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A Trend Study of BRICS Nation's Global Trade Performance

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Abstract

The recent developments in the global economic environment have given rise to an emerging framework of international relations in which developing nations, particularly those in the BRICS (Brazil, Russia, India, China, and South Africa) economic bloc, act as a potent economic and political counterbalance to the Triad of established superpowers (the US, EU, and Japan). Today, the economies of the BRICS may be said to be strongly integrated into global commerce, increasing their participation in the global economy. The main purpose of this research is to study the trend of BRICS share in world trade and Intra-BRICS trade. The present paper uses a simple trend-analysis showing the values of export and imports of the respective nations. The results of the analysis showed an increase in BRICS exports and imports over the past two decades, which has been far faster than that of nearly any other nation grouping. The increase in BRICS exports and imports also contributes significantly to the expansion in global exports and imports from 1995 (mostly prior to the downturn in global growth after 2008).It also revealed that after 2008, intra-BRICS trade flows dramatically grew. The share of intra-BRICS trade in total BRICS trade nearly doubled between 2000 and 2010. Brazil and South Africa had a significant increase in intra-BRICS trade intensity, but Russia, India, and China saw a minor decline. This suggests that trade between Brazil and South Africa and the BRICS expanded more quickly than trade globally.

Keywords: *BRICS, Intra-BRICS, Global Exports, Global Imports, Trade Intensity*

Introduction

In addition to making up almost 40% of the world's population, BRICS countries provide 22.5% of the world's economic output and 17.2% of its commerce. In a study titled "Building Better Global Economic BRICs," written by Jim O'Neill for Goldman Sachs in 2001, this group previously known as BRIC—was first identified without South Africa. This study came to the conclusion that during the next ten years, the GDP share of the BRIC nations, particularly China, will increase, raising significant questions regarding the effects of fiscal and monetary policy of the BRIC nations on the global economy. At the 6th BRICS Summit in Fortaleza, Brazil in 2014, the significance of international trade among the BRICS nations was emphasized. During this summit, the BRICS nations made the decision to begin open talks about the Partnership Strategy for Economies and a new BRICS Roadmap for BRICS Trade, Economic, and Investment Cooperation. An examination of trade shows that China has made a considerable contribution to intra-BRICS trade, accounting for approximately fifty percent of it. South Africa, India, Brazil, and Russia came next. It should be noted that the BRICS countries have not fully tapped into the potential of regional co-operation, especially given the market's significant expansion from US$ 6.1 trillion in 2005 to US$ 16.5 trillion in 2015, supported by a sizable consumer base of over 3 trillion people.

According to the analysis of the trade intensity indices, while trade with the BRICS has decreased for China, India, and Russia since 2001, it has increased for Brazil and South Africa. Even though the BRICS economies have reduced their tariff rates, non-tariff obstacles still prevent some imports. The BRICS have increased the frequency of their use of sanitary and phytosanitary practices and technological barriers to trade. In addition to these, the predominance of countervailing tariffs, safeguards, and anti-dumping measures has impacted intra-BRICS trade.

Objectives

1. To study the trends of BRICS share in world trade.
2. To study the trends of Intra-BRICS trade.

BRICS Share in World Trade

There had been a continuous rise in BRICS's share in world trade from 7.33% in 2001 to 10.91 in 2010 and then 17.25% in 2018. Out of total share of BRICS nations in world trade i.e. 17.25%, most of it was contributed by China at 12.08%. The share of BRICS exports in world exports rose from 6.80% in 2000 to 16.80 in 2015, where the share of BRICS Merchandise exports increased by 3 times from 2000 to 2015. On the other side, the share of BRICS nations in world imports has also increased from 5.0% to 15.21% in the 2015.

Table 1

Total Trade of BRICS as % of world trade	Exports of Merchandise and Services	(Goods) Exports	(Service) Exports	Imports of Goods and Services	Merchandise Imports	Service Imports
1995	6	6.4	3.6	5.8	5.9	5.7
2000	6.8	7.4	7.1	5	6.1	5.7
2005	11	12.1	6.9	9.1	9.9	8
2010	14.6	16.2	8.4	13.6	14.7	10.1
2015	16.8	19	9.7	15.2	15.2	14.8

It has been an evident from the table given that the share of BRICS nations in exports as well as imports raised to almost thrice as it was a decade ago.

Table 2.1: Contributions to World Imports Growth (in Percentage Points)

Period	Europe	US	EMDC	Other Developed Economies	BRICS	Total
1995-2000	11.95	8.44	3.19	1.60	2.00	27.18
2001-2007	38.32	7.47	17.70	5.07	14.72	83.29
2008-2016	-7.09	-0.79	3.61	-0.84	3.03	-2.09

Table 2.2 : Contributions to World Exports Growth (in Percentage Points)

Period	Europe	US	EMDC	Other Developed Economies	BRICS	Total
1995-2000	10.25	3.23	8.11	1.61	3.12	26.32
2001-2007	37.14	3.44	20.43	4.45	19.50	84.95
2008-2016	-4.81	0.81	0.21	-1.57	4.61	-0.74

As can be seen from the statistics above, the rise in BRICS exports and imports also accounts for a sizeable portion of the global exports and imports growth since 1995 (mainly occurring prior to the global growth slowdown after 2008). Only the group of other EMDCs is similar to the rise in BRICS exports and imports over the past two decades, which has been far quicker than that of practically any other nation grouping. The importance of BRICS and Emerging Markets and Developing Economies growth for preserving output and employment globally, including in developed nations, is highlighted by the fact that both BRICS export and import growth has been positive during the global trade growth stagnation that occurred between 2008 and 2016 (along with Emerging Markets and Developing Economies growth generally). Even when global trade growth slowed to the point that industrialized nations' export growth rates were negative, BRICS countries continued to exhibit stronger growth. It had been clear that commercial integration among emerging countries had increased steadily decade after decade.

Intra-BRICS Trends of Trade

Table 3.1

Year	% Share of Intra-BRICS Trade in total BRICS trade
2000	6.02
2005	9.05
2010	12.03
2015	12.12
2020	10.67

1. The table 3.1 shows that intra-BRICS trade flows significantly increased after 2008.From 2000 to 2010, the percentage of intra-BRICS trade in all BRICS commerce nearly quadrupled. However, following 2015, we see a reduction in the same. The figures of intra-BRICS trade intensity in the table below further attest to this reality. Due to the fact that BRICS trade with the rest of the world has grown more rapidly than BRICS commerce inside the group, it has declined from 0.82% in 2001 to 0.70% in 2015.

2. It was found that the overall intra-BRICS export intensity index has declined from 0.63(2001) to 0.50(2015), apparently the intra-BRICS import index has shown similar trend which declined from 1.04 in 2001 to 0.92 in 2015.

3. It was shown that between 2006 and 2015, Brazil had the highest intra-BRICS export share while China had the lowest, despite China being the largest intra-regional exporter in terms of total trade. Between 2006 and 2015, the percentage of domestic exports to overall exports increased in Brazil, Russia, and South Africa, while it decreased in China and India.

4. China has been the top and largest exporter within the BRICS since 2001, yet its share of total BRICS exports remained at its lowest level between 1996 and 2018. This significant fact is demonstrated by the intra-BRICS export share as a proportion of total BRICS exports. Since 1996, the interconnectedness of the BRICS countries' exports in terms of world exports has increased. Nevertheless, from 2006 to 2018, the export dependency relative to BRICS global exports increased for Brazil, Russia, China, and South Africa, while it decreased for India. Although intra-BRICS exports in 2014 topped 350 billion, the rate of increase in intra-BRICS imports slowed after 2010. The increase in the share of intra-BRICS imports in BRICS global imports has been very impressive and large.

5. The share of intra-BRICS imports in total BRICS imports varied between 4 and 8% from 1996 to 2005. Yet when the BRICS was established, the share of intra-BRICS imports in total BRICS imports rose from 8 to 13 percent in 2018. Since 2001, China has been the biggest and most significant intra-BRICS importer, although between 1996 and 2018, its percentage of total BRICS imports stayed at its lowest level. An examination of the share of intra-BRICS imports as a fraction of its worldwide imports reveals this crucial fact (i.e., BRICS global imports).

6. As per the table 3.2 we could observe a substantial rise in Intra-BRICS trade intensity for Brazil and South Africa while it slightly decreased for Russia, India and China. This indicates that the Brazil and South Africa trade with BRICS rose faster than its trade with world.

7. Brazil and South Africa's Trade Intensity Index (TII) demonstrates that their trade intensity has increased both before and after the BRICS creation, whereas Russia's trade intensity first decreased in the pre-BRICS period before improving in the post-BRICS period, especially in the year 2018. Table 3.2 notes that, in contrast to Russia, Brazil and South Africa's improvement in their trade intensity with the BRICS region has been more remote, constant, stable, and consistent in both the pre-BRICS period and the post-BRICS period.

8. The EII of each individual BRICS member is displayed alongside the EII of the BRICS bloc/region as a whole in Table 3.3. Brazil's EII demonstrates that its export intensity has increased both before and after the creation of BRICS. However, Table notes that compared to the pre-BRICS period, the increase in Brazil's export intensity with the BRICS area has been more regular, steady, and persistent. This suggests that Brazil's export commerce with the BRICS area was less intense before to the BRICS establishment but increased thereafter.

9. Brazil, Russia, and South Africa's MII data demonstrate that these countries' import volume has increased since 1994. Table 3.4 reveals that despite this, Brazil, Russia, and South Africa all increased their import intensity as a result of the BRICS bloc's establishment, with constant increases in their MII values since 2006. However, India's import commerce with the BRICS as a region is less intense in the post-BRICS period than it was in the pre-BRICS period. In contrast, China's import intensity with the BRICS as a region has stayed mostly unchanged, especially after the BRICS establishment. On the whole, we can deduce that the import trade of South Africa, Russia, and Brazil is more intensive with BRICS than the rest of the world, while that of India and China is less intensive.

Table 3.2

	Member Nation	Brazil	Russia	India	China	South Africa
Trade Intensity Index(TII) Of Each BRICS Nation	2001	0.8	0.5	0.9	1	0.8
	2005	0.9	0.4	1	0.7	0.9
	2010	1.2	0.4	0.9	0.7	1.1
	2015	1.3	0.4	0.8	0.8	1.2
	2018	1.72	1.15	0.90	0.46	1.26

Source: ITC

Table 3.3

	Member Nation	Brazil	Russia	India	China	South Africa
Export Intensity Index (EII) of each BRICS Nation	2001	0.63	0.95	0.86	0.44	0.51
	2005	1	0.63	0.98	0.42	0.63
	2010	1.36	0.46	0.8	0.44	1
	2015	1.41	0.55	0.55	0.4	0.92
	2018	1.88	0.93	0.5	0.41	0.94

Table 3.4

	Country	Brazil	Russia	India	China	South Africa
Import Intensity of each BRICS Nation	2001	0.47	0.85	1.09	0.65	0.68
	2005	0.89	1	0.89	0.4	1.12
	2010	1.09	1.1	0.96	0.4	1.16
	2015	1.13	1.1	0.88	0.39	1.19
	2018	1.14	1.3	0.98	0.41	1.33

Source: ITC

Findings and Results

Analyzing the development of intra-BRICS trade was one of the objectives of this study. A significant finding of this study is that, to varied degrees, the BRICS members have improved their commercial ties and interpersonal relationships. China, however, had fared better than the other BRICS countries in forging and bolstering its trading ties with the other BRICS members (Sing, 2016). So, in the area where its trade partners under consideration lag behind it, China has virtually equally distributed its exports and imports among Brazil, Russia, India, and South Africa. The BRICS countries have achieved great progress in their integration with one another, as seen by the extraordinary increase and surge in intra-BRICS trade (Paswan, 2018). The expansion and size of intra-BRICS trade also highlights how heavily these nations depend on one another for economic growth and development. The idea that regional bloc building results in higher trade volumes and solid trade ties is supported by these data (Carbaugh, 2008). Therefore, it would be beneficial for BRICS to take an active intra-regional strategy in order to increase trade between the BRICS and to maximise the advantages of economic integration and liberalisation (Radulescu 2014).

According to the research, trade between Brazil and South Africa and the BRICS area is more intensive than it is with the rest of the world, although trade between Russia, India, and China is less intensive (Sing, 2016). When the trade intensity index is broken down into export intensity and import intensity, it becomes clear that the BRICS area as a whole has more intensive commerce than the rest of the world, particularly in the export and import of South Africa and Brazil.

These findings suggest that trade between Brazil and South Africa and the BRICS region was less intense before to the founding of the BRICS but increased thereafter. In contrast, China's trade with the BRICS area as a whole has stayed mostly unchanged both before and after the BRICS establishment, but India's trade with the region has decreased after the BRICS formation. Overall, we can conclude that, compared to the rest of the world, commerce between Brazil and South Africa and the BRICS is more intense, whereas less intense trade exists between Russia, India, and China. For China, India, and Russia, it showed that their trade with the rest of the globe was more significant than that with the BRICS. Trends in trade intensity show that trade flows between China and Brazil are quite active. India, Brazil, and Russia were closely linked. India engaged in increased business with Brazil and Russia.

Conclusion

Recent changes in the global economy have given rise to an innovative view of international relations in which developing nations, particularly the BRICS (Brazil, Russia, India, China, and South Africa) economies, create a potent economic and political counterweight to the Triad of established superpowers (the US, EU, and Japan). The results of the present investigation have significant ramifications for understanding of the BRICS countries' trade patterns. The BRICS policymakers and other key stakeholders may be able to discover the methods and means by which trade among the BRICS operates by observing and examining intra-BRICS trade. It is possible to quicken and accelerate nations. If BRICS commerce is really pushed, members will be able to gain from it. The findings of this study indicated that intra-BRICS trade made encouraging development throughout the first decade of the new millennium, but the bad part is that intra-BRICS trade has not increased as anticipated since the eurozone crisis and the slowing of the global economy after 2011. As a result, the policy initiatives of the BRICS policymakers for the expansion and stability of BRICS trade must be reviewed. Additionally, a powerful institutional and organisational agenda will be required to make use of each BRICS member's latent trade potential. By 2030, Brazil, Russia, and South Africa will be among the top producers of commodities, with China and India overtaking them as the top manufacturers and service providers. The BRICS provide a fresh multilateralism that might aid in advancing social and economic development on a global scale. In the future decades, cooperation to accomplish shared objectives, both between the BRICS and other countries and within the BRICS, is expected to be a crucial aspect of global growth.

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