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# The BRICS countries should open their extractives

24 September 2014 Divine Munje



*Why they are not part of the EITI - and why they should be.*



*Their own club: what is keeping BRICS countries from joining the EITI? (Photo taken at the 6<sup>th</sup> BRICS summit Brasilia in July 2014. From I.t.r.: Vladimir Putin, Prime Minister of India Narendra Modi, President of Brazil Dilma Rousseff, President of China Xi Jinping and President of South Africa Jacob Zuma. Source: [Summit flickr page](#)).*

*[Divine Munje](#) joined the EITI Secretariat in Oslo in June 2014 as country officer. Besides supporting francophone African countries, Divine is a PhD candidate (International relations) at the [University of the Witwatersrand](#), Johannesburg. In this piece, he shares his thoughts about why the BRICS countries are not EITI members yet – and what they are missing out on.*

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## The absent economic powers

Brazil, Russia, India, China and South Africa – the so-called BRICS countries – are amongst the nations with the most significant natural resource endowments worldwide. In addition, these countries' influence over global political and economic relations has increased steadily in recent decades, leading many to affirm that the global balance of power is tilting to the East and for others, to the South.

However, it remains intriguing that the growing power of the BRICS is simultaneously accompanied by a quasi non-involvement in global resource governance debates, for instance through implementation of the [Extractive Industries' Transparency' Initiative \(EITI\)](#) – arguably the most prominent of global norms on natural resource governance at present.

In this piece, I reflect on why the BRICS might have stayed out of the global transparency Standard for so long and the benefits that lie ahead should they implement the EITI – benefits both for the BRICS themselves and for the global resource transparency movement.

## Possible reasons for absenteeism

### Still seen as a club for corrupt countries?

One reason for the BRICS absence from the EITI could relate to strategic political considerations. Indeed, for several years the EITI was widely perceived as a tool to assist poorly governed resource rich states, essentially in Africa, in strengthening transparent and accountable practices in the management of their natural resources. This stereotype stemmed from the reality that the majority of EITI implementing countries are African. The very idea of transparency in the extractive industries emerged in the nineties as a response to the challenges facing Africa's "resource cursed" economies.

However, that mind-set – which consists of associating the EITI with Africa – has progressively dissipated in recent years, giving way to an EITI that has effectively evolved into a global standard. Indeed, a major transformation has occurred in recent years, in terms of the distribution of EITI implementing countries across the politico-

economic spectrum. Implementers range from major powers like the USA through middle powers like Nigeria to smaller states like the Solomon Islands and Papua New Guinea. Other countries, such as the UK and Germany are lining up to become Candidates, and Australia is running a pilot. Given this broad expansion, the absence of the BRICS gets particularly conspicuous.

## A pledge of allegiance to western powers?

Another twist to the “strategic political” criterion mentioned above relates to the idea that the BRICS might perceive implementing the EITI as a sign of allegiance to Western influence. However, the EITI, given its [origins](#), [functioning](#) and objectives cannot be plausibly attributed to any ideological ambition or camp. In effect, to the extent that one should be suspicious of transnational structures as being at the service of some global powers, the EITI could reasonably be considered an exception.

## An organisation with origins in the global “North” and “South”

In the same vein, though the creation of the EITI could be linked to British Premier Tony Blair’s unread speech at the 2002 World Summit for Sustainable Development in Johannesburg, Blair’s imprint was merely the culmination of longstanding advocacy by a multitude of actors – both from the “North” and from the “South” – against the activities of some multinationals and states men in oil rich countries (see also [EITI’s history page](#)).

## Advantages of joining the EITI

### If EITI can strengthen governance...

Despite claims by some BRICS countries that they possess strong domestic resource governance structures, without need to introduce the EITI, myriad reports show that accompanying these countries’ growing political and economic power are socio-economic and public financial management challenges of colossal proportions. Given this reality, it can reasonably be affirmed that there is space for the EITI in the BRICS’ resource governance systems.

## ... in Australia and the US...

Even in countries that rank very high in every conventional governance ranking, the EITI is often proving useful. In the case of Australia, a big row about whether to impose a super tax on mining companies during the commodity boom divided political actors and eventually [contributed to the end of Kevin Rudd's Premiership](#).

These actors subsequently indicated that the row had been fuelled by lack of detailed information and the decision was made to pilot the EITI as a way of better informing future debates on extractive industry governance.

Another example is the United States. In this case the issue related to lack of clarity about how much mining companies were expected to pay the government, as these companies appeared to be paying very different amounts of taxes and no royalties. During the launch of the Open Government Partnership (OGP) in September 2011, President Obama [said](#) that the United States would implement the EITI "so that taxpayers receive every dollar they're due from the extraction of natural resources."

## ...why not in BRICS countries?

Indeed, were the BRICS to implement the EITI, not only would they improve their resource governance systems, but they would also have available to them a politically neutral platform through which they could constructively mediate the evolution of global norms on natural resource governance.

## A boost for more transparency worldwide

In addition, EITI implementation by the BRICS would provide a major boost to the global movement for extractive industry transparency, as it would certainly incentivise many a resource rich country around the globe to implement.

Ultimately, the arguments that might still be preventing the BRICS from implementing the EITI are outweighed by the benefits these countries could reap were they to join the party, not least in terms of better internal governance processes and enhanced international status.

## Reap benefits to the full

Considering the broad spectrum of achievements made in EITI implementing countries, not implementing the EITI keeps these emerging economies from achieving the sort of progress that others are currently experiencing.

## Comments

1 Comments

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Samuel Mbah Ndansi (not verified) on 30 September 2014 - 2:25pm.

Great piece with an in-depth analysis. Gone are those days when institutions like the EITI were criticized for striving for **accountability**? to better the well being of citizens. Rather, institutions like the EITI should hailed for their efforts to help any government in its quest to transparently manage its resources for the benefit of its citizens. This in its self portrays a crystal and solid principle of governance: the Rule of Law. I second this author's call for the BRICS countries `... to join the party`.

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