latin American Studies in Hamburg. Currently he is Thyssen Fellow at the Institute of International Relations of the Pontifícia Universidade Católica (PUC) in Rio de Janeiro.

Contact: fledes@giga-hamburg.de, website: <http://staff.giga-hamburg.de/fledes>.

Zusammenfassung

Die Soft-Balancing-Strategie neuer Mittelmächte: Stand und Perspektiven des Indien-Brasilien-Südafrika-(IBSA)Dialogforums

Angesichts einer asymmetrischen Weltordnung stellt sich innerhalb der internationalen Beziehungen immer drängender die Frage, über welche Möglichkeiten schwächere Staaten verfügen, um stärkere Akteure des internationalen Systems zu beeinflussen. Der Verfasser des vorliegenden Artikels untersucht in einer Fallstudie die Bildung einer diplomatischen Koalition zwischen den aufstrebenden Mittelmächten des Südens. Gegenstand der Analyse sind Stand und Perspektiven des sich als globales Reformbündnis verstehenden IBSA-Dialogforums. Folgende Thesen gliedern die Studie in fünf Abschnitte:

- 1) Indien, Brasilien und Südafrika werden als Mittelmächte definiert, um ihre Verhaltensmuster und Handlungsoptionen auf der globalen Ebene theoretisch zu erfassen.
- 2) Das Soft-Balancing-Konzept verfügt über eine große Erklärungsreichweite bezüglich der gemeinsamen Strategie der IBSA-Staaten in den internationalen Institutionen.
- 3) Institutionellen Instrumenten kommt im Rahmen der Soft-Balancing-Strategie der IBSA-Staaten eine Schlüsselrolle zu.
- 4) Die Erfolgsaussichten der sektoralen Kooperation zwischen Indien, Brasilien und Südafrika sind aufgrund mangelnder Komplementarität der drei Volkswirtschaften (insbesondere im Handelssektor) begrenzt.
- 5) Die Perspektiven des IBSA-Forums und dessen Einfluss auf Wandlungstendenzen im internationalen System dürften vor allem von vier Faktoren abhängen:
 - IBSAs Beschränkung auf klar definierte und erfolgversprechende Kooperationsbereiche,
 - die Konsolidierung der gemeinsamen Soft-Balancing-Strategie,
 - die Institutionalisierung des IBSA-Dialogforums und schließlich
 - die Erweiterung der Koalition zur Generierung von mehr globaler Verhandlungsmacht.

Emerging Middle Powers' Soft Balancing Strategy: State and Perspectives of the IBSA-Dialogue Forum

Daniel Flemes

Article Outline

1. Introduction
2. Patterns of emerging middle powers' foreign policies
3. Soft balancing against the most powerful?
4. Institutional foreign policy instruments
5. Cementing the alliance by sector cooperation
6. Findings and perspectives

1. Introduction¹

The India, Brazil, South Africa Dialogue Forum (IBSA) was launched in June 2003 in Brasilia by the foreign ministers of the three states after informal talks during the G-8 meeting in Evian in the same year. In September 2003 the Presidents Luiz Inácio Lula da Silva, Thabo Mbeki, and Prime Minister Atal Bihari Vajpayee founded the G-3 during the 58th UN-General-Assembly and contributed crucially to the failing of the WTO Conference in Cancun by pressing for fundamental changes in the agricultural subsidies regimes of the developed

1 I am very grateful to the Fritz Thyssen Foundation for its generous financial support, which made my research project 'Emerging Regional Powers of the South: How India, Brazil and South Africa change the International System' possible.

world. After several ministerial meetings² da Silva, Mbeki, and 2004 elected Prime Minister Manmohan Singh celebrated the first IBSA Summit in Brasilia in September 2006. The three heads of government coordinated their standpoints and voting behavior for the Non-Aligned Movement (NAM) conference in Havana and the 61st UN-General Assembly, where South Africa was elected as a non-permanent member of the UN Security Council (2007-2008) for the first time. In sum, this cursory glance at IBSA's tight schedule highlights the strengthening of diplomatic ties between the three emerging Southern powers over the last few years.

Together, India, Brazil and South Africa lobby for a reform of the United Nations that allows for a stronger role of developing countries, the majority of the UN member states. Nevertheless, the troika is not envisaging an alternative world order that privileges the developing world. Its initiative is instead firmly located in the existing international order, as the Brasilia Declaration³ suggests:

'Respecting the rule of international law, strengthening the United Nations and the Security Council and prioritizing the exercise of diplomacy as means to maintain international peace and security.'

While the IBSA initiative may thus be seen as an effort to increase the bargaining power of developing nations, the cooperation between South Africa, India and Brazil equally focuses on concrete collaboration areas. Trade, energy security and transport are only the most prominent issues of IBSA's sector collaboration. IBSA can therefore be characterized as both a strategic alliance for the pursuit of common interests of developing countries in global institutions but also as a platform for bi-, trilateral and interregional South-South cooperation. The sector cooperation shall form the sound base for trilateral diplomacy in world affairs.

This paper highlights the common interests and foreign policy instruments employed by India, Brazil and South Africa in global governance institutions without neglecting the pillar of sector cooperation. It argues that the coalition of emerging middle powers pursues its interests predominantly by means of institutional foreign policy instruments. In the long run IBSA's soft balancing strategy aims at halting the lack of representation of the developing world in global governance.

In order to locate the three emerging players in the international system and frame their foreign policy options, the first section examines their middle power features. The second sec-

2 The ministers of defence came together in February 2004 in Pretoria. In the follow up, foreign ministers met in March 2004 in New Delhi, in March 2005 in Cape Town, and in March 2006 in Rio de Janeiro. The 4th meeting of the foreign ministers' Trilateral Commission will be hosted by India in March 2007. In addition, the 2nd Summit of the IBSA Dialogue Forum is scheduled for 2007 in South Africa.

3 For the text of the Declaration following the meeting of the Foreign Ministers of Brazil, South Africa and India, in Brasilia, on 6th June 2003, see: http://www.dfa.gov.za/docs/2005/ibsa_brasilia.htm.

tion discusses if soft balancing is a suitable concept to explain the strategies of the emerging middle power coalition in global institutions. The third section stresses the significance of institutional instruments in IBSA's foreign policy strategy. And the fourth section provides a brief overview of IBSA's sector cooperation including empirical insights into trade, transportation and energy cooperation. Finally the paper sheds some light on the chances of IBSA's success in terms of influence over policy outcomes and discusses potential synergies and constraints of the Southern alliance.

2. Patterns of emerging middle powers' foreign policies

States playing an international leading role in the sense of rule making are given special importance when the treatment of transnational problems is concerned. This applies to questions of world trade as well as to transnational security risks. Attempts to solve problems in these policies can be organized on the regional and global level. In both cases some state actors play a more important role than others in the course of cooperation and negotiation processes and have therefore more influence on the results. The reason can be the greater military or economic potential of these actors. In the same way their legitimacy, diplomatic effectiveness, moral authority as well as their representative function for a region or group of states might generate advantages in international bargaining.

India, Brazil and South Africa can be defined as regional powers, which emphasizes their predominance in geographically restricted areas and their role as regional peacemakers (Wright, 1978: 63; Østerud, 1992: 12; Huntington, 1999: 36). Regional cooperation processes such as SAARC⁴, Mercosur⁵ and SADC⁶ can, on the one hand, serve as power bases for their largest members to project power in world affairs. Yet, on the other hand regional dynamics also limit the leaders' foreign policy options, as secondary regional players try to constrain the rising powers by refusing to grant them the necessary acceptance and legitimacy. For different reasons Pakistan opposes India's leadership, Argentina, Mexico and Venezuela undermine Brazil's regional power status, and Nigeria, Zimbabwe and other African states refuse to follow South Africa. These problems of regional followership are less important at

4 The South Asian Association for Regional Cooperation (SAARC) includes the Republic of Bangladesh, the Kingdom of Bhutan, the Republic of India, the Republic of Maldives, the Kingdom of Nepal, the Islamic Republic of Pakistan and the Democratic Socialist Republic of Sri Lanka.

5 The Mercado Común del Sur (Mercosur) includes Argentina, Brazil, Paraguay and Uruguay as full members; Venezuela's full membership still has to be approved by the Mercosur member's parliaments. Bolivia, Chile and Peru are associated member states.

6 The Southern African Development Community (SADC) includes Angola, Botswana, Democratic Republic of the Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

the global level because the IBSA states' role in the UN and WTO is based much more on their global justice discourse than on their regional power bases. In order to analyze IBSA's role in global bargains, the regional interactions and regional power features of the three states will be neglected in what follows.

The states under considerations have been categorized as intermediate states (Ubiraci Senes, 2000; Sitaraman, 2000; Hurrell, 2000; Soares de Lima and Hirst, 2006), 'would-be great powers' (Hurrell, 2006), and middle powers (Bischoff, 2003; Schoeman 2003; Ryerson and Dewitt, 2006) in order to capture their emerging status at the global level. Different attributes have been ascribed to middle powers. Some authors defined them by means of power resources such as their military capabilities (Wright, 1978: 65), or their demographic and economic base (Kelly, 2004). Although the economic potential of emerging powers (Wilson and Purushothaman, 2003) and India's status as a nuclear power must be taken into consideration, material power resources take a back seat when it comes to bargains in global affairs. India, Brazil and South Africa limit the employment of material capabilities to their regions, as they are aware that they still cannot compete with the established great powers. Most scholars have accepted a definition of middle powers that is based on their international behavior rather than on their material power. According to the behavioral definition, middle powers engage in middlepowermanship:

[...] the tendency to pursue multilateral solutions to international problems, the tendency to embrace compromise positions in international disputes, and the tendency to embrace notions of 'good international citizenship' to guide diplomacy' (Cooper, Higgott, and Nossal 1993: 19).

In effect, the category of middle powers is more promising to explain common patterns of foreign policy strategies and behavior of the IBSA countries than to compare their material capabilities. Middle power is a term used in the discipline of International Relations to describe states that do not have great power status, but that nevertheless have international influence. Keohane (1969: 298) defines middle powers as states whose leaders consider that they cannot act alone effectively, but may be able to have a systemic impact in a small group or through an international institution. Cox (1996: 245) notes that middle powers had no special place in regional blocs during the cold war period, but they were closely linked to international organization as a process. According to Cox, a middle power supports the process of international organization because of its interests in a stable and orderly environment, rather than to seek to impose an ideologically preconceived vision of an ideal world order. By implication, therefore, a middle power is one active in international organizations and supports the objectives of international peace and security, as one of its defined national

interests, which leads to a more stable world order. Accordingly middle powers' foreign policy objectives overlap with the 'civilian ends' (Duchêne, 1973; Maull, 1990) of foreign policy, defined as international cooperation, solidarity, domestication of international relations, responsibility for the global environment, and the diffusion of equality, justice and tolerance (Duchêne, 1973: 20). These are 'milieu goals' rather than 'possession goals', according to Arnold Wolfers' (1962: 73-76) distinction. Possession goals further the national interest. Milieu goals aim to shape the environment in which the state operates. Milieu goals may only be means of achieving possession goals, but they may also be goals that transcend the national interest and are shared widely. In other words a sense of 'global responsibility' (Schoeman, 2003: 351) is present in the case of a middle power.

In the Brasilia Summit Declaration (BSD) Singh, da Silva, and Mbeki reaffirmed their commitment to the promotion of peace, security, human rights, and sustainable social and economic development in the world. Regarding sustainable development they underscored the importance of addressing the challenges of climate change under the UN Climate Convention and its Kyoto Protocol. But when concrete measures to limit global warming were discussed at the G-8 summit 2007 in Heiligendamm, the IBSA countries argued that the reduction of greenhouse gas emissions is an exclusive task of the industrialized countries. Additionally IBSA urged the donor countries – at the G-8 summit as in the Brasilia Declaration – to meet their development assistance targets to fully implement the outcomes of the World Summit on Sustainable Development held in Johannesburg.

India, Brazil, and South Africa, elected to the newly formed UN Human Rights Council, agreed in Brasilia to coordinate their contributions to the Council and stressed their common understanding regarding the Council's agenda (universality, indivisibility, interdependence and interrelatedness of human rights and fundamental freedoms). With regard to global security, the leaders underlined their commitment to the goals of disarmament and non-proliferation expressing their concern over the lack of progress in the Conference on Disarmament. They emphasized that the objective of non-proliferation would be best served by systematic and progressive elimination of nuclear weapons in a non-discriminatory and verifiable manner. At the same time the three leaders reaffirmed the right of all states to a peaceful application of nuclear energy and called for a diplomatic resolution of the Iranian nuclear issue within the context of the IAEA (BSD, clause 21-29).

In fact Brazil and South Africa have common standpoints regarding non-proliferation and disarmament after renouncing their respective nuclear weapons programs. South Africa was instrumental in brokering an agreement between the so-called 'minimalist' and 'maximalist' groupings during the NPT Review and Extension Conference in 1995. Pretoria succeeded in getting the conference to adopt an indefinite extension of the NPT, and tightened a set of ob-

jectives and principles (non-binding) on non-proliferation and disarmament. Quite the contrary the non-NPT-signatory state India decided to 'go nuclear'. This places India and the other two IBSA countries at opposite sites of the nuclear divide (Sahni, 2006: 102). India and Pakistan could learn from Brazil's bilateral renunciation with Argentina that led to the Quadripartite Agreement on Nuclear Restrictions⁷ in 1990.

With regard to the Middle East conflict the excessive use of force in the 2006 Summer War in Lebanon that resulted in the death of a large number of civilians and the destruction of Lebanon's infrastructure is condemned in the Joint Summit Declaration. Israel is indirectly accused of violating the principles of International Humanitarian Law. With regard to the Israel-Palestine conflict da Silva, Singh and Mbeki criticize collective punishment and attacks against civilians. They stress the increasing deterioration of the living conditions of the Palestinian population and pledged their readiness to examine the launch of technical cooperation projects in Gaza and the West Bank (BSD, clause 30-31). The Brasilia Summit Declaration thus reflects IBSA's strong dedication to the milieu goals of international relations, particularly to international cooperation, solidarity with the less powerful, responsibility for the global environment, and the diffusion of justice. Additionally to IBSA's joint efforts, the Brazilian government has launched a Middle East initiative on its own in recent years. President da Silva visited Syria, Lebanon, the United Arab Emirates, Egypt, and Libya and participated at the Arab League Summit in 2003. Two years later the first summit of Arab and South American states took place in Brasilia. The offer to mediate between Israel and Palestine was followed by the designation of a Special Ambassador for Middle East Affairs by the da Silva administration.

Critical commentators have viewed middle powers as little more than status-seekers: they are powers that do not qualify for a place in the ranks of the great powers, but that are unwilling to be classified with the 'mediocre rest', and seek alternative roles to exercise leadership. Thus, Touval and Zartman (1985: 252-253) note that mediation by the medium-sized states appears to often have been motivated by the desire to enhance their influence and prestige. There should be little wonder that small and medium-sized states seek to enhance their international standing by assuming the role of mediators - they have few other options to do so. Moreover, mediating often saves them from having to take sides when pressed to do so in a conflict. Examples for South African mediation efforts can be found in the Democratic Republic of Congo (1999) and in Burundi (2000). Brazil offered its diplomatic services

7 Argentina-Brazil nuclear negotiations initiated in the mid-eighties led to a cumulative process of non-proliferation negotiations nowadays considered an archetype for nuclear weapon free zones. In November 1990 both countries signed the Quadripartite Agreement together with the IAEA and ABACC (Agencia Brasileña Argentina de Contabilidad y Control). Today Brazil and Argentina form the centre of gravity of Southern Latin America's security community (Flemes, 2006a).

in the Columbian civil war and acted as a mediator in Bolivian crises twice (2003 and 2005). These mediation efforts certainly reflect more than the pursuit of milieu goals. Brasilia and Pretoria must be interested in avoiding the extension of national crises as democratic stability is a precondition for the economic development of their regions. The largest economies of Africa and Latin America need stable environments for trade and investment to secure the possession goal of economic growth.

Middle powers by themselves are unlikely to have overwhelming influence on the international stage. As such, middle power leadership is multilateralist in approach, and tries to build consensus around issues such as non-proliferation or environmental degradation. 'Niche diplomacy' (Cooper, 1997) means the capacity of middle powers to increase their global influence and acceptance through the employment of their specific capabilities (e.g. peacekeeping). For instance, Brazil accepted to lead the UN Stabilization Force in Haiti (MINUSTAH) to enhance its chances to become a permanent UNSC member in the first place (Cholet and Flemes, 2005). South Africa participates with 1500 troops each in the peace missions in the Democratic Republic of Congo (DRC) and Burundi. And India is ranked as one of the largest troop contributors to the UN and has offered one brigade of troops to the UN Standby Arrangements. Wood (1988: 3) attributes a 'functional leadership' to middle powers, which is also viewed in terms of leadership in specific issue areas. Thus, while regional leadership is more focused on comparatively high military and economic capabilities, functional leadership requires expertise in a specific issue area.

It is true that the role of IBSA and G-3 at the United Nations and WTO negotiations as well as IBSA member states' participation in recent G-8 Summits is not at least about status, prestige and the desire to be accepted as major players at the global stage, but it is also functional and instrumental. India, Brazil and South Africa pressed the members of the G-8 at their Okinawa Summit in 2000 to live up to the commitments of unconditional debt relief to highly indebted poor countries (HIPC) made at the G-8 Cologne Summit. Furthermore the three states, China, Mexico and the DRC released a position paper on the occasion of the 2006 G-8 summit meeting in Sankt Petersburg. The position paper addressed several challenges in the areas of energy, education and infectious diseases and called upon the international community to strengthen cooperation towards the achievement of the Millennium Development Goals. At the German 2007 G-8 summit Brazil, China, India, Mexico and South Africa have been invited to formalize their dialogue with the elitist club of the richest industrialized countries along the so called Heiligendamm-process.

When it comes to the reform of the United Nations, the IBSA governments argue that its Security Council (UNSC) must be expanded to include developing countries from Africa, Asia and Latin America to make it more democratic, legitimate, representative and responsive. In

their Joint Summit Declaration the IBSA leaders highlighted their commitment to multilateralism and the pre-eminent role of the United Nations (BSD, clause 7). Similar positions have been articulated regarding IMF's legitimacy depending on a reform of quotas being more representative of the developing world. However, in UNSC related matters subtle differences emerge: India and Brazil have been explicit regarding their mutual support for each other's candidacy for permanent membership as members of the G-4 (with Germany and Japan). India and Brazil invited South Africa to join the group, but the country had to abide by African Union guidelines, preventing it from fielding its candidacy on its own. However, IBSA's global justice discourse is doubtful, since the expansion of the UNSC would privilege only a few players. In order to achieve a lasting democratization of the organization the General Assembly would have to be strengthened.

The functional leadership of IBSA/G-3 is most evident in WTO negotiations and its specific issue areas such as the Trade Related Aspects of Intellectual Property Rights (TRIPS). Leading the G-21 coalition of developing countries in the Doha Round, India, Brazil, South Africa demanded the establishment of global market conditions that allowed the developing countries to benefit from their comparative advantages in agriculture, industry and services. Thus, the troika cooperates with a view to eliminate the high non-tariff barriers to trade imposed by the developed countries.

But two factors undermine the coherence of the IBSA states' role in WTO negotiations. Firstly, the G-3 does not always speak on behalf of the global South: it is true that the WTO conference in Cancun failed because the industrialized countries were not willing to reduce their agricultural subsidies in a sufficient extent. But the G-3 was not representing net food importers like most least developed countries (LDC) that are not interested in the reduction of agricultural subsidies in Europe and the US that keep prices low. In other occasions LDC's interests were pursued: the São Paulo Round of the Global System of Trade Preferences among Developing Countries supported by IBSA can be a dynamic force of South-South trade providing preferential market access particularly to LDCs.

Secondly, the interests of the G-3 are not always convergent. For instance, in what regards the agricultural issue, South Africa's position is more flexible than India's, and it is willing to make concessions in exchange for the reduction of agricultural subsidies and non-tariff barriers. India presents claims and is not willing to bargain. In the area of financial services, retail trade and construction, the interests of South African companies led to a policy of closing the doors to foreign participation. In the industrial goods segment, India does not show willingness to make concessions and reduce the high tariffs practiced in specific sectors (Dupas, 2006: 334).

Concerning TRIPS India, Brazil and South Africa criticize the granting of intellectual property rights on biological resources and traditional knowledge, without due compliance with the Convention on Biological Diversity. The IBSA countries, among others, proposed the introduction of a mandatory requirement for the disclosure of the origin of biological resources in the WTO. In recent years the G-21 lobby succeeded in reducing the negative effects of TRIPS regarding patents that enforce high costs of HIV/Aids drugs in developing countries, especially in Africa. An interpretive statement of the 2001 Doha Declaration indicates that TRIPS should not prevent states from fighting public health crises. Since then, TRIPS provide for 'compulsory licensing' allowing governments to issue licenses for drug production for the domestic market without the consent of the patent owner. A 2003 agreement loosened the domestic market requirement, and allows developing countries to export their locally produced generics to other countries shaken by epidemics such as HIV/Aids, Malaria and Tuberculosis.

However, this punctual success story does not ensure the sustainability of IBSA's common position regarding intellectual property rights. Especially India is taking the opportunities of knowledge economy. With its comparative human resources and technology advantages India wants to become the leader in the 'knowledge revolution' (Shovon Ray, 2006: 100). To promote technological learning and to generate innovation capacity India needs flexibility in the intellectual property law. The aim of TRIPS is to toughen the intellectual property rules. Despite the mentioned divergences, the interests and objectives pursued by India, Brazil and South Africa in global governance institutions, especially in the WTO, highlight that these states are much more than status seekers. Putting the emerging middle power coalition's functional leadership into the broader context of the international system, IBSA's foreign policy behavior can be seen as a countervailing force to the current hierarchy of the global order.

3. Soft balancing against the most powerful?

Since 2001 the United States has unilaterally abandoned the Kyoto accords of global warming, rejected a participation in the International Criminal Court, and withdrawn from the Antiballistic Missile treaty. Despite its claims to the contrary, the 'lonely superpower', as Huntington (1999) has called the United States, is not speaking on behalf of the international community, when it comes to global governance issues ranging from environmental protection to pre-emptive military interventions. On many issues, the community for which the United States speak includes, at best, its Anglo-Saxon cousins; on others we can add Israel, Japan, Germany, and some Eastern European and some Central American states. These are

important states, but they fall far short of being the global community and the superpower is definitely not speaking on behalf of the developing world.

A crucial reason for US hegemony in international relations is its military supremacy. Washington accounts for 42 percent of global defense expenditure (SIPRI, 2006) and 60 percent of the world's research and development spending (BICC, 2006). In conventional military terms the USA will remain the dominant global power for a long time: it's hard times for hard balancing based on countervailing military alliances (external balancing) and arms build-ups (internal balancing). But as Nye (2004) argues, real global unipolarity requires the domination of two additional playing fields: global economics and transnational problems such as terrorism, crime, global warming, and epidemics. While Washington is a strong – but not the single strongest – economy, transnational problems can only be resolved through cooperation of many players. Huntington uses the concept of a uni-multipolar system to describe the current structure of the international system (1999: 37). From a realist perspective a multipolar system can be the result of the emergence of regional unipolarities that build coalitions to balance the superpower (Wohlfort 1999: 30). Linking this statement with the developing countries' lack of power in the international system multipolarisation must become a priority foreign policy objective of developing states, as unbalanced power will permit the powerful to 'lay down the law' to the less powerful and skew the terms of cooperation in its own favor (Hurrell, 2005: 16). In particular the governments of Southern countries that have the capacity to build regional unipolarities must be interested in finding an effective way to challenge the current international hierarchy and to transform themselves into the power poles of a future multipolar system.

The foreign policy options of the states under consideration are very limited in view of the overwhelming hard power of the hegemon. Although India, Brazil, and South Africa enjoy increasing influence, they are still located in the periphery of the current world system, command relatively modest material resources, and depend in many ways on Washington's public goods.

Soft balancing does not directly challenge US military preponderance, but uses non-military tools to delay, frustrate, and undermine the superpower's unilateral policies (Pape, 2005: 10). Soft balancing involves institutional strategies such as the formation of limited diplomatic coalitions or ententes, especially at the level of the United Nations, to constrain US power (Paul, 2005: 58). It also consists of strengthening economic ties between middle powers through sector collaboration. This will possibly shift the balance of economic power against Washington in the long term. Questioning the legitimacy of unilateral policies will increase the costs of using unilateral power by reducing the number of countries likely to cooperate with future US military interventions.

Paul (2005: 59) defines three preconditions for soft balancing behavior:

'(1) The hegemon's power position and military behavior are of growing concern but do not yet pose a serious challenge to the sovereignty of second-tier powers; (2) the dominant state is a major source of public goods in both the economic and security areas that cannot simply be replaced; and (3) the dominant state cannot easily retaliate either because the balancing efforts of others are not overt or because they do not directly challenge its power position with military means. While pursuing soft balancing, second-tier states could engage the hegemon and develop institutional links with it to ward off possible retaliatory actions!'

Indeed India, Brazil, and South Africa maintain linkages with the US in a variety of issue areas and to different degrees of institutionalization. In March 2006, the USA and India entered into a 'Strategic Partnership', which includes cooperation in the peaceful use of nuclear energy and US arms supplies. Agreements on civilian nuclear cooperation with Brazil and South Africa (both NPT signatory states) were concluded in the 1990s. The presidents Bush and da Silva signed a cooperation agreement on bio fuels in March 2007. In addition the Organization of American States (OAS) connects Washington and Brasilia in several ways. And the two states are the principle negotiators in the Free Trade Area of the Americas (FTAA) process. A similar dynamic takes place in the negotiations of the US-SACU⁸ Free Trade Area that began in June 2003 and which South Africa is SACU's dominant player. On the one hand critics of the soft balancing approach are right in their argument that other categories such as economic interests or regional security concerns are alternative explanations for second-tier states policy behavior (Brooks and Wohlforth, 2005: 74). But on the other hand these explanations do not exclude each other; they are complementary and synergistic.

Washington does not threaten the sovereignty of the emerging middle powers and the soft balancing coalition keeps a low profile. After the first ministerial meeting of the IBSA-Forum Brazilian Foreign Minister Amorim was keen to emphasize that IBSA does not want to create new geopolitical divisions:

'This is a group to spread goodwill and the message of peace – we are not against anyone' (quoted in Miller, 2005: 52).

The diplomat's statement can be disproved to a certain degree by applying the soft balancing tools to the IBSA Forum. Pape (2005: 36-37) mentions territorial denial, entangling diplomacy, economic strengthening, and signaling of resolve to participate in the balancing coalition as mechanisms of soft balancing. The accelerated development of IBSA cooperation

8 The Southern African Customs Union (SACU) includes South Africa, Botswana, Lesotho, Swaziland and Namibia.

in recent years indicates the players' willingness to participate in the coalition and forms the base for gradually increasing mutual trust. Lula da Silva was re-elected in October 2006. In India the IBSA project already survived a change of government; Singh's mandate will remain until 2009. And South African ANC-dominated political system leaves little scope for major foreign policy shifts by Mbeki's successor after the 2009 presidential elections. Thus, stable expectations lay the ground for collective foreign policy action of the three emerging middle powers.

States can deny access to their territory as staging areas for US ground forces or as transit for air and naval forces. Although these rather harsh measures are rare in the three Southern powers bilateral relations with Washington, there is evidence of territorial denial at least in the Brazilian case. A request by the US-Foreign Minister Madeleine Albright has been rejected in 2002: she asked Brasilia for the right to use Brazilian aircraft bases and other military institutions in the Amazon region (Veja, 6 September 2002). Brazil strictly refuses the establishment of US-military bases on its territory as well as the permission for over-flight rights for military aircrafts involved in the Colombian conflict (Flesmes, 2006a: 243). And despite lasting interest by the Pentagon in the Indian case (IMC India, 19 July 2003) there are no US military bases in either India or South Africa.

But the most important foreign policy instruments employed by the IBSA states are what Paul has called 'entangling diplomacy' and 'economic strengthening'. The former describes the use of rules and procedures of international institutions to influence the primary state's foreign policy. The latter aims at a shift of relative economic power through trading blocs and other types of sector cooperation that increase economic growth of members while directing trade away from non-members.

4. Institutional foreign policy instruments

Institutional instruments are applied indirectly to influence the behavior of states by means of formal and informal procedures and rules. Neo-realists (see Waltz, 1981; Mearsheimer, 1990) consider international institutions to be merely puppets of the super and great powers with marginally regulatory effects on the behavior of the state actors:

'International institutions are created by the more powerful states, and the institutions survive in their original form as long as they serve the major interests of their creators, or are thought to do so' (Waltz, 2000: 26).

Even neo-liberal institutionalism (see Keohane, 1988 and 1989) ascribes only limited importance to institutions in view of the tendencies to change within international relations. The

neo-realist basic premise – institutions reflect the power distribution within the international system and are conditioned by this – is shared by neo-liberal institutionalism (Keohane and Martin, 1995: 47). If egoist state actors enter into institutionalized negotiations, the question remains, if and how middle powers use international institutions to assert their interests. To answer this question the analysis of Hurrell (2000: 3-4) is instructive:

'Indeed sovereignty may be increasingly defined not by power to insulate one's state from external influences but by the power to participate effectively in international institutions of all kinds. [...] There is no great puzzle as to the advantages that often lead intermediate states to favor multilateralism and institutions [...]: the degree to which institutions provide political space for important middle-level players to build new coalitions in order to try and effect emerging norms in ways that are congruent with their interests and to counter-balance or deflect the preferences of the most powerful; and the extent to which institutions provide 'voice opportunities' to make known their interests and to bid for political support in the broader market place of ideas. So intermediate states will seek to use international institutions either to defend themselves against norms or rules or practices that adversely affect their interest or [...] to change dominant international norms in ways that they would like to see.'

India, Brazil, and South Africa use global governance institutions and summits to build new coalitions to pursue common interests: the IBSA-forum was launched at the 2003 G-8 meeting in Evian and the G-3 was established during the UN General Assembly in the same year. The strategy of using international institutions to build South-South coalitions culminated in the creation of the G-20 at the WTO Conference in Cancun with its widely recognized impact on global economic governance. Particularly the Doha Round demonstrates the troika's ability to determine the institutional agenda in order to influence emerging international norms in favor of their interests. From IBSA's perspective, the current international economic and financial architecture has not served the interests of the poor in developing countries. It has been argued that the impact of economic globalization prompted an increase of income inequality both within and across emerging markets (Stiglitz 2003). The countries under consideration are all shaken by persistent poverty and high income disparities. Especially the situation of South Africa and Brazil, ranking 116th and 117th of 124 countries in global GINI Index comparison (UNDP 2005), explains Lula da Silva's initiative of a Global Fund Against Hunger and Poverty at the G-8 Summit in Evian.

IBSA leaders use international organizations as platforms to challenge the legitimacy of the present international order and to change existent dominant norms. In his capacity as chairman of the Group of 77 and China, President Mbeki said at the NAM Conference in

September 2006 in Havana that South-South organizations needed to battle poverty, underdevelopment, unfair trade and political and socio-economic exclusion and marginalization:

'The strengthening of South-South co-operation has helped to create a stronger voice for the developing countries in multilateral forums [...] especially with regard to the on-going process of fundamental reforms of the UN as well as the Bretton Woods Institutions' (quoted in Cape Times, 18 September 2006).

IBSA's systemic revisionism aims at a multipolar system incorporating values that are derived from the milieu goals mentioned above. At the same time these emerging middle powers counterbalance the interests and preferences of major powers within global institutions. Brazil and India are the fourth and fifth most active complainants under the WTO dispute settlement mechanism. And while the WTO negotiations had hardly progressed in terms of content, Brazil and India could improve their positions in the international trade hierarchy. At the 2004 WTO conference in Geneva they were invited to form the G-5 preparation group together with the EU, the USA and Australia.

Amongst others the IBSA states use international institutions to resist attempts by the US to promote new norms on the use of force including pre-emptive war, the conditionality of sovereignty, or the right to use force to promote regime change (Hurrell, 2006: 11). By opposing the US-led Iraq intervention in 2003 at the UN, the three states (amongst other major powers) denied legitimacy to the superpower and tried to frustrate war plans by reducing the number of countries willing to fight alongside the United States. For instance Brazil and South Africa succeeded in backing many smaller Latin American and African states in their disapproving attitude, despite considerable pressure from Washington.

5. Cementing the alliance by sector cooperation

World trade has more than quadrupled, from US\$ 2,3 trillion in 1985 to over US\$ 10 trillion in 2005. Much of this increase is the consequence of liberalization and deregulation in developing countries. South-South trade share in world trade has nearly tripled from 4,1 percent to 11 percent over the same period (WTO, 2006). India, Brazil and South Africa have been part of this progressive development. It is estimated that two-thirds of South-South trade takes place in Asia. In Latin America intra-regional trade expands faster than trade with countries outside the region. However, Africa remains the only region that has not benefited meaningfully from the growth of trade among developing countries, with intra-African trade constituting less than 15 percent of the region's exports (Chatterjee and Dhoot, 2006: 25).

IBSA's sectoral collaboration aims at mutually reinforcing the economic strength by synergizing their complementarities in the areas of industry, services, trade and technology. Optimistic estimators foresee the creation of an IBSA market of 1,2 billion people, US\$ 1,2 trillion of GDP and foreign trade of nearly US\$ 400 billion in the long term (Kumar, 2006: 18). The trilateral alliance is willing to construct the hard core of South-South cooperation that is thought to spill over to their respective regions and to promote inter- and cross-regional economic ties. The IBSA countries have created a Trilateral Business Council to facilitate contacts and promote commerce across their regions. During the IBSA Summit in September 2006 business (and academic) seminars were held in Brasilia. And indeed, the mutual state visits of da Silva, Mbeki and Singh in recent years have always been accompanied by a large contingent of business leaders.

IBSA's sectoral cooperation appeals to exploit synergies in issues areas of mutual interest by sharing expertise and best practices of the three countries. At the several ministerial IBSA meetings since 2003 trilateral working groups were created to discuss cooperation in trade and investment, energy security, infrastructure and transportation, information society, science and technology, defence, public administration, education, health, agriculture, tourism, social and cultural issues. These working groups have advanced to varying degrees. During the Brasilia Summit memorandums of understanding (MOU) and similar agreements were signed in IBSA's main focus sectors: trade, transportation and energy.

Trade between India, Brazil and South Africa currently amounts to about US\$ 8 billion a year (Indian Deputy Foreign Minister Anand Sharma, quoted in *Business Day*, 14 September 2006). The Action Plan on Trade Facilitation for Standards, Technical Regulations and Conformity Assessment signed at the 1st IBSA Summit, is a milestone on IBSA's way towards a trilateral free trade agreement intended to further increase trade flows between the three countries and their regions. Simultaneously, India-Mercosur and Mercosur-SACU negotiations go on with the view to deepening existing tariff preference agreements. India and SACU intend to establish a tariff preference agreement. Crucial gains are expected to derive from these interregional agreements (WTO, 2003: 254).

The different degree of economic internationalization of India, Brazil and South Africa can constrain bi- and trilateral trade relations between them. India is less integrated into the global economy than South Africa and Brazil. Its internationalization occurs in a more controlled manner, and some strategic commercial activities are preserved for the domestic capital (Mallavarapu, 2006). South Africa, on its turn, is one of the most open economies in the world (White, 2006), and seems to follow the economic opening pattern implemented in Mecosur states including Brazil.

Due to its comparatively small and liberalized economy South Africa finds itself in a situation of deficit regarding its trade balance with India and Brazil. A study carried out by a South African think tank on the potential impact of free trade arrangements with India and Brazil (Stern and Stevens, 2000) found that the benefits for the South African economy would be 'relatively modest' when compared to other regional opportunities. It singled out the difficulties in negotiating tariff reductions to protected industries in India. Dupas (2006: 334) argues similarly that the South African and Indian economies are little complementary. Nevertheless, Pretoria negotiates preferential trade agreements with Delhi and Brasilia. In the long term the preferential access to these big economies aims at technology, knowledge and energy transfers.

Despite the critical prognosis South Africa's economic relations with India⁹ have flourished since the establishment of diplomatic relations in 1993. From virtually nothing at that time, bilateral trade in 2005 has reached US\$ 2,2 billion (Chatterjee and Dhoot, 2006: 26). Regarding South African-Brazilian relations¹⁰ the existence of different circumstances has to be taken into account: South Africa's per capita income is much higher than Brazil's but the size of its economy is less than one-third of that of Brazil. South Africa's total trade volume is nearly half of the total trade of Brazil. But despite these differences Brazil's trade with South Africa increased significantly in the period following the devaluation of the Brazilian Real to US\$ 1,7 billion in 2005 (ibid: 27).

Many barriers such as distance, language, shipping costs and non-availability of a direct air-link, complicate the commercial ties between Brazil and India¹¹. Additionally, the Brazilian business community has expressed strong reservations about any serious shift in economic priorities away from its traditional markets (Alden and Veira, 2005: 1092). Nevertheless trade between Brazil and India has more than doubled between 2001 and 2005 to US\$ 2,3 billion and it seems to grow rapidly (Chatterjee and Dhoot, 2006: 25). In 2004 India and Brazil signed an agreement over the cutback of trading barriers in agribusiness, chemical industries and automobiles. In March 2005 a bilateral free trade treaty between Brasilia and New Delhi followed (WTO, 2005: 148). Indian decision makers see the strengthening of commercial ties with Brazil not at least as a bridge to the great US market. Indeed, economic coop-

9 South African companies have invested in India in diamond mines and jewellery production, alcoholic beverages and financial services. Indian companies have invested in automobiles, information technology, alcoholic beverages, pharmaceuticals, infrastructure, insurance, and hotels.

10 Currently, three quarters of South African exports to Brazil consist of mineral products, chemicals and base metals and its imports from Brazil largely consist of machinery, vehicles, vehicle components and chemicals as well.

11 Brazilian enterprises invest in India's construction, infrastructure and energy sector. On the other hand, the Brazilian government has invited Indian companies to invest in fields such as agribusiness, information technology and automobiles.

eration among India, Brazil and South Africa is hampered by the fact that they produce similar products and compete for access to the OCDE markets.

Given the geographical distances, strengthening transport links is an important issue for exploiting the full potential of trade and investments. At the Brasilia Summit, a Maritime Transportation Agreement was concluded to improve logistics and maritime skill bases. The Trilateral Working Group on Transportation is currently preparing a MOU on civil aviation in order to establish regular air links between the three countries. Already in 2004 cooperation treaties between the national airlines were signed to simplify the goods- and passenger traffic. The transportation sector presents opportunities for exchanging best practices as well.¹²

The energy sector is another pivotal area of cooperation that was spelled out at the September 2006 Summit, where a MOU on bio fuels was signed. About 62 percent of energy requirements of Brazil are met by renewable sources; of those 10 percent come from ethanol from sugarcane. In April 2002 India and Brazil signed a MOU for technology sharing in the blending of petrol and diesel with ethanol. India is the world's largest sugarcane producer. Solar energy and coal liquefaction are further potential cooperation areas.¹³

Concerning future cooperation in nuclear technology the Joint Declaration issued at the Brasilia Summit stated that:

'They [the three heads of states and government] agreed that international civilian nuclear cooperation, under appropriate IAEA safeguards, amongst countries committed to nuclear disarmament and non-proliferation objectives could be enhanced through acceptable forward-looking approaches, consistent with the respective national and international obligations'.

Brazil controls the full nuclear fuel cycle since March 2006 (Fledes, 2006b) and is the current chair of the Nuclear Suppliers Group (NSG). South Africa is among the most influential NSG members and India concluded a deal on civilian nuclear cooperation with the US in March 2006. When Prime Minister Singh visited Pretoria only two weeks after the IBSA Summit in Brasilia, President Mbeki announced that South Africa would back India's bid in the NSG to be given access to international technology for a civilian nuclear energy program

12 India's expertise in the automation of railways can be extended to South Africa and Brazil. Similarly, India and South Africa can learn from the Brazilian experiences in the introduction of private capital to improve railway efficiency. India, with its renowned maritime training institutes, can offer modern maritime training to seafarers of South Africa and Brazil. Moreover, South Africa's experiences in port management can be extended to the Indian port authorities (Kumar, 2006: 19).

13 India's capabilities in the field of solar photovoltaic could be of considerable interest to Brazil and South Africa given the climate and vastness of these countries. South Africa has a highly developed synthetic fuels industry. This industry takes advantage of the country's abundant coal resources and has developed an expertise in the technology of coal liquefaction. In view of high oil prices, this technology may be commercially viable and could be explored by Indian companies.

(Business Day, 3 October 2006). Supporting the deal between the US and India, which has not signed the NPT, indicates a major shift from a rule and principle based to a more pragmatic proliferation policy of Pretoria. The three emerging Southern powers seem therefore determined to seek large-scale synergies in nuclear energy production.

6. Findings and perspectives

Contrary to Cox (1996: 245), at least at the rhetorical level the emerging middle powers under consideration seek to impose an ideologically preconceived vision of an ideal world order. It consists of the civilian ends or milieu goals of foreign policy, defined as the domestication of international relations and the diffusion of equality, justice and tolerance.

IBSA's functional leadership in WTO negotiations and the reform debate of the United Nations reflects a countervailing force to the current hierarchy of the global order. India, Brazil and South Africa use 'voice opportunities' provided by institutions such as the UN, WTO, G-8 Summits, G-77 and NAM to undermine the superpower's unilateral policies in the short term. In the long term, IBSA's soft balancing strategy aims at the formation of a multipolar system based on the rule of international law. India, Brazil, and South Africa want to become power poles of that prospective multipolar world.

Generally the coalition of Southern middle powers supports the process of international organization. But some reservations have to be made with regard to the milieu goal oriented foreign policy behavior that is usually ascribed to middle powers. In several occasions the IBSA states strived for possession goals and neglected their 'global responsibility'. The latest example is the IBSA states' position on global warming. At the G-8 summit in Heiligendamm da Silva, Singh and Mbeki stated that they are not ready to accept binding greenhouse emission targets for their countries. Instead they highlighted the industrialized world's responsibility for global warming and the emerging countries' right to economic development.

When India and Brazil created the G-4 lobby with Germany and Japan to demand permanent UNSC seats they mainly wanted to improve their positions in the international power hierarchy. For the effective democratization of the UN a stronger role of the General Assembly allowing the participation of the global South would have been more adequate. Furthermore South Africa could not share the G-4 candidacies due to its regional obligations. However, an institutional reform of the UN that perpetuates the exclusion of Africa would contradict global justice and responsibility.

During the WTO negotiations the dominance of the IBSA states' possession goals was demonstrated as well. On the one hand divergences between the national positions of India, Bra-

zil and South Africa became clear in the Doha Round. For instance, New Delhi's position regarding TRIPS and non-tariff barriers separates it from Brasilia and Pretoria. On the other hand the national interests of the IBSA states partly contradict to the interests of developing countries, which they claim to represent. Particularly net food importers as most of the LDCs cannot be interested in the reduction of agricultural subsidies in Europe and the US that keep food prices low. While the WTO negotiations have hardly progressed in terms of content, Brazil and India became part of the G-5 preparation group of the WTO. This shows as well as the formalized dialogue with the G-8 along the Heiligendamm-process a remarkable improvement of their positions in the international hierarchy of political economy.

Despite the mentioned frictions in the WTO process the IBSA initiative is confirming previous experiences of South-South cooperation of the 1970s and 1980s demonstrating more willingness to gather around an economic agenda (e.g. the reform of the Bretton Woods institutions) than around security issues. Particularly South Asia's situation of strategic parity and India's self-reliance in military security make a common IBSA approach unlikely as Brazil and South Africa pursue cooperative security policies in their regions. Unlike Keohane (1969: 298) argues the unilateral Indian nuclear policy, South Africa's leading role in ensuring the survival of the NPT during the review conference in 1995, and the recent Middle East initiative of the da Silva government show that these emerging powers can and do act alone at the international stage in some cases. Is multilateralism really an overriding principle of IBSA's foreign policy behavior, particularly when it comes to international security affairs? Especially India pursues its national security concerns and great power ambitions on the expense of multilateral agreements because its nuclear power status undermines the non-proliferation regimes. The narrow and selfish focus on permanent UNSC seats instead of seeking a democratization of the UN reflects a limited significance of the multilateral approach as well.

India, Brazil, and South Africa demand multilateral structures where they expect an increase of power opposite stronger players. But if a power loss opposite weaker actors is feared, they are less willing to create multilateral institutions. This can be observed at the regional level, where India, Brazil, and South Africa have avoided transferring significant competences to regional institutions. The SAARC, the SADC, and the Mercosur have in common to lack institutions that would allow smaller member states to participate in the regional decision making processes. At the global level the limited readiness of institutionalization can be verified as well: the IBSA states' omni-presence in global organizations (WTO, IMF, UN, G-8) in flexible alliances without functional institutions (G-3, G-4, G-5, G-20, G-77, NAM) reflects a strategy of latent multi-institutionalization. Not even the IBSA-Forum itself possesses mentionable institutions.

To sum it up: the emerging middle powers base their demands in international institutions on a discourse of global justice and democratic multilateralism. But a critical analysis of their foreign policy behavior demonstrates a tendency to use multilateral institutions to promote possession goals in the first place. How can we explain the unexpected selfishness of the middle powers? Firstly, economic growth is an overriding foreign policy goal of all IBSA states' because unlike developed middle powers (e.g. Canada and the Scandinavian states) the emerging players still have to deal with persistent poverty and great income inequalities in their societies. In effect the civilian end of environmental protection can be sacrificed if it is thought to limit economic growth. Secondly, unlike traditional middle powers the IBSA states are leaders of underrepresented developing regions. This constellation is used very ably by IBSA's foreign policy makers in order to ascent towards the global players' league – sometimes on the cost of milieu goals and global responsibility.

The findings regarding IBSA's potential synergies in sector collaboration are mixed. In particular, the perspectives of bi- and trilateral trade are limited by a number of constraints. The different sizes and degrees of global integration of the economies lead to different degrees of trade benefits. But the main obstacle consists in the limited complementarities between the three markets because India, Brazil and South Africa produce similar products and compete for access to the OECD markets. Additionally, the fact that developed countries have asymmetrical capabilities relative to the IBSA countries allows them to demobilize the South-South alliance through cross bargaining on a trade chessboard of variable geometry. But trade is merely one of many undertakings in this multidimensional initiative. India, Brazil and South Africa are not natural trading partners and the limits to commercial exchanges between them should be recognized. While a trilateral trade agreement has been alluded to on numerous occasions, such an ambitious undertaking is unlikely to materialize between these three countries, which are technically bound to regional trade blocks. A more realistic approach could be directed towards trade facilitation and the improvement of transport and infrastructure links between the three players. In effect, most likely IBSA will not focus on trade. Other sectors such as energy security seem to offer more synergies. Yet, detailed quantitative analysis of the several sectors must be carried out to estimate the potential gains for each country.

In sum, the convergent interests with regard to the multilateral reform project at the global level are much more obvious than the expected synergies of sector cooperation, particularly in trade. But if we define sector cooperation as a mechanism to cement the broader strategy of soft balancing the short term profits of common trade are not a pivotal criterion for the success of IBSA. Their conversion from rule takers into rule makers of the international system will depend on four variables:

Firstly, IBSA's success will depend on its ability to focus on distinct areas of cooperation and avoid – or postpone – those areas of controversy that tend to hold up the cooperation process. Secondly, the three states must consolidate their common strategy by mutually verifying their willingness of collective action. Although some authors criticized IBSA's lack of a clear strategy (Alden and Vieira, 2005: 1088) a strategy of soft balancing using institutional instruments of interest-assertion in order to achieve common milieu goals has been identified here. Thirdly, it is more appropriate to stress a lack of institutionalization than of strategy. IBSA is not a formal organization and it has no headquarter or secretariat. Common institutions would facilitate the effective coordination and pursuit of IBSA's interests. Additionally, collective institutions could form the ground for the exchange of social norms and cultural values. Better mutual knowledge and confidence building between the three societies would amalgamate the group. And fourthly, the enlargement of the trilateral coalition would generate both more potential synergies in sector collaboration and even more weight in global governance institutions. It is true that the excessively large and amorphous membership and equally broad agenda of previous South-South groupings, such as the G-77, prevented any constructive progress or effective outcome. But IBSA could merge with China and Russia to form BRICSA or with the traditional civilian powers Germany and Japan to build a G-5, maintaining its characteristics as a small but potentially effective coalition.

IBSA states' overtures to China and Russia rather reflect the strategic recognition of the need of their support as permanent UNSC members than an attempt to winning their participation as such. Notwithstanding its strategic and economic attraction, incorporating China and Russia could detract from IBSA's agenda and undermine its cohesiveness. IBSA's common identity is based on values such as democracy, personal freedoms and human rights. The participation of China and Russia, both not known for their democratic practices and commitment to human rights, would not only undercut collective norms and identities but also compromise the credibility and legitimacy of the group pursuing the milieu goals of international relations. Additionally, the competitive Sino-Indian constellation in Southern Asia including the continuing deadlock of their border negotiations as well as China's historical alliance with Pakistan would complicate BRICSA's agenda. This became obvious, for instance, by Beijing's worldwide campaign against India's (and Japan's) bids for a permanent membership in the UNSC.

In comparison, widening the coalition to encompass Germany and Japan would consolidate IBSA's common identity base of democracy and human rights, generate the respective additional legitimacy and acceptance, and underline IBSA's commitment to the civilian ends of international relations. Additionally, Berlin's and Tokyo's participation in a G-5 initiative would reflect their solidarity with the democratic developing world and its struggle for a

stronger role of Southern African, South Asian and South American democracies in global governance institutions.

The potential constraints of a G-5 initiative are, however, similar to the existing limits of cooperation between the IBSA states. Firstly, the priority of the European integration process and the connected problem of major powers in the EU and East Asia that would try to undermine a G-5 must be taken into consideration. Secondly, Germany and Japan maintain historically rooted transatlantic respectively transpacific relations as one of the central pillars of their foreign policies, especially in security affairs. Thirdly, many divergent interests in WTO negotiations such as the agricultural subsidies issue have to be resolved before forming a sustainable diplomatic alliance. Fourthly, the complementarity of the economies of a G-5 and the potential synergies of sector collaboration must be the subject of future quantitative research projects. At the first glance a mix of the different market structures of industrialized and developing economies could create profitable collaboration opportunities. However, in the current constellation IBSA's role might be limited to the one of a veto player in the WTO negotiations without a major systemic impact at the global level.

References

- Alden, Chris/Vieira, Marco Antonio (2005): The New Diplomacy of the South: South Africa, Brazil, India and trilateralism, in: *Third World Quarterly* 26, no.7, pp. 1077-1095.
- Behringer, Ronald M. (2003): Middle Power Leadership on Human Security, Paper presented at the annual meeting of the International Studies Association, Gainesville, Florida, October 17-18, 2003.
- Bischoff, Paul H. (2003): External domestic sources of foreign policy ambiguity: South African foreign policy and the projection of pluralist middle power, in: *Politikon*, November 2003, pp. 183-201.
- Bonn International Center for Conversion (BICC) (2006): *Conversion Survey 2006: Global Disarmament, Demilitarization, and Demobilization*, Baden-Baden.
- Brooks, Stephen G./Wohlfort, William C. (2005): Hard Times for Soft Balancing, in: *International Security* 30.1, pp. 72-108.
- Chatterjee, Bipul/Dhoot, Swati (2006): Economic Co-operation between India-Brazil-South Africa: The Road ahead!, in: *Synopsis*, Vol. 8, No. 2, Rosebank, pp. 24-28.
- Cholet, Jérôme/Fledes, Daniel (2005): Haiti - Ein Jahr nach dem Sturz Aristides. Leitet die UN-Stabilisierungsmission die Wende ein?, in: *Brennpunkt Lateinamerika* Nr. 5/2005, pp. 45-55.
- Christie, Ryerson/Dewitt, David (2006): Middle Powers and Regional Security, in: Conference 'Emergent Powers and Regional Security: The experience of IBSA (India, Brazil, South Africa)', Universidad de San Andrés, Buenos Aires, May 2006.
- Cooper, Andrew F. (1997): A Conceptual Overview, in: Cooper, Andrew F. (ed.): *Niche Diplomacy. Middle Powers after the Cold War*, London, pp. 1-24.
- Cooper, Andrew F./Richard A. Higgott/Nossal, Kim R. (1993): *Relocating Middle Powers: Australia and Canada in a Changing World Order*, Vancouver.
- Cox, Robert (1996): Middlepowermanship: Japan and the future of the world order, in: Cox, Robert/Sinclair, Timothy (eds.): *Approaches to world order*, Cambridge, pp. 67-78.
- Duchêne, Francois (1973): The European Community and the Uncertainties of Interdependence, in: Max Kohnstamm/Wolfgang Hager (eds.): *A Nation Writ Large? Foreign Policy Problems before the European Community*, London.
- Dupas, Gilberto (2006): South Africa, Brazil and India: divergence, convergence and alliance perspectives, in: Villares, Fábio (ed.): *India, Brazil and South Africa – Perspectives and alliances*, Sao Paulo, pp. 311-339.
- Fledes, Daniel (2007): *Conceptualising Regional Power in International Relations – Lessons from the South African Case*, GIGA Working Paper No. 53, Hamburg.

- Flemes, Daniel (2006a): Brazil's cooperative leadership in Southern Latin America's security policies, Berlin, see: http://www.dissertation.de/englisch/index.php3?active_document=buch.php3&sprache=2&buch=4580
- Flemes, Daniel (2006b): Brazil's nuclear policy – From technological dependence to civil nuclear power, GIGA Working Paper No. 13, Hamburg.
- Huntington, Samuel P. (1999): 'The Lonely Superpower, in: *Foreign Affairs* 78/2, pp. 35-49.
- Hurrell, Andrew (2000): Some Reflections on the Role of Intermediate Powers in International Institutions, in: Hurrell, Andrew et al. (eds.): *Paths to Power: Foreign Policy Strategies of Intermediate States*, Latin American Program, Woodrow Wilson International Centre, Working Paper No. 244, Washington D.C., pp. 23-41.
- Hurrell, Andrew (2005): Power, institutions, and the production of inequality, in: Barnett, Michael/Duvall, Raymond (ed.): *Power in Global Governance*, Cambridge/New York: Cambridge University Press, pp. 33-58.
- Hurrell, Andrew (2006): Hegemony, liberalism and global order: What space for would-be great powers?, in: *International Affairs* 82/1, pp. 1-19.
- Keohane, Robert O. (1969): Lilliputians' Dilemmas: Small States in International Politics, in: *International Organization* 23:2 (Spring), 291-310.
- Keohane, Robert O. (1988): International Institutions: Two Approaches, in: *International Studies Quarterly*, 32/4, pp. 379-396.
- Keohane, Robert O. (1989): The Theory of Hegemonic Stability and Changes in International Economic Regimes, 1967-1977, in: Keohane, Robert O. (ed.): *International Institutions and State Power: Essays in International Relations Theory*, Boulder, pp. 74-100.
- Keohane, Robert/Martin, Lisa (1995): The Promise of Institutional Theory, in: *International Security*, 19/1, pp. 39-51.
- Kumar, Nagesh (2006): Sectoral Co-operation within IBSA: Some Explorations in South-South Co-operation, in: *Synopsis*, Vol. 8, No. 2, Rosebank, pp. 18-21.
- Mallavarapu, Siddharth (2006): The template of globalization and the making of Indian foreign policy, in: Villares, Fábio (ed.): *India, Brazil and South Africa – Perspectives and alliances*, Sao Paulo, pp. 197-253.
- Maull, Hans (1990): Germany and Japan: The New Civilian Powers, in: *Foreign Affairs*, Vol. 69, No. 5, pp. 67-88.
- Mearsheimer, John J. (1990): Back to the Future, Instability in Europe after the Cold War, in: *International Security*, 15/1, pp. 5-56.

- Miller, Darlene (2005): South Africa and the IBSA initiative: Constraints and Challenges, in: *Africa Insight*, Vol. 35, pp. 52-57.
- Nye, Joseph S. (2004): *Soft Power. The Means to Success in World Politics*, New York.
- Østerud, Øyvind (1992): Regional Great Powers, in: Neumann, Iver B. (ed.): *Regional Great Powers in International Politics*, Basingstoke, pp.1-15.
- Pape, Robert A. (2005): Soft Balancing against the United States, in: *International Security* 30.1, pp. 7-45.
- Paul, T.V. (2005): Soft Balancing in the Age of U.S. Primacy, in: *International Security* 30.1, pp. 46-71.
- Sahni, Varun (2006): *Drag Anchor or Launching Pad? Regional Dynamics of emerging Powers*, (unpublished manuscript), New Delhi.
- Schoeman, Maxi (2003): South Africa as an Emerging Middle Power: 1994-2003, in: Daniel, John/Habib, Adam/Southall, Roger (eds.): *State of the Nation: South Africa 2003-2004*, Cape Town, pp. 349-367.
- Shovon Ray, Amit (2006): Going global: India's economic aspirations and apprehensions in the new millennium, in: Villares, Fábio (ed.): *India, Brazil and South Africa – Perspectives and alliances*, Sao Paulo, pp. 61-134.
- Sitaraman, Srinu (2000): Multilateral Institutional Order and Intermediate Strategies – The Case of the Indian Nuclear Programme, in: Hurrell, Andrew et al. (eds.): *Paths to Power: Foreign Policy Strategies of Intermediate States*, Latin American Program, Woodrow Wilson International Centre, Working Paper No. 244, Washington D.C., pp. 118-151.
- Soares de Lima, Maria Regina/Hirst, Mônica (2006): Brazil as a intermediate state and regional power: action, choice and responsibilities, in: *International Affairs* 82/1, pp. 21-40.
- Steingart, Gabor (2006): *Weltkrieg um Wohlstand: Wie Macht und Reichtum neu verteilt werden*, München, 384 p.
- Stern, M./Stevens C. (2000): FTAS with India and Brazil: an initial analysis, Working Paper No. 10, Johannesburg, 21 p.
- Stockholm International Peace Research Institute (SIPRI) (2006): *SIPRI Yearbook 2007: Armaments, Disarmament, and International Security*, Oxford.
- Thus, Mezran/Touval, Saadia/Zartman, William (1985): *International Mediation in Theory and Practice*, Boulder.
- Ubiraci Sennes, Ricardo (2000): Intermediate Countries and the Multilateral Arenas: The Case of Brazil in the GATT and UN Security Council between 1980 and 1995, in: Hurrell, Andrew et al. (eds.): *Paths to Power: Foreign Policy Strategies of Intermediate States*, Latin American Program, Woodrow Wilson International Centre, Working Paper No. 244, Washington D.C., pp. 82-117.

- United Nations Development Programme (2005): Human Development Report 2005, in: <http://www.undp.org.in/hdr2005/>
- Waltz, Kenneth (1981): *Theory of International Politics*, Reading.
- Waltz, Kenneth (2000): Structural Realism after the Cold War, in: *International Security* 25.1, pp. 5-41.
- White, Lyal (2006): South Africa in the post-apartheid era: converging foreign policy and trade strategy priorities to meet the challenges of economic growth and equity, in: Villares, Fábio (ed.): *India, Brazil and South Africa – Perspectives and alliances*, Sao Paulo, pp. 134-196.
- Wilson, Dominic/Purushothaman, Roopa (2003): *Dreaming With BRICs: The Path to 2050*, Goldman Sachs, Global Economics Paper No.99
- Wohlfort, William C. (1999): The Stability of a Unipolar World, in: *International Security* 24.1, pp. 5-41.
- Wolfers, Arnold (1962): *Discord and Collaboration: Essays on International Politics*, Baltimore.
- Wood, Bernard (1988): *The Middle Powers and the General Interest, Middle Powers and the International System*, 1, The North-South Institute, Ottawa.
- World Trade Organisation (2003): *World Trade Report 2003*, Geneva.
- World Trade Organisation (2005): *World Trade Report 2005*, Geneva.
- World Trade Organisation (2006): *Press Release: New Trends of South-South Trade*, Geneva.
- Wright, Martin (1978): Power Politics, in: Bull, Hedley et al. (eds.): *Classical Theories of International Relations*, London.

Recent issues:

- No 56 Bert Hoffmann: Transitions from Charismatic Rule: Theories of Leadership Change and Cuba's Post-Fidel Succession; August 2007
- No 55 Patrick Köllner: Campaigning for the Japanese Lower House: From Mobilising to Chasing Voters?; July 2007
- No 54 Mariana Llanos and Constanza Figueroa Schibber: Prestando acuerdo: El Senado frente a los nombramientos del Poder Judicial en la Argentina democrática (1983-2006) [*The Senate and the President: Judicial Nominations in Democratic Argentina (1983-2006)*]; July 2007
- No 53 Daniel Flemes: Conceptualising Regional Power in International Relations – Lessons from the South African Case; June 2007
- No 52 Jorge P. Gordin: Patronage-Preserving Federalism? Legislative Malapportionment and Subnational Fiscal Policies in Argentina; June 2007
- No 51 Anja Zorob: The Potential of Regional Integration Agreements (RIAs) in Enhancing the Credibility of Reform: The Case of the Syrian-European Association Agreement; May 2007
- No 50 Dirk Nabers: Crises, Hegemony and Change in the International System: A Conceptual Framework; May 2007
- No 49 Dirk Kohnert: African Migration to Europe: Obscured Responsibilities and Common Misconceptions; May 2007
- No 48 Jann Lay, George Michuki M'Mukaria and Toman Omar Mahmoud: Boda-bodas Rule: Non-agricultural Activities and Their Inequality Implications in Western Kenya; April 2007
- No 47 Bert Hoffmann: Why Reform Fails: The 'Politics of Policies' in Costa Rican Telecommunications Liberalization; April 2007
- No 46 Sonja Bartsch and Lars Kohlmorgen: The Role of Southern Actors in Global Governance: The Fight against HIV/AIDS; March 2007
- No 45 Gero Erdmann: Ethnicity, Voter Alignment and Political Party Affiliation – an African Case: Zambia; March 2007
- No 44 Andreas Ufen: Political Party and Party System Institutionalisation in Southeast Asia: A Comparison of Indonesia, the Philippines, and Thailand; March 2007
- No 43 Alexander Stroh: Crafting Political Institutions in Africa. Electoral Systems and Systems of Government in Rwanda and Zambia Compared; March 2007

All GIGA Working Papers are available free of charge at www.giga-hamburg.de/workingpapers.
For any requests please contact: workingpapers@giga-hamburg.de.
Editor of the Working Paper Series: Bert Hoffmann.