

A Study on Intra Trade in BRICS Countries

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ABSTRACT

The study investigated the intra trade among the BRICS countries, BRICS is an acronym for the group of five leading emerging economies, namely, Brazil, Russia, India, China and South Africa using secondary data collected from the official web sites of ICT Trade Map covered the period from 2006 to 2016. BRICS countries have made significant progress in integrating with the global economy. Analysis of trading patterns within BRICS countries reveals that levels of intra-BRICS trade are quite diverse, mainly reflecting comparative sizes of the economies. Over the past decade, intra-BRICS trade has increased by nearly threefold, supported by increase in intra-regional trade for all the member countries. An analysis of the intra-BRICS trade reveals that China as played a significant role by accounting for nearly half of the intra-BRICS trade. This was followed by India, Brazil, Russia, and South Africa.

1. Introduction

The world economy has experienced an essential change in the course of the most recent few decades which has seen a structural move in commitment of creating economies crosswise over key macroeconomic factors. Creating economies presently represent a huge offer in world Gross domestic product, exchange and speculation streams. Brazil, Russia, India, China and South Africa (BRICS) – the five developing worldwide forces from the landmasses of Asia, Africa and Latin America – are incrementally expanding their worldwide commitment and utilizing their monetary weight to rethink the global scene in bunch regions. The gathering of these five economies has a striking combination of interests over an extensive variety of issues, and is presently determined by the craving to make another world request where the power moves more in favors of the creating countries.

BRICS is an acronym for the gathering of five driving developing economies, name as Brazil, Russia, India, China and South Africa. This is at first called as BRIC, without South Africa, this gathering was at first named by Goldman Sachs in 2001, by Jim O'Neill in a paper titled 'Building Better Worldwide Financial BRICS'. This paper presumed that more than 10 years the heaviness of the BRIC nations and particularly China in world Gross domestic product will develop, raising vital issues about the world financial effect of monetary and money related approach in the BRIC nations.

Brazil, Russia, India, China and South Africa (collectively the BRICS countries) constitute over 40% of the global population and their combined economic weight in 2015 equaled almost a third of the global Gross Domestic Product in PPP terms (or roughly the same as the G-7 countries). The BRICS are emerging as a new center of gravity in the international economic system

2. Objective of this study

1. To study about structure of BRICS countries
2. To examine the trends in export and import of BRICS countries
3. To analyses the trading partners of BRICS countries in the world.

3. Data

The study has been made only with secondary data collected from the official web sites of ICT Trade Map. These web sites contain economic and trade related variables for a long period of time. The study covers a period of 10 years from 2006 to 2016. All the variables required for the study were collected for this period and were expressed in US dollar (\$) for homogeneity in comparison. The study used the statistical tools Compound Annual Growth Rate (CAGR).

4. Intra BRICS Trade

The significance of international trade among BRICS countries was highlighted during the Sixth BRICS Summit in Fortaleza, Brazil in 2014. During this Summit the BRICS countries adopted a key decision on launching comprehensive talks regarding the BRICS Strategy for Economic Partnership and a draft BRICS Roadmap for BRICS Trade, Economic and Investment Cooperation.

BRICS countries have made significant progress in integrating with the global economy. Analysis of trading patterns within BRICS countries reveals that levels of intra-BRICS trade are quite diverse, mainly reflecting comparative sizes of the economies. Over the past decade, intra-BRICS trade has increased by nearly threefold, supported by increase in intra-regional trade for all the member countries. An analysis of the intra-BRICS trade reveals that China as played a significant role by accounting for nearly half of the intra-BRICS trade. This was followed by India, Brazil, Russia, and South Africa.

Table 1.1 Major Trading partners of BRICS

BRICS Countries	Top 5 Export Destinations	Share in Countries exports, % in 2016	Top 5 import sources	Share in Countries imports, % in 2016
Brazil	World	100.00	World	100.00
	China	18.97	China	16.99
	United States of America	12.58	United States of America	17.52
	Argentina	7.24	Argentina	6.60
	Netherlands	5.57	Germany	6.64
	Japan	2.49	Korea, Republic of	3.96
Russia	World	100.00	World	100.00
	China	9.82	China	20.90
	Netherlands	10.25	Germany	10.67
	Germany	7.45	United States of America	6.07
	Belarus	4.92	Belarus	5.16
	Turkey	4.80	Italy	4.30
India	World	100.00	World	100.00
	United States of America	16.13	China	16.96
	United Arab Emirates	11.54	United States of America	5.72
	Hong Kong, China	5.07	United Arab Emirates	5.39
	China	3.42	Saudi Arabia	5.18
	Singapore	2.83	Switzerland	4.16
China	World	100.00	World	100.00
	United States of America	18.39	Korea, Republic of	10.01
	Hong Kong, China	13.69	Japan	9.17
	Japan	6.16	United States of America	8.51
	Korea, Republic of	4.47	Taipei, Chinese	8.74
	Viet Nam	2.91	China	0.00
South Africa	World	100.00	World	100.00
	China	9.19	China	18.11
	United States of America	7.39	Germany	11.80
	Germany	7.10	United States of America	6.66
	Area Nes	5.60	India	4.15
	Japan	4.66	Saudi Arabia	3.79

Source : ITC Trade Map

5. Major Trading partners of BRICS

Major trading partners of the BRICS countries and their respective shares are presented in the table 1.1 Brazil's major export and partner is China, accounting for 18.97 percent and other countries are USA 12.58 percent, Argentina 7.24 percent, Netherlands 5.57 percent in 2016. China is also a major import country for Brazil, accounting for 16.99 percent and USA registered at 17.52 percent, Argentina 6.60 percent and Germany 6.64 percent of Brazil's imports in 2016.

Russia exports to China at 9.82 percent and imports from China at 20.90 percent in 2016. Other export countries of Russia are Netherlands 10.55 percent, Germany 7.45 percent, Belarus 4.92 percent. Major import countries for Russia are Germany 10.67 percent, USA 6.67 percent and imports from Belarus at 5.16 percent in 2016.

India's highest export to USA registered at 16.13 percent and highest imports from China at 16.96 percent in 2016. Other major export countries of India are UAE at 11.54 percent, Hong Kong at 5.07 percent and China 3.42 percent. India highly imports from China accounting for 16.9 percent and USA at 5.72 percent, UAE 5.39 percent in 2016 and also imports from Saudi Arabia at 5.18 percent and Switzerland at 4.16 percent of imports in 2016.

Major export partners of China are USA accounting for 18.39 percent and Hong Kong at 13.69 percent in 2016. Other export partners of China are Japan registered at 6.16 percent and Republic of Korea at 4.47 percent in 2016. Major import partners of China are Republic of Korea recorded at 10.01 percent, Japan registered at 9.17 percent and USA for accounting for 8.51 percent and Chinese Taipei recorded at 8.74 percent in 2016.

South Africa's major trading partners is china both export 9.19 percent and import 18.11 percent in 2016. Other export partners of South Africa are USA accounting for 7.39 percent, Germany at 7.10 percent and Area Nest at 5.60 percent. The major import partners are Germany registered at 11.80

percent, USA at 6.66 percent and India registered at 4.15 percent, in 2016. However the table shows that china has been a major trading partners for all the other BRICS Countries.

Table 1.2 Major commodities exported by BRICS

HS Code	Product Label	BRICS's exports to World (US\$ BILLION)											CAGR (2006-20016)	Share in 2016
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		
TOTAL	All products	1582.09	1942.90	2352.46	1887.07	2479.78	3080.85	3204.56	3410.03	3473.38	3142.51	2902.80	6.26	100.00
'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	241.24	315.51	360.83	319.87	407.12	468.28	509.87	584.40	591.56	611.26	570.51	8.99	19.65
'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	212.01	257.99	302.83	260.83	340.36	391.27	415.74	424.77	443.05	402.40	380.94	6.04	13.12
'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	241.40	283.89	402.45	256.89	359.64	484.02	497.01	507.95	477.66	300.13	207.97	-1.48	7.16
'87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	45.40	57.41	71.06	49.49	70.02	85.30	93.50	99.52	100.53	97.05	97.82	7.98	3.37
'94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...	30.31	38.73	45.56	41.10	53.31	62.18	81.05	89.43	96.47	101.29	90.33	11.54	3.11
'72	Iron and steel	62.49	84.09	112.18	44.59	71.16	89.96	85.17	83.69	101.68	84.22	76.97	2.11	2.65
'39	Plastics and articles thereof	28.88	34.10	37.67	32.42	44.03	57.86	67.47	75.56	80.06	77.54	74.51	9.94	2.57
'62	Articles of apparel and clothing accessories, not knitted or crocheted	49.43	52.88	58.60	53.02	60.73	71.39	69.06	77.45	90.99	88.18	81.50	5.13	2.81
'61	Articles of apparel and clothing accessories, knitted or crocheted	48.74	65.87	65.47	59.10	71.60	86.33	92.90	104.18	99.94	91.96	82.72	5.43	2.85
'71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	38.55	45.32	47.50	54.42	66.39	108.40	124.76	129.57	132.68	90.31	88.31	8.64	3.04

Source : ICT Trade Map

Table 1.3 Major commodities imported by BRICS

HS Code	Product Label	BRICS's imports to World											CAGR (2006-20016)	Share in 2016
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		
TOTAL	All products	1267.30	1574.98	1975.90	1634.27	2239.66	2840.83	2950.70	3074.17	3034.30	2504.13	2339.18	6.32	100.00
'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers,	267.63	319.88	345.63	309.21	396.57	450.05	481.32	543.55	526.67	514.76	496.41	6.37	21.22
'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	182.05	218.14	343.06	241.54	348.33	501.42	565.87	571.16	566.07	345.08	292.44	4.85	12.50
'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	173.40	210.34	252.68	205.87	277.66	335.64	326.05	310.16	307.89	258.65	246.91	3.60	10.56
'26	Ores, slag and ash	39.81	62.39	95.42	75.06	116.71	159.26	143.39	160.76	145.53	102.12	100.30	9.68	4.29
'87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	49.42	73.80	97.68	61.31	100.50	140.07	150.78	150.54	153.41	110.04	107.64	8.10	4.60
'90	Optical, photographic, cinematographic, measuring, checking, precision, medical or	71.37	85.89	98.46	83.17	109.40	121.66	132.38	132.87	129.83	119.42	111.87	4.60	4.78
'39	Plastics and articles thereof	50.62	61.96	69.45	65.74	87.78	98.80	100.63	105.21	109.43	93.84	88.15	5.70	3.77
'29	Organic chemicals	42.46	54.72	59.57	54.25	72.64	91.42	91.15	98.60	93.91	76.92	70.96	5.27	3.03
'99	Commodities not elsewhere specified	18.36	21.83	27.37	25.70	50.59	94.85	87.19	122.04	100.69	25.68	36.19	7.02	1.55
'71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	27.53	35.51	44.98	50.49	81.35	110.33	97.18	88.14	104.37	157.77	129.06	16.71	5.52

Source : ITC Trade Map

6. Major commodities exported by BRICS

Table 1.2 shows that the major commodities exported by BRICS countries to global. Electrical machinery and equipment's dominated the BRICS countries exports, registered for 19.65 percent share of its world exports in 2016. Followed by commodities in its export of BRICS countries includes machinery mechanical appliances accounting. For 13.12 percent, minerals fuels mineral oils, and products of distillation are recorded at 7.16 percent and, vehicles other than railway or tramway rolling stocks, parts and accessories registered at 3.37 percent share of its world export in 2016 then.

Exports of furniture, bedding mattresses, mattress supports cushions registered the highest growth with a CAGR 11.54 percent during 2006 to 2015, and its followed by plastics and articles there of growing at 9.94 percent and Electrical machinery and equipment's and parts recorded at 8.99 percent.

Brazil is the second largest global exports of oil seeds and oleaginous fruits miscellaneous grains after USA accounting for 21.80 percent of global exports in 2016. Russia is the world's largest exports of mineral fuels, oils, distillations products registered for 8.97 percent and its second largest exporter of commodities not elsewhere specified accounting for 11.12 percent of global exports in 2016. India is the largest global exports of diamonds (Its code-7102) accounting for 18 percent of its global exports in 2016. China is the world's largest exporter of electrical machinery and equipment and parts accounting for 23.88 percent of global export in 2016. Machinery mechanical appliances

7. Major commodities imported by BRICS

Major commodities imported BRICS have been presented in the table 1.3, the imports of BRICS were also dominated by

electrical machinery and equipment registered for 21.22 percent of its global imported in 2016. Other items in the imports of BRICS countries includes at 12.50 percent, and, machinery mechanical appliances; nuclear reactor boilers parts were registered at 10.56 percent and ones, flag and ash are recorded at 4.29 percent share of its Imported by BRICS IN 2016.

Imported of natural or cultural pearls precious or semi-precious stones, metals registered the highest growth with a CAGR 16.71 percent during the 2006 to 2016. Followed by ones flag and ash are growing resisted at 9.68 percent and vehicles other than railway or tramway rolling stock and parts are recorded at 8.10 of Imports of BRICS in 2006 to 2016.

8. Conclusion

The study investigated the intra trade among the BRICS countries, BRICS is an acronym for the group of five leading emerging economies, namely, Brazil, Russia, India, China and South Africa. BRICS countries have made significant progress in integrating with the global economy. The study has been made only with secondary data collected from the official web sites of ICT Trade Map. The study covers a period of 10 years from 2006 to 2016. All the variables required for the study were collected for this period and were expressed in US dollar (\$) for homogeneity in comparison. The study used the statistical tools Compound Annual Growth Rate (CAGR). Analysis of trading patterns within BRICS countries reveals that levels of intra-BRICS trade are quite diverse, mainly reflecting comparative sizes of the economies. Over the past decade, intra-BRICS trade has increased by nearly threefold, supported by increase in intra-regional trade for all the member countries. An analysis of the intra-BRICS trade reveals that China as played a significant role by accounting for nearly half of the intra-BRICS trade. This was followed by India, Brazil, Russia, and South Africa.

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