

9. India and Brazil to sign Strategic Action Plan

Prelims Level: India Bilateral Cooperation

Mains Level: GS-II Bilateral, Regional and Global Groupings and Agreements involving India and / or Affecting India's Interests.

Why in News?

- India and Brazil will upgrade their strategic partnership with an action plan and sign a Bilateral Investment Treaty (BIT) when Brazilian President Jair Bolsonaro visits as the Chief Guest of the Republic Day celebrations.

Highlights:

- The two countries hope to take their partnership to the next level and build on the relationship between Prime Minister Narendra Modi and President Bolsonaro.
- The Strategic Partnership Action Plan will serve as an “umbrella agreement”, for plans between the two countries to increase defence cooperation, technology sharing and a logistics agreement. Brazil and India will also exchange a Social Security Agreement (SSA), first signed in March 2017, to allow investments in each other's pension funds, to help business processes and encourage the flow of investment.
- Among about 20 agreements set to be exchanged, are the Strategic Partnership Action Plan, along with the BIT, a Mutual Legal Assistance Agreement (MLAT) on crime, agreements on double taxation avoidance, bio-energy or ethanol production, cybersecurity, health, mining, oil and gas exploration and investment, and animal husbandry.

Bilateral Investment Treaty:

- A bilateral investment treaty (BIT) is an agreement establishing the terms and conditions for private investment by nationals and companies of one state in another state. This type of investment is called foreign direct investment (FDI).
- BITs are established through trade pacts. Most BITs grant investments made by an investor of one Contracting State in the territory of the other a number of guarantees, which typically include fair and equitable treatment, protection from expropriation, free transfer of means and full protection and security.
- The distinctive feature of many BITs is that they allow for an alternative dispute resolution mechanism, whereby an investor whose rights under the BIT have been violated could have recourse to International Arbitration.