

# Trade Creates Geography: The Lesson from BRICS Nations

Dr.Shameem C C<sup>1</sup>,Prof.K Jayaprasad<sup>2</sup>

<sup>1,2</sup>Department of International Relations and Politics, Central University of Kerala, Kasaragod

## Article Info

Volume 83

Page Number: 9052 - 9066

Publication Issue:

March - April 2020

## Article History

Article Received: 24 July 2019

Revised: 12 September 2019

Accepted: 15 February 2020

Publication: 09 April 2020

## Abstract

The BRICS is one the organization exhibits geographical diversities and economical imperativeness. The study is highly relevant in the modern times especially physical and geographical proximity is often seen as a reason for conflict among countries which can be drastically resolved by the formation of economic ties. Strong economic relation among BRICS countries reduces the chance of conflict and non geographical proximities are creating the possibility of a peaceful global atmosphere. This paper will analyses BRICS nations experiences on trade creates geography or space as a concept is used to perceive the existing trends in regionalism. The concept of economic regionalism; trade relations are correlated with each other by creating a favorable space for nation states to function in a group

**Keywords;** JEL Code: F13, F15, and F59

## I. INTRODUCTION

One of the principles contributions by Paul Krugman was his argument that while geography does determine trade, over a period of time, it is also true that trade determines geography. This new dimension of economic regionalism (open regionalism) substantiated the formation of an international institution like BRICS where trade becomes the binding factor for countries located in different continents as opposed to those from a single region. Intra-regional trade relation is used in the study within the context of trade relations within a specific group that is the BRICS. Trade liberalization, globalization, market integration, and transnational activities are widening the scope of intra-regional trade from the existing turmoil of geographical boundaries to a more open space.

This phenomenon explains, for example, how over time some regions (countries) go into decline while new regions (countries) emerge. The true function of geography in trade was well established in the so called Heckscher –Ohlin-Samuelson (HOS) model

of trade. What Krugman suggested is that, in a dynamic setting, it is also possible that trade may determine geography (Krugman, 1991).His argument is very relevant in a globalized era while existing realities of geography, boarder, and territories are still conflicting factors in global affairs. The HOS model indicates that trade is determined by a country's resources. So a country's export must be extensively dependent on its availability of resources. For a country like India with rich labor resources the HOS made laws very much suitable for analyzing developing countries trade. On contrary, the Ricardian model emphases the technology aspects of trade: that what a country exports is a function of what it can produce technologically, at lowest cost compared to other countries.

According to Sir Leon, Europe is constantly evolving towards an institutional structure which reflects more faithfully the will and ambitions of its people. Europe is united on the basis of region identity as European (Thomsen, October, 1994).Richard Baldwin argues that European Union

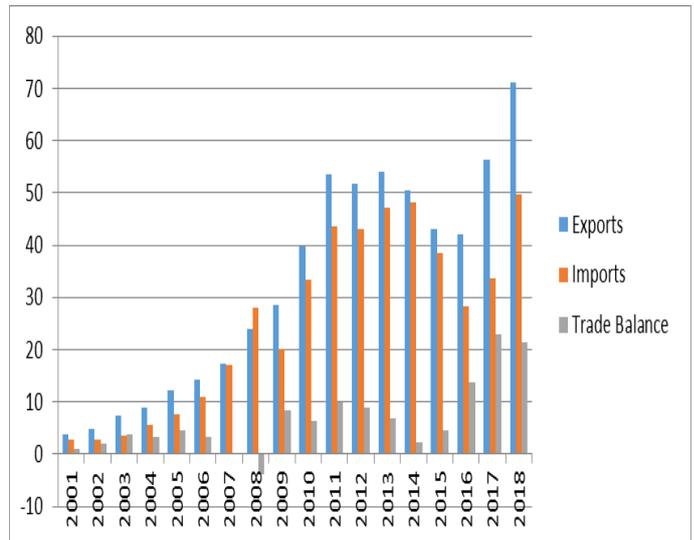
could perhaps withstand the strain on its budget in terms of Common Agricultural Policy (CAP) and the structural funds to poorer member states, the political will to spend large some money on new members does not exist in the richer countries (Baldwin, 1994). Poor member states may also block future accessions unless they judge that the new entrants are likely to vote in a similar way in the council ministers. He recognizes that the desire of EU and of Central and East European government to discuss future membership is based, for the moment, largely on political considerations (Baldwin, 1997, pp.10-16). The strong institutional mechanism is the tool for integration in a group which creates solidarity among member's states. Within this context, concerns and interests are more important rather than geographical proximity. The BRICS adopts open regionalism or regionalism and inter-regionalism in relation with EU and USA with support of inter and intra-regional trade arrangements, the tri-polar trading system will be sustained; thereby the world trading system will be stable. The trade liberation has maintained to reduce tension between nation states through free flow of goods and services.

### 1) Brazil

Brazil is the leading country in Latin America influenced largely by world politics and economic environment. It has abundant natural resources like minerals and metals, which is considered viable for manufacturing raw materials. The countries like India and China largely imported manufacturing raw materials from Brazil for satisfying their domestic demand. Brazil maintained strong democratic values in multilateral forms like UN, G20, World Bank, and WTO. The figure illustrates Brazil's trade growth rate with regard to BRICS countries.

**Figure 1**

**Brazil Merchandise Trade Relations with BRICS (Values in Billion USD)**



Source: International Trade Centre, Geneva, [https://www.trademap.org/Bilateral\\_TS.aspx?nvpm=1%7c076%7c%7c%7c6757%7cTOTAL%7c%7c%7c2%7c1%7c1%7c1%7c2%7c1%7c1%7c1%7c1](https://www.trademap.org/Bilateral_TS.aspx?nvpm=1%7c076%7c%7c%7c6757%7cTOTAL%7c%7c%7c2%7c1%7c1%7c1%7c2%7c1%7c1%7c1%7c1)

The above figure 1 shows that China is the largest import partner of Brazil; it covers 90 percent (in 2018) of contributions from BRICS. In early periods the share reached up to 55.41 percent in 2001, 73.41 percent in 2007, and then it increased up to 90 percent. It shows an increasing trend in Chinese share contribution on Brazilian exports. Brazil exports to China were 1.90 in 2001, 10.75 in 2007 and 71.13 Billion USD (highest in 2018). Currency swap arrangement between China and Brazil is an important factor behind their trade relations. In this context we can see that Brazilian export volume to BRICS increased exponentially over the years. Moreover Chinese demand for Brazilian natural resources pushed the price of commodities to record high levels, proving that it greatly benefited the Brazilian economy. Moreover China imported more raw materials like minerals and metals from Brazil for their finished products.

Brazil and India maintains a fair trade relation with India's import share reaching up to 5.49 percent in

2018. Previously the share reached up to 6.40 percent in 2001, 3.5 percent in 2007, and then up to 8.40 percent (highest in 2015). It shows the rising trend of Indian share contribution on Brazilian exports. Brazilian exports to India in 2001 were 0.28, 0.95 in 2007, and 3.61 in 2015 and 3.90 USD Billion in 2018. The contribution reached the highest in the year 2018. Both leaders renewed their commitment in strengthening the Indo-Brazilian strategic partnership on this account. Dilma Rouseff also met with the Prime Minister of India during various BRICS summit from 2012 to 2018.

Russia is the third largest export destination of Brazilian products and reached 2.32 percent in the year 2018. Earlier the share reached up to 21.79 percent in 2001, 16.38 percent in 2007 and then decreased to a 5.72 percent. Meanwhile Brazil's export share to Russia increased from 1.10 in 2000 to 3.75 Billion USD in 2007 and decreased up to 1.65 Billion USD (2018). The share of contribution became highest in 2008, reaching up to 4.65 USD Billion. Several bilateral trade initiatives influenced their trade relations such as energy and agricultural cooperation which were earlier dominated by the West. On the basis of several agreements, Russia is sharing its advanced energy expertise and technology to open business opportunities in Brazil's oil and gas industry.

Brazil and South Africa have always maintained cordial trade relations. South Africa contributed 1.91 percent (2018) import share from BRICS. Earlier the share reached up to 16% in 2001, 6.64 percent in 2007, and then decreased up to 3.14, then 1.91 percent. Brazilian exports to South Africa were 0.42 in 2001, 1.75 in 2007, reaching 1.36 Billion USD. The contribution of 2014 however dropped in comparison to the previous four years. It reached highest in the year 2013, touching 1.83 Billion USD. South Africa and Brazil are focusing increasingly on the importance of South-South trade and this was coupled with increased financial and commercial liberalization and bilateral cooperation programmes,

means that Brazil has the potential to provide South African business with vast investment and export opportunities.

On evaluating the overall performance, we can see that Brazil's exports to BRICS countries are increasingly periodically. From 2001 Brazil total export volume has reached 3.72 Billion USD, then up to 17.20 in 2007, reaching up to 50.46 in 2015, and 71.13 Billion USD in 2018. It was the comparatively lesser than in 2013, where it reached a maximum at 71.13 Billion USD. After the BRICS formation Brazil's export to BRICS countries has reached 27 Billion USD in 2009, and has increased 10 Billion USD in year bases. This shows how the BRICS institutional trade arrangements have influenced Brazil's exports to BRICS group. Moreover India and China prefer Brazilian minerals and metals for its manufacturing sector, creating a demand for Brazilian raw materials in both countries. Russia and South Africa have also maintained stable relations with Brazil.

Overall trade relations with BRICS and Brazil, we can see that BRICS contribution to Brazil is largest level and forward trend. Brazil earned trade surplus with China, Russia and South Africa, while trade deficit with India. Brazil considered that BRICS is good platform to solve their trade disputes. Last BRICS summit 2015 was evidence for solve the trade dispute with Russia with regard of Meat export and sanitary issues. In the overall performances of Brazil import from BRICS countries increasingly in periodically. The above figure gave the evidence of its forward trend. From 2001 Brazil total import volume to reached 2.70 Billion USD, 17.09 in 2007, 37.87 in 2015, and slightly decreased 21.32 USD Billion in 2018. Brazil earned trade surpluses from BRICS merchandise trade arrangements in last six years (After BRICS formation).

The total contribution of exports increased from 4.32 in 2001, 25.06 in 2007, 53.19 in 2015, and increasing tendency followed by 71.13 Billion USD in 2018. Not only in exports contribution but also in

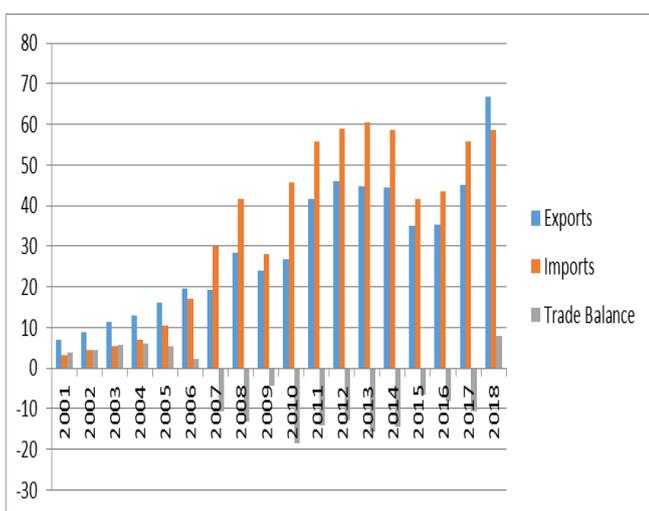
imports contribution on BRICS group, it significantly enlarged from 2.04 in 2001, 14.94 in 2007, 35.05 in 2015, and increasing tendency followed by 49.81 Billion USD contribution in 2018. The interesting case of trade balance, Brazil is enjoying trade surplus among the BRICS group. The above data shows that the evidence of BRICS surplus. The trade surplus 2.27 in 2001, 10.11 in 2007, 20.14 in 2015, and increasing tendency reached up to 21.32 Billion USD in 2018. The largest demand on Brazilian minerals and metals are given on China, India and South Africa making significant trade surplus on Brazilian economy.

**2) Russia**

Russia is the emerging markets from Eurasia which promoted largely on trade. They have rich natural resources like crude oil and natural gas. This was strength of their economy making the stability from financial hurdles of crisis. The Russia has good relationship with China, India, Brazil and South Africa, which made apparent changes in their economies. Russia considered that the BRICS is good initiative which supports its national interests in multilateral flora. The bellow figure is the scientific evidence Russia’s involvement in BRICS countries with regard of trade.

**Figure 2**

**Russia’s Merchandise Trade Relations with BRICS (Values in Billion USD)**



Source: International Trade Centre, Geneva, [https://www.trademap.org/Bilateral\\_TS.aspx?nvpm=1%7c643%7c%7c%7c6757%7cTOTAL%7c%7c%7c2%7c1%7c1%7c3%7c2%7c1%7c1%7c1%7c1](https://www.trademap.org/Bilateral_TS.aspx?nvpm=1%7c643%7c%7c%7c6757%7cTOTAL%7c%7c%7c2%7c1%7c1%7c3%7c2%7c1%7c1%7c1%7c1)

In the above figure 2, seems that China also largest trade contributor to Russian economy from BRICS group. China contributed 83.04 percent share in 2017 from the BRICS. In early periods it reached up to 80 percent in 2001, 79.88 percent in 2007, 78.23 percent in 2015, reaches highest in 2017 and import volume contribution to Russian economy. It shows that long term forward trend on Russian products in Chinese market. China is import from Russia, which marked up to 7.95 in 2001, 19.68 in 2007, 27.30 in 2015, and 37.52 USD Billion in 2017. It reaches highest in 2012 and touches up to 44.13 Billion USD. There is more trade on the basis of their neighborhood relations. China and Russia sharing borders and it’s also one of the main factor to reduce transaction cost for their trade relations. It leads to largest trade growth among them. China’s Foreign Ministry officials, evaluating the results of Sino-Russian relations in 2010, also stated that “the bilateral political mutual trust, practical cooperation, people-to-people exchanges, and strategic coordination reached an unprecedented level (Larin, September, 2012, p.15).

The next case Russia and India, India is largely depends up on Russian natural gas. India’s imports contributed 12 percent share (in 2017) from the BRICS. In early periods it reached up to 5.35 percent in 2001, 10.89 percent in 2007 and then 15.62 percent in 2015, decreased to 12 percent in 2017, and import share shows that long term forward trend on Russian products in Indian market. It reached highest share in 2008 and touched up to 13.94 percent. Russia exported to India, which marked up to 0.47 in 2001, 2.69 in 2007, 5.45 USD in 2015(highest), and 5.42 USD Billion in 2017. Declaration on India –Russia strategic partnership signed in October 2000, was greatly influenced their bilateral trade relations. The above table shows that

in 2001 India's share of Russian export was 5.35 percent, but it grew periodically in 2007 up to 10.89 percent among the BRICS. In 2009, both sides set the target 20 USD Billion bilateral trade by 2015, priority areas for expanding bilateral economic cooperation are Pharmaceutical, IT, steel and diamonds, aviation, fertilizers, infrastructure, heavy engineering and food products (The Indian Express, 12, September, 2014). There are several reasons for growing India's interest to Russian export, one of the main reason is Annual summit meeting between both countries, it was the highest institutionalized mechanism under the strategic partnership among this countries. In 2012, bilateral trade increased by 24 percent to reach 11 Billion USD out of which Russian exports were 8 Billion USD. India contributed approximately 9 percent Russian export from BRICS group in last few decades. Russia considered that India was the second largest export destination their natural resources among the BRICS. India –Russia trade relations benefited to India for reducing energy scarcity from Rupee – Rubble trade relations, it also benefited to Indian economy for reducing financial burden from our largest energy consumption. In this context Russia maintained good trade relations with India, for largest demanding of their natural resources; it was the largest relaxation of as Russia's concern because of West imposed ban of Russian products.

In the situation of Russia and Brazil, Russia is the world largest arms exporter, Brazil contributed 4.49 percent (in 2017), import share from the BRICS. In early period it reached up to 5.19 percent in 2001, 6.93 percent in 2007, and 5.39 percent in 2015, and decreased in 4.49 percent in 2017, Percentage of highest growth was in 2008 which touched up to 10.43 percent. It shows that forward trend on Indian products in Brazilian market. Brazil is import from India, which reached up to 0.46 in 2001, 1.70 in 2007 and 1.88 in 2015, and 2.03 USD Billion in 2017. It reaches highest in 2008 contributed 3.34 percent Billion USD. It largely concentration about Brazilian defense market and protect Latin

American countries from US. The total trade volume between Russia and Brazil in 2013 made up 7 Billion USD. We can see the above table from 2001 to 2007 periods Russia's export share to Brazil below 7 percent among BRICS. But in 2008 it significantly grew from 6.93 percent to 10.43 percent, the major point is Brazil largely imported from Russia crude oil and arms. From 2009 to 2017 these shares significantly slow and staidly maintain up to below 7 percent. BRICS group playing a vital role in between Russia and Brazil for resolving their trade disputes like protectionism and other type of sanitary hurdles.

Lastly South Africa is least importer of Russia products among the BRICS. South Africa contributed 0.45 percent import share (in 2017) from the BRICS. In early period it reached up to 0.44 percent in 2001, 2.29 percent in 2007, reduced 0.74 percent in 2015, and 0.45 in 2017. It shows that downward demand on Russian products in South African market. Russia exported to South Africa, which marked up to 0.005 in 2001, 0.01 in 2007, 0.25 in 2015, 0.20 Billion USD in 2017. It was very lowest level among the BRICS group, one of the main reasons is that, South Africa mainly depends up on Nigerian crude oil on the basis of reduction of transaction cost, even though South Africa staidly maintained good strategic relations with Russia.

In the overall performances of Russia's exports to BRICS countries increasingly in periodically. The above figure gave the evidence of its forward trend. From 2001 Russia's total export volume to reached 6.92 Billion USD, then it reached up to 19.35 Billion USD in 2007, and last year (2018) it reached up to 66.67 Billion USD. After the BRICS formation Russia export to BRICS countries are largely and maintained 26 Billion USD in 2010, then we can see that yearly increased 15 Billion USD in 2011 comparatively with 2010. It shows that BRICS institutional trade arrangements are influenced Russia's exports to BRICS group. More over Russia's total export reached up to 45.18 Billion

USD steadily grow up to 2017, which shows that BRICS provide a good destination for Russian crude oil which banned European Union. In this context Chinese and Indian energy consumptions are playing prominent role to Russian exports in BRICS. Russia happy with BRICS trade arrangements and bargain its WTO membership accession.

In the overall performances of Russia's imports from BRICS countries increasingly in periodically. The above table gave the evidence of its forward trend. From 2001 Russia's total import volume to reached 3.19 USD Billion, then it reached up to 30.09 Billion USD in 2007, 39.65 Billion USD in 2015, and increased up to 58.69 USD Billion in 2018. After the BRICS formation Russia export to BRICS countries are largely and maintained 45.64 Billion USD 2010, then we can see that yearly increased 10 Billion USD in 2011 comparatively with 2010. It shows that BRICS institutional trade arrangements and policies are influenced Russia's import from BRICS group. More over in 2018 Russia's total import reached up to 69.69 Billion USD (highest), which shows that Russia provided a good destination for Chinese manufacturing products, Indian pharmaceutical products and Brazilian metals and minerals. Russia have trade deficit with China, trade surpluses with India, Brazil and South Africa.

The Russia is the active trade participant of BRICS countries, total it contribution of exports increased from 8.94 in 2001, 24.64 in 2007, 41.15 in 2015, and increasing tendency followed by 66.67 Billion USD in 2018. Not only in exports contribution but also in imports contribution on BRICS group, it significantly enlarged from 4.68 in 2001, 33.34 in 2007, 39.12 in 2015, and increasing tendency followed by 58.69 Billion USD contribution in 2018.

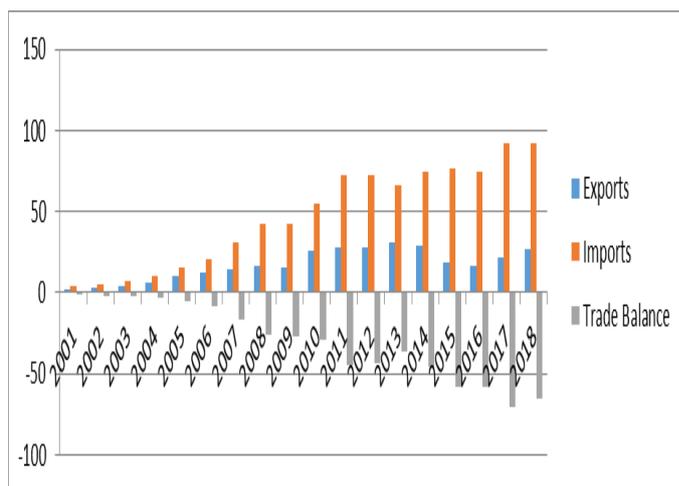
The interesting case of trade balance, Russia is enjoying trade surplus among the BRICS group. The above data shows that the evidence of BRICS surplus. The trade surplus 4.25 in 2001, -8.69 in

2007, 2.02 in 2015, and increasing tendency reached up to 7.96 Billion USD in 2018. The largest demand on Russian crude oil is satisfies demand on China, India, and South Africa making significant trade surplus on Russian economy.

### 3) India

Figure 3

India's Merchandise Trade Relations with BRICS (Values in Billion USD)



Source: International Trade Centre, Geneva, [https://www.trademap.org/Bilateral\\_TS.aspx?nvpm=1%7c699%7c%7c%7c6757%7cTOTAL%7c%7c%7c2%7c1%7c1%7c3%7c2%7c1%7c1%7c1%7c1](https://www.trademap.org/Bilateral_TS.aspx?nvpm=1%7c699%7c%7c%7c6757%7cTOTAL%7c%7c%7c2%7c1%7c1%7c3%7c2%7c1%7c1%7c1%7c1)

In the above figure 3 shows that China is number one export destination of Indian products among BRICS group. India's largely exported IT software products, Pharmaceutical products and Iron ore to China, India's strengths are needed by China, and China can make use of China's advantages as well. China is import from India, which marked up to 1.69 in 2001, 14.62 in 2007, 9.54 in 2015, then reached up to 12.49 USD Billion in 2017. It reaches highest in 2011 and touches up to 23.38 Billion USD. From 2001 to 2007 Chinese share of Indian products significantly rose up to 73 percent. There are several reasons behind this share of contribution, one of the reasons that Chinese 40 percent Iron ore imported from India. The China has imported large quantities of iron ore from India at the spot price for

maintaining their domestic demand. More over China preferred Indian iron ore for their finished manufacturing products due to less transportation cost. From 2007 to 2015 Chinese contribution of Indian export sector reduce up to 52.79 percent, and reached up to 57.88 percent share in 2017. But Indian pharmaceutical industry and Bio-technology industry have the advantages in terms of scale; technology and cost are more advance those in China. Chinese enterprises can take advantage of India's abundant software related to human resources and greatly expand on the future by conducting research and development in India. Under BRICS negotiations, in order to reduce trade imbalances between India and China, China likely should expand imports from India, in certain cases increasing sourcing of parts from India, and should cooperate in upgrading India's manufacturing industry with support of Chinese technology. India and China have signed 24 agreements worth over 10 Billion USD in Beijing on 15 May 2015 after Prime Minister Narendra Modi held talks with Chinese premier Li Keqiang.

The next position followed by South Africa, South Africa contributed 18.87 percent import share (in 2017) from the BRICS. In early periods it reached up to 8.15 percent in 2001, 8.94 percent in 2007, and then it increased up to 21.10 percent in 2015, and declined up to 18.87 percent in 2017. It shows that forward trend on Indian products in South African market. India exported to South Africa, which marked up to 0.32 in 2001, 2.12 in 2007, 3.81 in 2015 and 4.07 USD Billion in 2017. It reached highest in 2013, which was touched up to 5.74 Billion USD. Bilateral and trilateral initiatives are greatly influenced their relations.

The next largest Indian export destination among BRICS group is Brazil. Leaders of both the countries are committed in strengthening their strategic partnership since last few years. However the period of 2001 to 2007 witnessed a decline in the import share of Brazil up to 10 percent among the

BRICS, due to customs problems, double taxation etc. From the years 2007 to 2015, the share reached up to 17.19 percent, and then it declined up to 13.31 percent share in 2017, marking a millstone period for Indian products at Brazil. Brazil's import from India was 0.54 in the year 2001, 2.17 in 2007, 3.11 in 2015, 2.87 USD Billion in 2017, and reached the highest in 2014 (7.14 Billion USD). There are several reasons behind this phenomenon and major one is the BRICS negotiation; it has helped both countries in resolving problems such as double taxation and customs procedure. It also benefited the Indian Pharmaceutical industry by opening up new export destinations into Latin America. These reasons resulted in India gaining trade surplus from Brazil.

Russia also maintains good relations with India and trade, investment and economic cooperation between both have been growing steadily. Russia's import from India marked up to 0.83 in the year 2001, 0.92 in 2007, 1.61 in 2015, then 2.14 USD Billion in 2017. It reached highest in 2013 and touched up to 2.41 Billion USD. In 2012, total bilateral trade increased by 24 percent of the growth. Annual summit meetings between both counter parts is estimated to be one the main reason for an increase bilateral trade growth, which has played a vital role in reducing bilateral trade issue. Moreover regular high level interactions between two countries under Trade, Economic, Scientific, Technological and Cultural Cooperation (IRIGC-TEC) were co-chaired by the External Affairs Ministers of both countries. This has greatly benefited the Indian Pharmaceutical and IT sector for gaining market access in Russia. From the time period of 2001 to 2007 Russia's contribution to Indian sector reduced up to 7 percent, but the period of 2007 to 2015 witnessed a rise up to 8.90 %, and then reaches up to 9.91 percent in 2017.

In the overall performances of India exports to BRICS countries increasingly in periodically. The above table gave the evidence of its forward trend.

From 2001 India's export volume to reached 2.37 Billion USD, then it reached up to 14.44 Billion USD in 2007, 18.08 in 2015, and 26.31 USD Billion in 2018. It was the comparatively lower than in 2013, reached maximum at 30.69 Billion USD. After the BRICS formation India's export to BRICS countries are largely stabilized and maintained 26 Billion USD in 2009. It shows that BRICS institutional trade arrangements are influenced Brazil's exports to BRICS group.

In the overall performances of India's imports from BRICS countries increasingly in periodically. The above figure gave the evidence of its forward trend. From 2001 India's total import volume to reached 3.98 Billion USD, then it reached up to 31.31 Billion USD in 2007, 76.45 Billion USD in 2015, followed by 91.81 Billion USD in 2018. It shows clearly that post financial crisis, India more import Brazilian minerals and metals for reducing raw material scarcity, more energy from Russia for maintaining domestic consumption, more manufactured products from China, and More gold and diamonds from South Africa.

The India is the active trade participant of BRICS countries, total it contribution of exports increased from 3.03 in 2001, 19.87 in 2007, 24.14 in 2015, and increasing tendency followed by 26.31 Billion USD in 2018. Not only in exports contribution but also in imports contribution on BRICS group, it significantly enlarged from 3.67 in 2001, 29.39 in 2007, 69.58 in 2015, and increasing tendency followed by 91.81 Billion USD contribution in 2018.

The interesting case of trade balance, India is under the threat of trade deficit among the BRICS group. The above data shows that the evidence of BRICS surplus. The trade surplus -0.63 in 2001, -9.51 in 2007, -45.44 in 2015, and increasing tendency on trade deficit reached up to -65.50 Billion USD in 2018. India is largely imported from Chinese manufacturing products, Russian crude oil, Brazilian metals and minerals, And South African precious

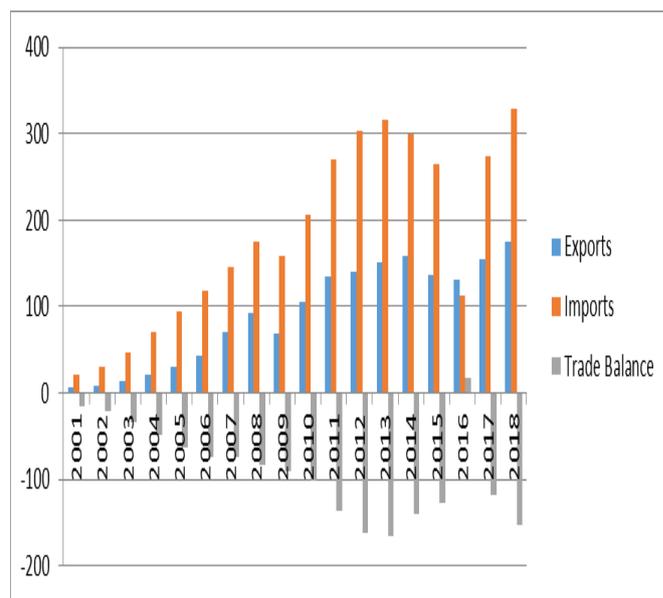
metals to satisfy rich domestic demand of the country, which ultimately leads to trade deficit on Indian trade sector regard with BRICS.

#### 4) China

China is the largest economy in the world, which promoted largest trade volume in global trade. The China has technologically advantages, cheap labor policies, and currency devaluations are the main secret of their trade performance. The China is considered that BRICS is the good platform of its development and growth. So that China getting good advantages in BRICS especially in manufacturing sectors. The bellow scientific data which is illustrated Chinese performance and involvements in BRICS.

**Figure 4**

**China's Merchandise Trade Relations with BRICS (Values in Billion USD)**



Source: International Trade Centre, Geneva, [https://www.trademap.org/Bilateral\\_TS.aspx?nvpm=1%7c156%7c%7c%7c6757%7cTOTAL%7c%7c%7c2%7c1%7c1%7c3%7c2%7c1%7c1%7c1%7c1](https://www.trademap.org/Bilateral_TS.aspx?nvpm=1%7c156%7c%7c%7c6757%7cTOTAL%7c%7c%7c2%7c1%7c1%7c3%7c2%7c1%7c1%7c1%7c1)

Among the BRICS group India is largest Chinese export destination over a last five year. China exported to India, which marked up to 1.89 in 2001, 24.05 in 2007 and 58.26 Billion USD in 2015, and

increasing tendency followed by 68.04 Billion USD in 2017(highest), which shows that forward trend Chinese products in Indian market. From 2001 to 2007 period Chinese export share significantly increased up to 35% in 2007. Bilateral trade promises to become the most potent instrument for resolving their political difficulties and facilitate progress in actualizing their strategic partnership for the future (Singh, December, 2005). In this context China does not ready to sacrifices Indian market with Indian Territory. These facts are to strengthen Sino-Indian trade relations over the periods.

The China –Brazil maintained cordial relationship with each other. Brazil contributed 18.72 percent import share (in 2017) from the BRICS. In early periods it reached up to 22.64 percent in 2001, 17.98 percent in 2007 and then it increased up to 23.11 percent share, in 2015. It reached highest in 2013, which touched up to 23.59 percent contribution of share. It shows that forward trend on Chinese products in Brazilian market. China exported to Brazil, which marked up to 1.32 in 2001, 12.61 in 2007, 27.4 in 2015, and contribution followed by 28.95 Billion USD in 2017( highest).The economic crisis of 2008 and 2009, and the changing global economic balance of power forced China into diversity its export market and target more developing countries especially BRICS countries. China's presence in the Doha round's, Brazil led G20 coalition, among other groups, seems to confirms the effectiveness of Brazil's course of action towards the Asian Country.

The China and Russia maintained a strong neighborhood relationship with each other. Russia contributed 27.69 percent import share (in 2017) from the BRICS. In early periods it reached up to 28.06 percent in 2001, 34.78 percent in 2007 and then it reduced up to 25.52 percent share. It reached highest in 2008, which touches the contribution share up to 36.10 percent. It shows that long term forward trend on Chinese products in Russian market. China exported to Russia, which marked up

to 2.71 in 2001, 28.52 Billion USD in 2007, 34.80 in 2015, and increasing tendency followed by 42.83 Billion USD in 2017.

The South Africa contributed 9.57 percent import share (in 2017) from the BRICS. In early periods it reached up to 18.14 percent in 2001, 12.20 percent in 2007 and then it reduced up to 11.64 percent of share contribution in 2015. It shows that long term demand on Chinese products in South African market. China exported to South Africa, which marked up to 1.04 in 2001, 7.45 in 2007, and 15.87 in 2015, and declined, by 14.80 Billion USD in 2017. It reached highest in 2013, which touch up to 16.83 Billion USD.

In the overall performances of China exports to BRICS countries increasingly in periodically. The above table gave the evidence of its forward trend. From 2001 Chinese total export volume to reached 7 Billion USD, then it reached up to 71.42 Billion USD in 2007, 136.37 Billion USD in 2015, and finally crossed up to 174.95 Billion USD in 2018 (highest). It shows that every year Chinese export increasing approximately 10 Billion USD. After the BRICS formation Chinese export tendency to BRICS countries are largely and maintained 130 Billion USD in last four years. It shows that BRICS institutional trade arrangements are influenced Brazil's exports to BRICS group.

In the overall performances of Chinese imports from BRICS countries increasingly in periodically. The above figure gave the evidence of its forward trend. From 2001 Chinese total import volume to reached 13.13 Billion USD, then it reached up to 59.26 Billion USD in 2007, and last year (2014) it reached up to 154 Billion USD and finally declined up to 120 Billion USD (in 2015), and followed by 328.50 Billion USD in 2018 (highest). After the BRICS formation Chinese import from BRICS countries are largely and maintained more than 100 Billion USD in last three years, it shows that BRICS institutional trade arrangements are influenced Chinese imports to BRICS group. Moreover Chinese domestic

industry mainly depends up on Russian crude oil and Brazilian minerals. This was the one of the reason that Chinese imports touch up to 328.50 Billion USD.

The China is the active trade participant of BRICS countries, total it contribution of exports increased from 14.63 in 2001, 155.93 in 2007, 286.56 in 2015, and increasing tendency followed by 174.95 Billion USD in 2018. Not only in exports contribution but also in imports contribution on BRICS group, it significantly enlarged from 8.88 in 2001, 39.57 in 2007, 80.93 in 2015, and increasing tendency followed by 106.17 Billion USD contribution in 2017.

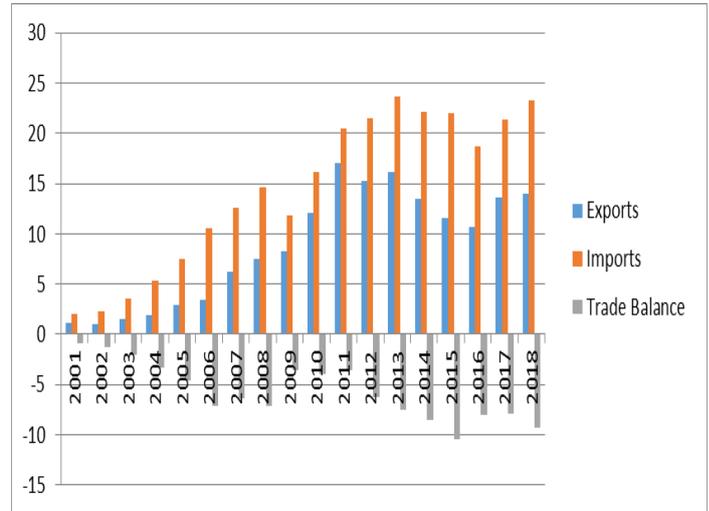
The interesting case of trade balance, China is enjoying trade surplus among the BRICS group. The above data shows that the evidence of China's surplus. The trade surplus 5.75 in 2001, 116.36 in 2007, 205.62 in 2015 (highest), and decreasing tendency on trade deficit reached up to -153.54 Billion USD in 2018. China satisfies rich demand of Brazilian, Russian, Indian, South African domestic demand, which ultimately leads to trade surplus on Chinese trade sector regard with BRICS.

### 5) South Africa

The South Africa has a continental power house in Africa, which contributed largely precious metals on global trade. The gold and diamonds are internationally convertible products which enriching financial stability of each economies. The most of the economies are invested in gold terms rather than other terms. So that African gold and diamonds are considered that one of the influential factor of global stability. The South Africa is considered that BRICS as good market of their precious metals, China and India largely imported precious metals from South Africa. The bellow scientific data illustrated South African Involvement in BRICS.

Figure 5

South Africa's Merchandise Trade Relations with BRICS (Values in Billion USD)



Source: International Trade Centre, Geneva, [https://www.trademap.org/Bilateral\\_TS.aspx?nvpm=1%7c710%7c%7c%7c6757%7cTOTAL%7c%7c%7c2%7c1%7c1%7c3%7c2%7c1%7c1%7c1%7c1](https://www.trademap.org/Bilateral_TS.aspx?nvpm=1%7c710%7c%7c%7c6757%7cTOTAL%7c%7c%7c2%7c1%7c1%7c3%7c2%7c1%7c1%7c1%7c1)

In the above figure 5, we discussed more about South African exports to China. In this figure shows that China is finest destination regards on South African products. In 2001 Chinese share was 39.92 percent, and then it reached up to 62.48 percent in 2007, reached up to 63.95 percent in 2015, and followed by 61.92 percent share in 2017. South Africa exported to China, which marked up to 1.18 in 2001, 6.62 in 2007, and 7.42 in 2015, and increased up to 8.66 Billion USD in 2017. It reached highest in 2013 (12.04 Billion USD). This figure picture shows that huge Chinese demands on South African products especially in post financial crisis. South Africa mainly exported chemical and mineral products which have to reduce raw material scarcity of China. Moreover Chinese Central Bank preferred Gold terms investment in post financial period, which would beneficial to increase the demand of South African metals (Gold) and minerals. This was the one of the reason to increase South African exports to Chinese territory.

The next position followed by India, in 2001 India's share was 45 percent, but it gradually declining up to 34 percent in 2008, then sharply declining up to 28.22 percent in 2015, then increased 31.88 percent in 2017. South Africa exported to India, which marked up to 1.40 in 2001, 3.18 in 2007, 3.27 in 2015, and increasing tendency followed by 4.46 Billion USD in 2018.

Followed by Brazil and Russia their share of contributions almost less than 10%, Brazil and Russia itself have tremendous of natural resources for maintaining domestic demand. South African primary products have high level price comparatively with their domestic prices. So that both countries are expect and contributed nominal share of South African exports. BRICS would take the initiatives of reduces the trade imbalances between its member states. This was the good initiatives which profoundly strong of its members bilateral trade relations.

Overall exports performances of South Africa contributed 1.13 in 2001, 6.18 in 2007 and 11.60 Billion USD in 2015, and 13.99 Billion USD in 2018 exports volume to BRICS group. The South African export contribution reached highest up to 16.98 Billion USD in 2011. It shows that forward trend in South African export in BRICS group.

To conclude BRICS bilateral trade seemed to a massive comparison between 2014 and 2015. The most of the BRICS bilateral trade trends shows that 2015 figures are declined comparatively with 2014. The one of the reason behind this massive declined from 2014 to 2015, which shows that global economic turbulences and slow of growth. But in the context of the periods between 2015-2018 trend shows that forward tendencies on exports and imports among the BRICS countries, which ultimately enhanced by the trade create favorable space on economic integration and interdependence on this group. The BRICS trades relations are vital evidence of trade create favorable space on to uplift

the concept of economic regionalism from developing countries perspectives.

The above figure shows that South Africa is the active trade participant of BRICS countries, total it contribution of exports increased from 2.93 in 2001, 10.59 in 2007, 37.86 in 2015, and increasing tendency followed by 13.99 Billion USD in 2018. Not only in exports contribution but also in imports contribution on BRICS group, it significantly decreased from 1.80 in 2001, 11.34 in 2007, 21.30 in 2015, and increasing tendency followed by 23.32 Billion USD contribution in 2018.

The interesting case of trade balance, South Africa is enjoying trade surplus among the BRICS group. The above data shows that the evidence of South Africa's surplus. The trade surplus 1.13 in 2001, -0.15 in 2007, 16.56 in 2015, and increasing tendency on trade deficit reached up to -9.33 Billion USD in 2018. South Africa satisfies rich demand of Brazilian, Russian, Indian, Chinese domestic demand, which ultimately leads to trade surplus on South Africa trade sector regard with BRICS.

Trade is one of the most important determinants on how co-operation among the BRICS countries is evolving. Intra-BRICS trade now constitutes 8.5 percent of total trade which is a small figure compared to the export import capacity of these countries. However, if one considers the changing trade dynamics over the past two decades, especially in the context of bilateral trade agreements brought forward by BRICS countries, the figure becomes significant. These policies have made a huge impact on trade between Brazil and South Africa as intra-group trade for these two countries is around 20 percent of total trade. With regard to other BRICS countries, intra-group co-operation in trade can be said to be improving. Intra-BRICS trade is increasing at an average rate of 28 percent annually and currently stands at about more than 290 Billion USD (Singh, December, 2005, pp.01-05).

The trends in intra-group exports at country level reflect that, within the group, China appears to have become a market of high potential for both imports and exports (Singh, December, 2005, op.cit). In fact, it has become the largest trading partner for Brazil, Russia and South Africa; and the second-largest partner for India. The trend is expected to continue in the coming years, making the group important not only for BRICS countries but also for many other economies. On the one hand, Brazil's export to India, South Africa and Russia has decreased while on the other hand export to China has increased over the same time. China's export to all other BRICS countries has continuously increases from 2009 to 2018. India's export to all other BRICS nations has increased in the year 2009 and 2018. South Africa's export to India, Brazil, and Russia increased from 2009 to 2018 but fell in 2011. Interestingly export to China increased continuously from 2009 to 2018. Russia's export to Brazil increased from 2009 to 2018 and remained almost stable in 2011 while export to China fell from 2009 to 2018 and sharply increased in 2011. Export to India was continuously falling from 2009 to 2010 while export to South Africa fell down from 2009 to 2018 and slightly increased in 2011 (Singh, December 2005, pp.05-10).

## II. CONCLUSION

To conclude that, the BRICS institutional arrangements are greatly influenced to exhibits trade creation on the basis of formulating a coordinating mechanism consisting of representatives from all trade union federations from each of the BRICS countries. Moreover the BRICS financial and banking sectors are very strong to protect its economies from financial crisis, through innovative trade financing facilities, exports credit arrangements and country cyclical measures such as like invoicing and settlement of trade in domestic currencies. It helps to reduce trade imbalance between BRICS member states. A way forward could be to explore the prospects of invoicing of trade in domestic currencies with settlement of

transactions in major international currency equivalents. This would help mitigate the negative impact of currency volatility on trade and help promote the international use of BRICS currencies. In this context BRICS development bank have a vital role in international market for help promote the international use of its own currencies. Moreover the BRICS trade and investment cooperation are influenced by the rise of income and employment in BRICS territory.

To address problems regarding infrastructure financing there should be cooperation among the BRICS countries by increasing the availability of infrastructure financing. This could be done through setting up BRICS infrastructure funds to mobilize retail and investment investors. While the infrastructure requirements in BRICS economies help, public-private participation can help in reducing the constraint, the institutional mechanism should be sound enough to handle the situation. There are also many infrastructure companies operating in the BRICS economies with specialized knowledge of project development in emerging environments. These may be encouraged to bid for road, railway, airports and port projects in the BRICS, a measure that would help create a BRICS-wide infrastructure market.

The BRICS intra-regional trade volume has reached from 27 USD in 2002 to 290 Billion USD in 2018. It could also be understood that BRICS non geographical proximities helped reduce chance of conflicts and other types of non trade barriers. The BRICS ensured intra-BRICS trade and investment cooperation, Bilateral Credit Export Initiatives to promote intra BRICS export inside and outside the group, and Cooperation in Financial Market Development have respectively fostered financial and macroeconomic stability in this group. Moreover strong domestic demands in BRICS economies have also influenced their trade growth, especially how China and India opened strong domestic consumptions from Russian, South African

and Brazilian products. These facts have greatly influenced their trade growth. Another important factor that influenced BRICS trade relations are bilateral trade arrangements among the BRICS member states. A strong bilateral trade arrangement among the member states lead to an increase of trade volume within BRICS territory. The BRICS as a grouping prefer the coalition to be formed on the basis of economic interdependence. The BRICS summits are reduced bilateral issues among member states as well as favorable spaces on mutual respects and concern among this group. The Most of the bilateral trade issues were solved through this negotiation mechanism, it exhibits synergies and complimentary on economic interdependence. Another major factor is that BRICS countries are united on the basis for making mutual interest and concern which supported to developing countries. BRICS summits are greatly opened for political cooperation through discussions, which are in support of developing countries concerns and interest.

From an analysis of the collected data, RIC (Russia, India, and China) axis can be seen as concentrating on increasing trade volume among the BRICS group. This ultimately leads to increased economic interdependence within the group. The other axis on BRICS group is IBSA (India, Brazil, and South Africa), which concentrates more on political interdependence on the basis of shared democratic values in BRICS. However it should be mentioned here that Russia, India, and China are geographically connected while the other countries are on different continents. In reference to the geographical connection of RIC axis, it was found out that market access is an important factor behind their higher degrees of trade arrangements.

To over all conclude that, it can be said that the increasing BRICS trade volume has the evidence that geographical proximities doesn't determine trade relations, rather geographical distance reduce the chances for physical conflict among the member

states which will in turn accelerate strong economic ties and interdependence. The BRICS intra trade volume, which reached 290 Billion USD in 2018, decides the level or density of integration by upholding the concept of economic regionalism. The BRICS is the most suitable platform to prove that trade creates favorable space among the member states rather than geographical proximity. The intra-regional trade relations have created mutual invigorating benefits of its member states, which is visible with Russia, Brazil, and South Africa, are producing and exporting more natural resources to satisfy the rising population needs of China and India. Same reversal complementarities created by China and India for to produce manufacturing and service products for to satisfies Russia, Brazil, and South Africa. As for countries like India, BRICS is a good platform for promoting its trade growth and market accessibility while exporting.

## REFERENCES

- [1] Balassa, B. 2013. *The Theory of economic integration*. New York: Rutledge Revivals.
- [2] Baldwin, Richard. E. 1997. *Towards an Integrated Europe*. London: Centre for Economic and Policy Research.
- [3] Beausang, Francesca. 2012. *Globalization and the BRICs*. Palgrave Macmillan publications.
- [4] Becker, Uwe (ed.) 2013. *The BRICS and Emerging Economies in Comparative Perspective Political Economy, Liberalization, and Institutional Change*. New York: Rutledge Publications.
- [5] Bhasin, Harsh. 2009. *The US -India Relationship in the Big Three*. New Delhi: Academic Foundation.
- [6] Bond, Patrick. and Garcia Anna (ed.) 2015. *Brics: An Anti -Capitalist Critique*. London: Pluto Press.
- [7] C.C, Shameem. 2014. *Bricking the BRICS: A Case of Interdependence in Globalized Era*. Trivandrum: Siansu Publications.
- [8] Clouds, Inis. 1946. *Swords into Polow Shares*. UK: London. Golden University Press.

- [9] Coning, de Cederic. Mandrup, Thomas. and Odgaard, Liselotte. (ed.). 2014. *The BRICS and Coexistence : An Alternative Vision of World Order*. Rutledge Publications. pp. 27-44.
- [10] Haas, B. Earnst. 1975. *The Obsolescence of Regional Integration Theory*. California: Institute of International Studies. University of California.
- [11] Haas, B. Ernst. 1958. *The Uniting of Europe: Political, Social, Economic Forces 1950-1958*. Indiana: University of Notre Dame Press.
- [12] Haas, B. Ernst. 1964. *Beyond the Nation-State: Functionalism and International Organization*. California Stanford CA: Stanford University Press.
- [13] Hoffmann, Satnley. 1966. *The Fate of the Nation-State*. USA: Daedalus. MIT Press.
- [14] Information gathered from <http://chinaperspectives.revues.org/2853>
- [15] Jayan, P.A. (23, January, 2013). *BRICS: Advancing Cooperation and Strengthening Regionalism*. India Quarterly: Journal of International Affairs.
- [16] Keohane, O. Robert. and Nye Joseph. 1989. *Power and Interdependence*. Scotland: Foresman & Company. Glenview.
- [17] Keohane, O. Robert. and Nye Joseph. 1977. *Power and Interdependence: World Politics in Transition*. Boston: Little Brown Publishers.
- [18] Krugman, R. Paul. 1991. *Increasing Returns and Economic Geography*. Journal of Political Economy. Vol. No. 99(3).
- [19] Krugman, R. Paul. and Obstfeld Maurice. 2004. *International Economics: Theory and Policy*. London: Pearson Education.
- [20] Larin, Vitor. 2012. *Russia and China: New Trends in Bilateral Relations and Political Cooperation*. Hawaii: USA. Asia Pacific Centre for Security Studies.
- [21] Leon. 1963. *The Political Dynamics of European Economic Integration*. California: Stanford University Press. 23)
- [22] Ledage, Dries. and Graaf, Van de Thijis (ed.) 2015. *Rising Powers and Multilateral Institutions*. UK: International Political Economy Series. Palgrave Macmillan Press.
- [23] Lindberg, Leon. 1963. *The Political Dynamics of European Economic Integration*. California: Stanford University Press.
- [24] Lipsey, R.G. (September, 1960). *Theory of Customs Union: A General Survey*. The Economic Journal. Vol. 70. No. 279.
- [25] Lipsey, R.G. 1957. *The Theory of Customs Union: Trade Diversion and Welfare*. Economica. N.S. Vol. 24. No. 93.
- [26] Lo, lo. Vai. And Hiscock Mary (ed.) 2014. *The Rise of the BRICS in the Global Political Economy*. UK: Edward Elgar Publications.
- [27] Mathur, Sajal. and Gupta, Das. Meghna. 2013. *BRICS Trade Policies, Institutions and Areas of Deepening Cooperation*. New Delhi: Centre for WTO Studies. IIFT.
- [28] Ministry of External Affairs. (2015 July 09). *VII BRICS Summit Ufa Declaration*. [http://www.mea.gov.in/Uploads/PublicationDocs/25448\\_Declaration\\_eng.pdf](http://www.mea.gov.in/Uploads/PublicationDocs/25448_Declaration_eng.pdf)
- [29] Ministry of Finance. 2015. *India's Economic Survey 2014-15*. New Delhi: Department of Economics. Government of India.
- [30] Mitrany, David. 1966. *A Working Peace System*, Chicago: USA, Quadrangle Publishers.
- [31] NDTV News. (15, May, 2015). *24 Agreements Signed Between India and China during the PM Modi's Visit*, New Delhi: India,
- [32] NDTV News. (23, July, 2015). *India, Brazil Decides to Explore way to boost Cooperation*. New Delhi: India.
- [33] NDTV News. (25, December, 2015). *First Make in India Defense Partnership, Kamov 226 Choppers: PM Modi in Moscow*. New Delhi: India.
- [34] Palmer, N.D. 1991. *The New Regionalism in Asia and the Pacific*. USA: Lexington Books.

- [35] Pant, Manoj. 2011. *India and BRICS Countries: Issues of Trade and Technology*. New Delhi: Centre for WTO Studies. Indian Institute of Foreign Trade.
- [36] Saran, Samir. Kumar Singh. Ashok. and Saran Vivan (ed.) 2013. *A Long term Vision for BRICS*. New Delhi: Observer Research Foundation.
- [37] Singh, Swaran (November-December, 2005). *China –India Bilateral Trade Relations: Strong Fundamentals, Bright Future*. China Perspective: Open Edition Journal. <http://chinaperspectives.revues.org/2853>.
- [38] South African Economy Overview Report, 2016.
- [39] UNCTAD. (2014, March). *A BRICS Development: A dream coming true?*, Working Paper No.215. [http://unctad.org/en/PublicationsLibrary/ogdp20141\\_en.pdf](http://unctad.org/en/PublicationsLibrary/ogdp20141_en.pdf)
- [40] Wallenstein, Immanuel. 2007. *World Systems Analysis: An Introduction*. Durham. Conn. Duke University Press.