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**Betr.:** Reference letter for the thesis of Martin Pioch, SPSU

Review of the thesis at SPSU for the degree of Candidate of Economic Sciences on 08.00.14 – World Economy titled “Emerging economies cooperation in the global governance: the BRICS in international trade and the WTO” by Martin Pioch

Martin Pioch’s dissertation is 112 pages long (plus seven pages of references and an annex of five data sets plus a list of the 15 experts interviewed during two field trips to Moscow and Geneva). The thesis is very clearly and convincingly structured. After a very systematic introduction, in which -- among others -- the relevance of the research topic, the theoretical and methodological base, the aim and objectives of the study, the objects and the subjects of the research as well as the sources of the data used are explained, the thesis proceeds with three chapters and a conclusion. One should note that the thesis is easy to read because all chapters end with a concise summary, in which the main arguments of the respective chapter are convincingly presented.

When compared to standards at Universität Hamburg, the thesis is relatively short, but able to make up by substantial content and richness of the arguments presented to the reader. The main question asked is whether the BRICS do have similar economic interests in international trade, which they can promote and embed in the international trading system, notably in the WTO (cf. p. 189). To address and to answer this question, chapter 1 discusses conceptions of power in global economic governance, criticizes current debates in International Relations (IR) and International Political Economy (IPE) for their limited empirical foundation and broad assumptions about emerging economies, and looks at the commonalities, at common interests and at the cooperation of emerging economies, notably the BRICS, in global economic governance. The latter theme is deepened in chapter 2, in which the emergence and the role of the BRICS and of the WTO are discussed in more detail, giving the thesis a historical and diachronic dimension. The third chapter contributes empirical evidence as to how the five BRICS are positioned in global trade and tariffs, using cluster analysis and expert interviews. This analysis is able to convincingly demonstrate that the BRICS have highly different trade structures, leading to divergent trade interests. Therefore, it would be wrong to expect the BRICS to opt for harmonization or deep cooperation within the WTO. But they do agree on the need for reforms in the WTO, commit themselves to a more just and fair order without giving up on the liberal economic order, and due to their increased economic and financial leverage, they have assumed a role in which they are able to rally against or to veto positions unilaterally put

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forward by the developed and traditional main players in the WTO. In other words, not least due to their substantial differences, they are neither able nor (yet?) willing to impose their view on the WTO, but they have gained sufficient strength to prevent further bypassing and to end the institutional domination of the traditional powers in global economic governance.

The conclusion of the dissertation reiterates the main results and highlights six main findings. First, and based on the empirical analysis of trade clusters, Martin Pioch rejects both the optimistic and the pessimistic views on the BRICS in the literature and calls for a more realistic assessment of their role in global economic governance and in the WTO. Second, he reiterates the consequences of very different trade structures among the BRICS, which makes it more likely that they will rather cooperate more closely with others along issue-based commonalities than among themselves. Third, the tariff cluster analysis revealed that four of the five BRICS – South Africa being the exception -- have maintained medium-high levels of protectionism to secure their national interests. Being “state-permeated market economies”, these four BRICS are not really keen on deepening cooperation in trade, their public rhetoric to the contrary notwithstanding. Fourth, the BRICS should be understood as a global dialogue forum and as an institutionalized communication platform among emerging economies, who are not a bloc or a closely defined political group with shared interests, but a forum for regular meetings on different levels to exchange information, share knowledge and to learn from one another. Globalization is thus no longer an equivalent to Westernization, but a concept increasingly influenced by non-Western countries, cultures, ideas and practices. Fifth, the thesis stresses the importance of the WTO for the emerging economies. The latter have become “the real fan club” of the WTO, defending the multilateral rule-based trading system in the face of mega-regional trade deals pursued mainly by the developed economies. And finally, sixth, it is argued that the BRICS are not interested to depart from the current international trading system for the time being because it has served and is likely to continue to serve their more protectionist trade structures and interests well.

Having summarized the main findings, which form a noteworthy and substantial contribution to the literature on the BRICS and on the WTO, I will proceed by raising a few issues I would like to see addressed in the defense of the dissertation. First, one could take issue with the first sentence in the introduction to the thesis. Martin Pioch claims that “international trade is today the main driver of the global economy” (p. 184). This sentence held true until 2008 but since the onset of the economic and financial crises in that very same year, growth in global trade has no longer been well above the growth rate in world GDP, as used to be the case in the decades before with the exception of a limited number of years when world recession set in. Trade is thus still important but no longer a driving force for global growth. However, if one were to include the expansion in digital trade, which is not measured as opposed to trade in goods, the picture might easily look differently. And maybe we are on the brink of a new era, in which “relocation” of production (back to the developed world), due to the rise of automation and robotics, will revolutionize the pattern of ever more differentiated value chains, which have driven the last two decades of globalization. Second, in the critique of the existing literature in IR and IPE, Martin Pioch has largely left out the emerging emphasis on the BRICS in the literature on the “varieties of capitalism”. This research has started to follow a similar nuanced and empirically grounded analysis, reaching similar conclusions as to the differences and commonalities among the BRICS. Third, and in line with the emphasis on the literature in IR, talks about “cooperation or harmonization” as the two possible pathways for the BRICS is neglecting the standard alternatives put forward in much of the literature on IR theories. The contrast should read “cooperation” or much looser “coordination”, not “harmonization”. And fourth, and more on a formal note, the 15 expert interviews should come with a list of the key questions asked and listed in the annex of the thesis – or else they would have been just background talks. Just listing the function of the interviewed experts and the location, where the interview took place, is not enough.

In conclusion, I would like to highlight that Martin Pioch’s thesis is a fine example of what we called the “PRIMO spirit”. This refers to the PRIMO project, an Initial Training Network (ITN) in the 7<sup>th</sup>

research framework program of the European Union, in which SPSU and Martin Pioch participated. This spirit made it mandatory for all participants to assume a position that takes issue with the many superficial assessments of the BRICS in much of the Western literature on emerging economies and changes in the global order. Martin Pioch has convincingly demonstrated the merits of an analysis that puts empirical research ahead of broad speculation. Current trends in global economic development can no longer be understood by ignoring structures, driving forces, and interests of the BRICS.

The thesis by Martin Pioch corresponds to the basic requirements and he fully deserves the award of the degree of Candidate of Economic Sciences on 08.00.14 – World Economy.

A handwritten signature in cursive script, reading "Cord Jakobit". The signature is written in dark ink on a white background.

(Prof. Dr. Cord Jakobit)