1. INTRODUCTION
The global economy is going through significant change. An important part of this transformation involves the rise of dynamic emerging countries such as Brazil, China, India, Russia and South Africa. Indeed, one could argue that it was precisely the recognition of the economic relevance of these countries that resulted in the creation of the term BRIC – which with the entry of South Africa officially added an ‘S’ to the group’s name.1 Specifically, Jim O’Neill, in
his article entitled *Building Better Global Economic BRICs* (2001), drew attention to four emerging economies that, according to scenario projections, would show accelerated growth in the following decade. In practice, more than a term to refer to ‘developing countries’, the BRICS have become a category of analysis, being considered candidates to play a role of growing importance in the international arena. (BAUMANN et al, 2010; O’NEILL, 2001).

Considering the most recent international scenario, it appears that the international crisis initiated in 2008 has been contributing to further accentuate the position of emerging economies, to the extent that, in general, these countries have experienced lighter real and financial impacts than the advanced economies, recovering their previous growth paths with relative brevity. As a result, the G-8 lost its reputation to the G-20, which led the coordination project for international policies, bringing countries like Brazil, Argentina and Mexico to the negotiation table at which decisions are made to define the future of the international system. Therefore, a new scenario is being consolidated in the international economy – the “new normal” –, in which less dynamic industrialized economies and more dynamic emerging ones suggest a new international division of economic and political power (EL-ERIAN, 2008; GROSS, 2009; SPENCE, 2009; CANUTO; GIUGALE, 2010).

Having these recent changes in the international arena as a backdrop, this paper aims to explore the interfaces between the political and economic process of emergence of the BRICS and the dynamics of trade in goods in the period following the global financial crisis. Our main hypothesis is that the prolongation of the crisis effects in the central economies tends to accelerate the previous trend of empowerment of emerging countries, which is expressed also in the international trade. The text is divided into four sections. Following this introduction, the second section presents an overview on the general characteristics of the economies of these four trade partners in analysis, especially in regard to the consequences of the international crisis in each of them. The subsequent section aims to summarize the peculiarities of bilateral trade relations and to analyze trade flows in the period 2000-2011 as well. Finally, some concluding remarks are made.
2. BRICS: CHARACTERIZATION AND DEVELOPMENT IN A RECENT INTERNATIONAL CRISIS SCENARIO

Aside from the fact that they represent economies with potential and growing role in the international system, Brazil, Russia, India, China and South Africa have several individual peculiarities. The purpose of this section is to elucidate some important aspects in this regard, both in terms of size of these economies and of their dynamism, particularly in the context of the international crisis.

Firstly, it is worth noting the demographic weight of the BRICS, as Brazil, Russia, India and China are among the ten most populous countries in the world. Besides, each India’s and China’s populations are estimated at over one billion people. At the same time, the geographical dimension of the BRICS is also remarkable, since the same four countries are among the ten largest in the world (see Table 1).

Table 1. General Data

<table>
<thead>
<tr>
<th>Countries</th>
<th>Population (million)</th>
<th>World Ranking</th>
<th>Area (km² (million))</th>
<th>World Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>203</td>
<td>5th</td>
<td>8.5</td>
<td>5th</td>
</tr>
<tr>
<td>Russia</td>
<td>138.7</td>
<td>9th</td>
<td>17.1</td>
<td>1st</td>
</tr>
<tr>
<td>India</td>
<td>1,189</td>
<td>2nd</td>
<td>3.3</td>
<td>7th</td>
</tr>
<tr>
<td>China</td>
<td>1,336</td>
<td>1st</td>
<td>9.6</td>
<td>4th</td>
</tr>
<tr>
<td>South Africa</td>
<td>49</td>
<td>25th</td>
<td>1.2</td>
<td>25th</td>
</tr>
</tbody>
</table>

Source: The CIA World Factbook. July 2011 population estimates

Considering the Human Development Index (HDI), from the five countries under analysis, two are classified as high development countries and three as medium development ones. According to the Human Development Report published in 2011 by the United Nations, Russia is, among the BRICS, the country in the highest position in the ranking: 66th (HDI of 0.755). Coming in second, Brazil is in the 84th position (0.718), one position higher than the previous year. Classified as medium human development countries are China (101st place, HDI of 0.687), South Africa (123rd place, HDI of 0.619) and India (134th place, HDI of 0.547). It is worth mentioning that, from 2006 to 2011, China climbed six positions in the ranking, Brazil went up three, India, one, and, on the other hand, Russia and South Africa dropped one.
Since 2001, when the term was created, the evolution of the role of the BRICS in both international economy and political arena is remarkable. Indeed, over the past decade, Brazil, Russia, India and China have contributed with more than a third of the world’s GDP growth and today they account for almost one quarter of world’s economy, compared to a sixth in 2001 (in terms of Purchasing Power Parity – PPP). In addition, according to projections by Goldman Sachs (2010), the BRIC group (without South Africa) will exceed the U.S. economy in 2018.\(^2\)

According to WTO and IMF data\(^3\), China's GDP at PPP in 2010 was estimated at over USD 10 trillion (5.9 trillion in current dollars), ranking as the world's third largest economy, only behind the European Union and the United States. China's real GDP grew 11% on average per year from 2005 to 2010, growing by 9% in 2009. In turn, India emerged as the world's fifth largest economy in 2010, with its GDP at PPP estimated at USD 4.2 trillion (1.7 trillion in current dollars). The Indian economy also underwent exceptional growth, at a 9% rate, in the 2005-2010 period, growing at such rate even in 2009. Russia ranks as the world's seventh largest economy, with its 2010 GDP at PPP estimated at USD 2.8 trillion (1.5 trillion in current dollars). Unlike Chinese and Indian performances, the average growth rate of Russian economy was only 3% between 2005 and 2010, falling 8% in 2009, but resuming its growth in 2010 (at 4%). Brazil ranked in the ninth position, having its 2010 GDP at PPP estimated at USD 2.2 trillion (2 trillion in current dollars). Similarly to Russia, Brazil grew on average 4% annually between 2005 and 2010, with a 1% drop in 2009 and a 7% growth in 2010. Finally, South Africa, which appears as the world's 26th largest economy, has a GDP at PPP estimated at USD 524 billion (363 billion in current dollars). Between 2005 and 2010, South Africa has grown at a 3% average rate per year. Growth fell 2% in 2009, but showed positive growth again in 2010, of 3%.

\(^2\) Available at: http://www2.goldmansachs.com/our-thinking/brics/brics-decade.html. Last access: January 2012.

In international merchandise trade, in 2010, the BRICS accounted for 16.3% of the world's exports and 14.6% of the world's imports, according to the WTO.\(^4\) Namely, excluding intra-EU trade, China was the world's second largest exporter – accounting for 10.4% of exports – and the third largest importer – accounting for 9.1% of world imports.\(^5\) Among the BRICS, Russia ranks in the second place, being the seventh exporting country (2.6% of world exports) and the 12\(^{th}\) largest exporter (1.6%). In the third position comes India, which in 2010 was the 14\(^{th}\) largest exporter (1.4% of world exports) and the eighth largest importer (2.1%). Brazil is in fourth place, as the 16\(^{th}\) largest exporter (1.3%) and the 14\(^{th}\) importer (1.2%) in 2010. Finally, South Africa, whose participation in international trade is much lower than that of the other countries of the group, occupied the 25\(^{th}\) position in the ranking of exporting countries (0.5%) and the 22\(^{nd}\) between the importing countries (0.6%).

In 2009, China surpassed Germany as the world's biggest exporter and, in 2010, overtook Japan as the second largest economy.\(^6\) In fact, since the late 1970s, China has been experiencing an intense process of modernization of its economy, as well as of integration to international flows of trade and investment, which has been generating a profound transformation of its socio-economic reality with equally important reflections in the political and economic international order. In 1978, 82% of the population lived in rural areas, 40% of production and 70% of employment were originated in the primary sector. However, in 2009, this scenario was reversed. In addition to a 39% population growth in this period, 44% were then living in the city. In this new scenario, typically urban economic activities began to account for most of


\(^5\) Ranks in world trade of merchandise are defined referring to the EU (27) as one trader (i.e. excluding individual EU (27) members). If we consider European Union (EU (27)) members as individual traders, China was in the first place in the ranking of world exporters and in the second in the ranking of world importers in 2010.

\(^6\) The first world’s largest economies ranking aforementioned considers the EU as a bloc, placing China in third.
the production – industry for 49% and services for 40% – and employment – industry for 27% and services for 33%.

Still, according to the World Bank, China is considered an upper middle-income country, with a per capita income estimated at USD 4,260, lower than world’s average. It is worth noting that China has the second largest number of poor consumers in the world, only behind India, so that the reduction of poverty in the country remains a key challenge.

Amidst the international financial crisis, China has reduced its growth rate, especially due to lower foreign demand for Chinese products. Notwithstanding, strong fiscal incentive and credit expansion contributed to counteract the effects of the crisis by ensuring a growth between 9% and 10% after 2008, below the average performance of 12% per year in the 2003-2007 period. For 2011, the International Monetary Fund (IMF) forecasts that China’s real GDP will grow 9.6% and will remain at an average rate of 9.5% over the next five years.

However, China has been facing inflationary pressures – in part as a reflection of its current account surplus – as well as problems with the local government debt, which increased due to stimulus policy. Thus, among the measures to combat inflation, the Chinese government continues to make policy changes, including the liberalization of Yuan exchange regulations, to encourage Chinese investors and companies to invest abroad.

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Similarly to China, India has also undergone significant transformations, being no longer a closed economy and integrating the international scenario since the economic reforms in the country in 1991. Currently, the Indian economy is characterized by liberal trade and foreign investment policies and by a prominent role in the private sector and by deregulation as well.

During the last decade, India has witnessed rapid economic growth, emerging as the fifth largest economy in terms of purchasing power parity.\textsuperscript{12} It is noteworthy that, despite high GDP growth rates in the period before the eruption of the crisis in 2008, the Indian economy had been slowing down since 2006, partly due to the Reserve Bank of India (RBI) priority of reducing inflation. Nonetheless, since September 2008, the RBI has radically changed its main concern in order to ensure the country’s economic growth. In accordance with Nassif (2010), the fact that India responded with fiscal and monetary policies in a more rapid and intense manner than Brazil did, for example, was decisive for the economy to not only avoid a recession, but also reestablish a growth trajectory – estimated at over 9% of real GDP in 2009. In this sense, unlike Brazil, which entered into recession in 2009 (real contraction of 0.2% of GDP), India was the second least affected country by the international crisis, second only to China.\textsuperscript{13}

Indian growth has been led by the services sector, which accounted for almost 56% of GDP in 2008/2009, against 34% in 1970/71.\textsuperscript{14} During the same period, manufacturing also grew, changing its share in the GDP from 22% to 26%. In contrast, agricultural growth remained slow and erratic and dependent on the weather, especially among small farmers, and its participation in the composition of GDP declined from 44% to 18% in this period.\textsuperscript{15}

\textsuperscript{12}Available at: https://www.cia.gov/library/publications/the-world-factbook/rankorder/2001rank.html?countryName=China&countryCode=ch&regionCode=asi&rank=3#ch Last access: January 2012.
\textsuperscript{14}Indian fiscal year starts in April and ends in March.
Regarding foreign trade, it is worth mentioning that Indian trade flow grew substantially after 2002, reaching USD 539 billion in 2010. The biggest growth was due to increased imports, which resulted in a growing negative balance of trade. More specifically, between 2000 and 2009, exports of goods and services rose strongly, at an average rate of 16%, despite the drop of 7% in 2009. In the same period, imports grew at an average rate of 19%, even with a reduction of 7% in 2009.\(^\text{16}\)

According to the WTO\(^\text{17}\), this rapid economic growth has contributed to the improvement of social indicators, including the decline in child mortality, improvement in sanitation and access to clean water, reducing the percentage of the population living below the poverty line and increasing literacy rates. At the same time, India still faces some major problems such as unemployment, underemployment and deficiencies in the infrastructure sector, particularly in terms of transport and electricity. All these bottlenecks constitute major obstacles for the country to maintain its current growth rate, as well as to achieve the substantially higher growth rates that the government aims.\(^\text{18}\)

Another economy that has emerged in the beginning of the 21st century due to its economic dynamism is Russia.\(^\text{19}\) After a period of high instability in the years that followed the end of the Soviet Union, culminating in the external debt moratorium in 1998, the economic scenario has changed radically. Between 1999 and 2008, Russia’s GDP grew, on average, 6.8% per year, there was a moderate recovery in aggregate levels of investment, a significant expansion of the surplus generated by international trade, which has reflected positively on


indicators of external vulnerability as well as on the public sector solvency. It is worth noting that Russian economy's boom can be linked directly to the cycle of rising international prices of energy commodities, among which we point out coal, oil, natural gas, wood. The oil sector, which represents approximately 15% of Russian GDP and accounts for a quarter of its exports, led the boom seen in the 2000s and contributed to the fiscal recovery of Russian economy. Exports grew, on average, 16% per year between 1995 and 2008, from USD 83 billion to USD 468 billion. Imports showed similar growth, expanding at a rate of 15% per year, reaching USD 293 billion in 2008, against USD 63 billion in 1995. The balances of trade ensured the generation of significant current account surpluses of around 10% of GDP, considering the average for the 1999-2008 period. The strong accumulation of international reserves reversed the external vulnerability framework present in the period before the 1998 financial crisis.

Thus, before 2008, the Russian economy gave clear signs of overheating. In late 2007 and early 2008, GDP grew at a rate of 8% per year and domestic demand at 15% per year, led especially by the recovery in investment levels and the maintenance of robust expansion in consumption. However, this high growth began to change with the deepening of the international financial crisis.

In fact, in 2009, GDP showed a negative variation of 8% – the biggest drop among the G20 countries – with a sharp contraction in domestic and foreign demand, mainly reflecting the fall in international prices of oil and other commodities. The interruption of external capital flows put strong pressure on the domestic financial system. The fiscal situation also deteriorated, reversing the pre-crisis surplus position of about 5% of GDP to average deficits between 5% and 6% of GDP in 2009-2010. In the following year, GDP grew by 4%, and the current IMF projections point to expected variations of 4.8% and 4.5% in 2011 and 2012, respectively.20

According to Guriev and Tsyvinski (2010)21, despite high growth rates between 1999 and 2008, Russia has failed to solve many important problems in

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The country, especially those relating to corruption and dependency on commodity exports. To these authors, the post-crisis period will be very difficult for Russia, for both external and internal reasons. Lower global growth will probably reflect in lower oil prices in relation to the pre-crisis period, but certainly in lower growth rates in oil prices, which will definitely influence the slower growth of the country. Still according to Guriev and Tsyvinski (2010), future growth will equally depend on the construction of political and economic institutions that ensure property rights, reduce corruption and guarantee the enforcement of contracts and competition.

The Republic of South Africa is one of the major economies in the African continent, having officially joined the group in April 2011, at the BRICS leaders meeting in Sanya, China. In 2009, per capita income in South Africa was USD 6,090 in current values, and USD 10,360 at PPP. Economic activities are relatively diversified, with services and manufacturing representing respectively 66% and 17% of the national income. Despite its modest contribution to the GDP – 3% – agriculture remains an important activity, as it absorbs a large share of unskilled labor force. In addition, despite efforts to improve social welfare, about 43% of the South African population lives below the poverty line of USD 2 per day, according to 2006 data.

Despite high unemployment, low domestic savings, low investment and large current account deficit, South Africa was reaching good economic results. This trajectory, however, was interrupted by the global financial crisis, triggering the first recession in 17 years. Namely, the income of the country contracted 2% in 2009, the activities of agriculture, mining and manufacturing declined, foreign trade tightened, the household debt widened, inflation accelerated and the crisis in the country’s energy supply system resulted in

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blackouts. Resulting political tension was so huge that Thabo Mbeki, then president of South Africa, resigned in late 2008. Nevertheless, real GDP growth recovered in 2010 (3%), although this rate remains clearly below potential, estimated at around 4% per year for South Africa. A wide recovery was mainly driven by renewed global demand for commodities and by the costs related to the 2010 World Cup, as well as by the revival of the automotive industry and the increase of demand for chemicals. According to the WTO evaluation, solid fiscal and monetary policies, a well regulated financial system and prudent limits of foreign investment helped to limit South Africa’s exposure to the crisis. In addition, the country’s low public debt facilitated the access to global financing, allowing the government to expand their own spending on areas such as infrastructure and social services.

However, unemployment and poverty remain latent problems in the country, in addition to the shortage of electricity supply, threatening growth prospects in the short term. For growth to be sustainable, South Africa needs to deal with structural issues, such as poor education, which contributes to endemic poverty, inequality and a gap in capabilities, which, in turn, contributes to high levels of unemployment among the poor and unskilled segments of society. The economic impacts of AIDS and crime also pose a major bottleneck to growth.

To sum up, the main results of the development of the BRICS countries in the last decade should be more evident in the coming years. As the Goldman Sachs (2010) report points out, income growth in these countries will create a new and massive middle class – defined as those with annual income between

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USD 6,000 and USD 30,000. This middle class growth will be led by the two most populous countries in the world, China and India, changing the patterns of global demand. Consequently, it will probably impact the types of products imported by the BRICS, with a likely fall in imports of products with low added value and an increase of products with high added value such as cars, office equipment and technology.  

It is worth highlighting that for these remarkable rates of growth to be maintained in the coming years it will be necessary to accelerate investment in infrastructure. Indeed, this type of investment has direct impacts on growth, increasing productivity by allowing the economy to produce more with the same amount of capital and labor. Moreover, improvement in infrastructure also generates indirect positive effects, such as attraction of foreign investment, international trade stimulation, improvement in health and education indicators, and reduction of income disparities (GOLDMAN SACHS, 2011).  

For Goldman Sachs (2011), while the large public investment projects in the BRICS seem to be encouraging, they are still insufficient to also attract private capital. Namely, China and India exhibit higher infrastructure growth rates, although they still have a very low level as a standard. In addition, infrastructure in Brazil is relatively underdeveloped and does not have the same growth rates. Russian infrastructure is far more advanced than the others', due to high investments during the Soviet Era, although much of it is harmed due to lack of maintenance. Currently, despite notable improvements in most industries, investment in infrastructure is still insufficient to deal with rapid growth in demand. Thus, in order to the optimistic projections about the future performance of the BRICS to become true, substantial investment in infrastructure projects over the next years will be required (GOLDMAN SACHS, 2011).

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29 Available at: http://www2.goldmansachs.com/our-thinking/brics/brics-decade.html. Last access: January 2012.

3. BRICS: TRADE POLICY AND RELATIONS WITH BRAZIL

3.1. Russia
In the 1990s, Russia began its commercial liberalization process, as well as the WTO accession process in 1993. Russia established free trade agreements with members of the Commonwealth of Independent States (CIS), so that goods from these countries were exempt from import taxes, although subject to certain conditions, such as avoiding export subsidies.31

In 2010, the customs union between Russia, Belarus and Kazakhstan (RBK Customs Union) came into force. With the creation of this common customs area, tariff restrictions regarding movement of goods originating in member countries within the bloc were abolished.32 At the multilateral level, Russia's participation in the Asia-Pacific Economic Cooperation (APEC) can be highlighted.33 Russia also has several free trade agreements at the bilateral level with countries of the former Soviet zone of influence 34, and agreements with the United States, Canada and Japan. Such agreements were concluded at the end of the Soviet regime – having been adapted to the Russian Federation, which is the case of the agreement with the U.S., for example – or soon after the collapse of the Soviet system. 35

The Partnership and Cooperation Agreement, which came into force in 1997, established an institutional framework for regular consultations between the EU and Russia. At the summit in St. Petersburg in May 2003, both strengthened their cooperation by creating four "common spaces" under the Partnership and Cooperation Agreement: one economical; one of freedom, security and justice; one for cooperation in the field of external security; and one for research and education, including cultural aspects. A new partnership

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agreement was discussed and postponed for political reasons\textsuperscript{36}, but with the entry of Russia into the WTO, negotiations seem to be taking a more positive direction.\textsuperscript{37}

Russian foreign trade structure is characterized by a high concentration of exports in natural resources – two thirds of total exports correspond to fuels and minerals, especially oil and gas, aluminum, coal and forest products. The most prominent imports are machinery and equipment, consumer goods, medicines, meat, sugar and semi-finished metal products. The main destination markets for Russian exports are located in Europe and Asia. Imports originate mainly in Germany, China, Ukraine and Japan.

In trade relations with Brazil, it is worth mentioning that in the recent period, there were temporary embargoes to the export of Brazilian beef to Russia, because of health problems found in some farms in Brazil.\textsuperscript{38} Accordingly, in 2008 a protocol was signed in order to regulate the supply of Brazilian meat to Russia.\textsuperscript{39} Moreover, official dialogue shall be intensified through mechanisms such as the Brazil - Russia Advisory Committee.\textsuperscript{40} Still, it is important to stress that the trade of fresh beef, no matter their species, suffers from several restrictions to enter Russian territory and is governed by the "veterinary regulations in force in the Russian Federation that do not

\begin{flushleft}
\end{flushleft}
contradict the Terrestrial Animal Health Code of the WHO". In Brazil, there are some farms authorized by the Russian Federal Service, which are located in the following regions: Pará, Amazonas, Mato Grosso do Sul, Mato Grosso, Minas Gerais, Paraná, Rio Grande do Sul, Goiás, Santa Catarina, São Paulo, Tocantins and Rondônia.

Considering commercial relations between Brazil and Russia since the beginning of the 21st century, there is a clear upward trend in bilateral trade between the two countries. From 2000 to 2011, Brazilian exports to Russia increased from USD 422 million to over USD 4.2 billion, reaching USD 4.6 billion in 2008. In the same period, Brazilian imports from Russia increased from USD 570 million to USD 2.9 billion, and 2008 was also the year with the largest volume of imports, USD 3.3 billion. In sum, bilateral trade between the two countries, which reached its highest value in 2008 – nearly USD 8 billion – increased from USD 993 million to USD 7.1 billion in this period. It is worth noting that there have been constant Brazilian surpluses in trade relations with Russia. Excepting 2000, when Brazil recorded a deficit of USD 147 million, between 2001 and 2011 Brazilian surplus rose from USD 638 million to USD 1.2 billion, reaching surpluses higher than USD 2 billion in 2005, 2006, 2007 and 2010. Figure 1 summarizes the evolution of Russian-Brazilian trade relations.

Figure 1. Bilateral Trade between Brazil and Russia, 2000-2011

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The structure of trade between the two countries has been characterized by the predominance of primary products, mineral extraction or industrial products from industries that process natural resources, on the side of Brazilian exports, and the preponderance of chemicals, on the Russian side of exports. In 2011, Brazilian imports from Russia were led by ammonium nitrate, with a 15.7% share, equivalent to USD 461 million. In second place was urea nitrogen, representing 15.5% of exports, USD 455 million. Ammonium dihydrogen orthophosphate ranked third on the list of Russian exports to Brazil, with 14.7% of the total, USD 431 million.

The roll of Brazilian exports to Russia in 2011 was led by sugar cane, with more than USD 1.8 billion, or 44% of total exports, characterizing a very concentrated export basket. Brazil also stands out in exports of frozen beef, which responded for more than USD 1 billion in exports (24% of exports). Other significant products in Brazilian exports to Russia are soy beans and unmanufactured tobacco.

3.2. India
India has signed various Regional Trade Agreements in recent years, in order to supplement gains from multilateral trade liberalization. Since the signing of the Bangkok Agreement in 1975, India has mainly joined agreements with other developing countries, with countries in the region (SAFTA) and with some of its neighbors as well. At the same time, India is also seeking to develop links with other regional groupings such as ASEAN and Mercosur.42

The South Asian Association for Regional Cooperation (SAARC), an agreement between Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka, was established at the first Summit in Dhaka in December 1985. In 1993 members signed the SAARC Preferential Trade Arrangement (SAPTA), which provided preferential limited access to the markets. Afterwards, the Agreement on South Asian Free Trade Area (SAFTA) was signed in 2004.43 The

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Asia-Pacific Trade Agreement (APTA) – originally Bangkok Agreement – was signed in 1975 by Bangladesh, India, Laos, Republic of Korea, the Philippines, Sri Lanka and Thailand. China acceded to the agreement in 2001. The APTA came into force in 2006.\textsuperscript{44}

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), originally known as BIST-EC, was signed in 1997 by Bangladesh, India, Sri Lanka and Thailand. Later, Myanmar, Nepal and Bhutan also became members. In 2004, BIMSTEC members signed a Framework Agreement to form a free trade area by 2012.\textsuperscript{45} Under the Generalized System of Preferences (GSP), India gets preferential access to markets of Bulgaria, Canada, the European Union, Japan, New Zealand, Norway, Russia, Turkey, Switzerland and the United States.\textsuperscript{46} India has Bilateral Trade Agreements with several countries, mainly Asian.\textsuperscript{47}

Since the beginning of the 2000s, India has also sought to get closer to ASEAN, having joint an agreement on goods trade, which envisages the gradual creation of a free trade area, which should come into force in 2013 and be complete in 2018;\textsuperscript{48} to the European Union, through the EU-India Strategic Partnership, signed in 2005; to the US, by the US-India Trade Policy Forum, whose first meeting was also in 2005;\textsuperscript{49} to the Southern African Customs Union (2008 Memorandum of Understanding);\textsuperscript{50} to the Southern African Customs Union (2008 Memorandum of Understanding); and to Mercosur, through the


\textsuperscript{47}Information available on the website of the Ministry of Trade and Industry of India. Available at: http://commerce.nic.in/trade/international_ta_current_details.asp. Last access: April 2011.

\textsuperscript{48}Agreement on Trade in Goods Under the Framework Agreement on Comprehensive Economic Cooperation Between the Republic of India and the ASEAN. Available at: http://commerce.gov.in/trade/ASEAN-India%20Trade%20in%20Goods%20Agreement.pdf. Last access: April 2011.


\textsuperscript{50}Information collected at the Indian Ministry of Commerce and Industry website. Available at: http://commerce.nic.in/trade/international_ta_current_details.asp. Last access: April 2011.
2003 Framework Agreement to Promote Economic Cooperation and the Preferential Trade Agreement, which was signed in 2004 and came into force in 2009. India has offered commitments on 450 tariff lines at the eight-digit Harmonized System with preferences between 10% and 100% of the Most Favored Nation rate to Mercosur.  

Trade relations between India and Brazil are institutionalized by the agreement between India and Mercosur, since there are no bilateral trade agreements between the two countries. The decision of President Luiz Inácio Lula da Silva (2003-2010) to strengthen the ties with India has sometimes been criticized, since there were no significant trade relations between the two countries. However, this decision was made in order to start a political alliance from which commercial ties should be strengthened. In fact, Brazil's efforts to strengthen relations with India are part of a broader scope of the Brazilian diplomatic strategy to strengthen the relationship with developing countries, under the logic of South-South Cooperation, one of the hallmarks of the Lula government.  

For instance, there is the IBSA, which congregates India, Brazil and South Africa, countries that occupy a position of great multiethnic democracies in the international system and that share similar views on many multilateral issues.

The importance of the Indian market to Brazilian foreign trade has fluctuated over the past years. Still, one can say that since 2006 there has been a steady increase in bilateral trade between them, which rose from USD 2.4 billion in that year to USD 9.2 billion in 2011. Excluding 2000 and 2001, when Brazilian exports totaled less than USD 300 million each year, one can divide them into three periods: 2002-2004, when it stood at around USD 620 million; from 2005 to 2008, when the average was USD 1 billion; and the last three
years, 2009-2011, which averaged USD 3.3 billion, with the highest value reached in 2010, USD 3.5 billion.

Regarding Brazilian imports from India, there has seemed to be a general trend of growth during the analyzed period, having evolved from USD 271 million in 2000 to USD 6 billion in 2011. Imports increased consistently since 2003 (USD 485 million), except in 2009 (USD 2.19 billion), when the level was similar to 2007 (2.16 billion). In 2010, Brazilian imports from India reached USD 4.2 billion, exceeding the value verified in 2008 (USD 3.5 billion). Indeed, 2009 was the only year in which Brazil achieved a significant surplus in trade with India (USD 1.2 billion), a result of both a significant increase in exports that year and of an atypical drop in imports. Since 2005, Brazil has growing deficits with India, which reached USD 2.88 billion in 2011.

With respect to exported products, both Brazil and India have very concentrated export baskets. Regarding Brazilian exports, crude oil represented 53% of total exports in 2011, USD 1.7 billion. In second place was sulfide ores of copper, whose value reached USD 419 million, representing just over 13% of exports. Crude soybean oil came in third place in the major exports ranking, reaching nearly USD 165 million, about 5% of total exports. The drop in the share of sugarcane in the export basket is noteworthy, once it represented nearly 27% of total exports (more than USD 850 million) in 2010 and approximately USD 120 million, equivalent to only 3.8% of exports in 2011.
Regarding Indian exports basket to Brazil in 2011, diesel fuel accounted for 51.4% of exports, reaching a value of over USD 3.1 billion and presenting a significant increase in participation with respect to 2010, when it represented 41% of exports. Several textile products are also noteworthy, though none stands out individually.

### 3.3. China

Since the outbreak of the financial crisis, Chinese leaders have clearly stated China's position against protectionist mechanisms in various international forums. President Hu Jintao joined the other leaders of the G20 commitment not to erect new barriers to investment or goods and services trade, not to impose new export restrictions or implement measures to stimulate exports that are inconsistent with the WTO and promptly correct any measures in this direction.\(^5^4\)

In 2001, when China signed the entry into the organization, it had to agree to take concrete steps to remove trade barriers and open its markets to foreign companies and their export products. Since it became a WTO member country, China has seen its trade statistics increase dramatically and is now the largest exporter and second largest trader, only behind the United States.

China continues to intensify its search for bilateral and regional free trade agreements, because it believes that such agreements are complementary to the multilateral trading system. Nevertheless, the preferential margins offered by China are still small and trade with its free trade agreement partners still accounts for a small portion of total Chinese trade.

Regionally, China participates in the Asia-Pacific Economic Cooperation (APEC); the Asia-Europe Meeting (ASEM); the cooperation framework of ASEAN +3 (Association of Southeast Asian Nations plus China, Japan and South Korea), and the Asia-Pacific Trade Agreement (APTA, also known as Bangkok Agreement). Under the 2003 Framework Agreement on Comprehensive Economic Cooperation between China and ASEAN, the parties agreed to negotiate the establishment of a Free Trade Area (CAFTA) within ten

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years. CAFTA, involving the original ASEAN 6 (Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand) was established in 2010\textsuperscript{55}, with flexibility until 2015 for Cambodia, Laos, Myanmar and Vietnam. In that context, ASEAN and China agreed to strengthen economic cooperation through the strengthening of existing activities and developing new programs in five priority sectors: agriculture, human resource development, information technology and communication, investment, and development of the Mekong River Basin.

China's trade with its existing free trade agreements bilateral partners is responsible for a small and declining part of its trade: exports to these countries fell from 19.6% in 2006 to 17.5% in 2009, and imports reduced from 4.6% in 2006 to 4.3% in 2009.\textsuperscript{56} Regarding other agreements, it is worth mentioning the Framework Agreement on Trade and Economy with Australia, established in 2003; the joint declaration with the Southern African Customs Union (SACU) in 2004; the Framework Agreement on Economic, Commercial, Investment and Technological Cooperation with the Gulf Cooperation Council, also in 2004; and the beginning of negotiations for the establishment of a Free Trade Area with Iceland in 2006; with Norway in 2008; and with Costa Rica in 2009. Moreover, in January 2011, China began negotiations on a Framework Agreement on Economic Cooperation with Chinese Taipei. Recent feasibility studies point to potential negotiations for Free Trade Agreements with India, Korea and Switzerland.

In terms of institutionalized relations between China and Brazil, as a first approximation at the commercial level, one could stand out the agreement signed in 1978 that established the Most Favored Nation clause in trade between the two countries. In 1984, a protocol was added to this agreement, in order to stimulate the achievement of the terms specified in the 1978 agreement. More recently, in 2004, the two countries signed a Memorandum of


Understanding on Cooperation in Trade and Investment, in which Brazil recognized China as a market economy. The two countries have also signed commitments to strengthen cooperation in the areas of phytosanitary inspection and regulation to ensure the access of Brazilian products to the Chinese market and vice versa. In this sense, some protocols on animal quarantine and on conditions for the export of these products have been signed recently.\textsuperscript{57}

Regarding recent development of trade relations between Brazil and China, one can identify three distinct periods.\textsuperscript{58} The first, between 2000 and 2003, is characterized by the intensification of a balance that is favorable to Brazil – since, from a deficit of USD 136 million, Brazil went on a surplus of over USD 2 billion. At this stage, Brazilian exports to China rose from just over USD 1 billion to USD 4.5 billion, while imports from China increased from USD 1.2 billion to USD 2.1 billion.

Nonetheless, this trend was interrupted in 2004 when Brazil reduced its trade surplus to USD 1.7 billion, and continued until 2008, year in which Brazil accumulated a deficit of USD 3.5 billion. It is worth noting that between 2004 and 2008 there was a sharp increase in bilateral trade between the two countries. Brazilian exports went from USD 5.4 billion to USD 16.5 billion and imports from China rose from USD 3.7 billion to USD 20 billion.

In the past three years, the balance of trade turned once again very favorable to Brazil: approximately USD 5 billion in 2009 and 2010, and USD 11.5 billion in 2011. During this period, exports grew from USD 21 billion in 2009 to USD 44.3 billion in 2011 and imports from China increased from USD 15.9 billion to USD 32.7 billion. As a result, bilateral trade between the two countries rose from USD 2.3 billion in 2000 to USD 77.1 billion in 2011, and, since 2009, China became the main destination of Brazilian exports. Figure 2 below shows the evolution of bilateral trade between the two countries:


\textsuperscript{58}Source of Brazil-China trade data (balance of trade, major imports and exports): Sistema AliceWeb. Available at: http://aliceweb.desenvolvimento.gov.br/. Last access: January 2012.
Regarding the export guidelines of each country, Brazil has a very concentrated export basket, with emphasis on three products: iron ore, soybeans and crude oil, which accounted for over 75% of Brazilian exports to China in 2011. In fact, the export structure of the Chinese industry and the increase in average income in that country seem to have contributed for its imports to focus on metal and agricultural commodities. In 2011, non-agglomerated iron ore was the most exported product to China, representing 40.6% of exports. Considering agglomerated and non-agglomerated ore, this figure rises to 44.7% of Brazilian exports to China, totaling about USD 19.8 billion. In second place, there were soybeans, with 24.7% of the total (USD 10.9 billion). As mentioned earlier, another highlight is crude oil, which in 2011 accounted for 11% of total exports to China (USD 4.9 billion).

On the other hand, Chinese exports to Brazil are considerably diversified. Indeed, the sum of the top 100 exported products does not reach 50% of total exports. Moreover, it is noteworthy that Chinese exports to Brazil are composed of high technology products, i.e., with high added value. As Acioly, Pinto and Dutra (2011) pointed out, the concentration of Brazilian exports, along with the diversification of the Chinese exports, regardless of

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Brazilian surpluses in the bilateral relationship, poses the possibility of paralysis as a commodities exporter. In 2011, the top three products imported from China were *other parts for radio broadcast, television, and other receiver devices* (USD 1.3 billion, 4.2% of imports), *other parts for telephone/telegraph devices* (USD 643 million, 2%) and *portable mobile phone terminals* (USD 592 million, 1.8%).

**3.4. South Africa**

South Africa is a supporter of multilateralism and has played an active role in the GATT/WTO, including the ongoing negotiations of the Doha Development Agenda (DDA), in which it represents a key member of various settings in the areas of agricultural negotiation and of Non-Agricultural Market Access (NAMA).

A new agreement of the Southern African Customs Union (the 2002 SACU agreement) came into force in 2004 providing greater harmonization of policies in several areas. SACU countries are members of the Southern African Development Community (SADC) and have preferential trade agreements with the European Free Trade Association (EFTA) and with Mercosur. SACU countries are eligible for non-reciprocal preferential treatment under the Generalized System of Preferences (GSP) and under the U.S.-African Growth and Opportunity Act (AGOA). For a more harmonized trade policy, SACU members agreed to negotiate new preferential trade agreements as a group. They are finalizing negotiations on economic partnership agreements with the European Community.\footnote{61}

During 2008, SACU and Mercosur member states concluded negotiations on a preferential trade agreement (PTA). The new PTA replaces the previous one signed in 2004, based on the understanding between SACU and


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Mercosur on the conclusion of their agreement of economic complementation. The PTA has not yet been notified to the WTO.\textsuperscript{62}

South Africa has a number of bilateral trade agreements (with Malawi and Zimbabwe for example\textsuperscript{63}). The most notable is the Trade, Development and Cooperation Agreement (TDCA), signed in 1999 with the European Union, its main trading partner and source of FDI, which provides for the asymmetric liberalization of trade between the two parts, with the intention of forming a free trade area in 2012.

South African products are eligible for non-reciprocal preferences, including lower tariffs or preferential tariffs quotas under the U.S. AGOA and the GSP regimes of the European Union, as well as Canada, Japan, Norway, Switzerland and the United States.\textsuperscript{64} It is important to mention that, according to the Brazilian Ministry of Development, Industry and Foreign Trade website, the Preferential Trade Agreement between SACU and Mercosur has not yet come into force.\textsuperscript{65} South Africa is also part of the IBSA (India, Brazil and South Africa).\textsuperscript{66} As for business relations between Brazil and South Africa, there are no major implications bilaterally institutionalized, with agreements being restricted to the multilateral level, such as IBSA and the preferential trade agreement between SACU and Mercosur.

Trade flow between Brazil and South Africa increased consistently between 2000 and 2008, from USD 529 million to USD 2.5 billion.\textsuperscript{67} In 2009, this trend was interrupted, falling to USD 1.7 billion, but growing again in the following biennium, reaching USD 2.6 billion in 2011. Similarly, Brazilian


\textsuperscript{65}IBSA Trilateral Official Website. About IBSA. Available at: http://www.ibsa-trilateral.org/. Last access: December 2010.

exports to South Africa evolved positively between 2000 (USD 302 million) and 2007 (USD 1.7 billion), falling slightly in 2008 and more sharply in 2009 (USD 1.2 billion), but recovering its growth in 2010 (USD 1.3 billion) and 2011 (USD 1.7 billion). Regarding South African imports, they presented a positive variation between 2002 (USD 181 million) and 2008 (USD 774 million), falling to USD 433 million in 2009, but recovering in 2010 (USD 753 million) and 2011 (USD 911 million), when the highest value in the period was reached. Finally, it is worth noting that bilateral trade between Brazil and South Africa is characterized by recurrent favorable balances to Brazil. In 2011, Brazilian surplus was USD 768 million, higher than that of the previous year (USD 556 million), but below the average of USD 1 billion recorded in the 2005-2008 period. Figure 4 below summarizes this statistics.

Figure 4. Bilateral Trade between Brazil and South Africa, 2000-2011

Regarding Brazilian exports to the African country, the export basket is relatively diversified. In 2011, for example, the top 10 products accounted for approximately 42% of total exports. The leading products were frozen chicken cuts and offal, representing 11.5% of the total, equivalent to approximately USD 192 million. The second most exported products were automotive vehicles with combustion engine and maximum load of 5 tons, with 6.5% of the total,
equivalent to just over USD 109 million. The third most exported products in 2011 were *road tractors for semi-trailers*, which accounted for just 6% of the total, USD 96.8 million.

Regarding Brazilian imports originating in South Africa, *non-agglomerated anthracite coal* was the main imported product, accounting for nearly 13% of the total, equivalent to approximately USD 116 million, followed by *internal combustion engines for vehicles*, with almost 8% of the total, about USD 71 million. In third place was *palladium, unwrought or in powder form*, accounting for 6.1% of the total, approximately USD 56 million.

### 4. CONCLUSIONS
Since 2001, when the term BRIC was created, there has been a remarkable evolution of the role played by these countries in both the international economy and the political arena. Indeed, over the past decade, Brazil, Russia, India and China have contributed to more than a third of the world's GDP growth and, at the same time, they now account for almost one quarter of the world economy against a sixth in 2001 (in terms of Purchasing Power Parity - PPP). Although it presents more modest figures, South Africa is one of the major economies of the African continent, having joined the group officially in April 2011, at the BRICS leaders meeting in Sanya, China.

On the other hand, it seems that the current international crisis is contributing to further accentuate the position of emerging economies have, to the extent that, in general, these countries have experienced fainter real and financial impacts than the advanced economies, resuming their previous growth trajectories with relative brevity.

By analyzing bilateral trade between Brazil and the other BRICS countries, one can point out some general trends. The first one – and perhaps the most obvious – is the large increase in levels of trade between Brazil and these countries in the last decade, as illustrated by Figure 5 below.
The second is that Brazil has a surplus in these bilateral engagements – except in trade with India. The third is the concentration of total Brazilian exports in a few products, usually of agricultural or mineral origin, i.e., with low added value – the exception here is the relatively diversified list of exports to South Africa. The fourth and final trend observed is the fast recovery rates of bilateral trade after 2009. In the case of India, bilateral trade did not go down; in the case of China, it remained stagnated in 2009 and surged again in the following years; finally, in the cases of South Africa and Russia, they both dropped in 2009, although bilateral trade with South Africa has almost recovered 2008 levels while trade with Russia still has not.

To sum up, our results suggest that bilateral trade between Brazil and the other BRICS countries, which cannot be characterized as traditional trade partners, has been assuming an increasing importance. Bearing in mind the limits of this research, one could argue that the trend of empowerment of emerging countries also seems to be appearing in the international merchandise trade between Brazil and the other BRICS.
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ABSTRACT
This article analyzes the impact of the recent international crisis on commercial relations between Brazil and the other BRICS countries (Russia, India, China and South Africa). The methodology consisted of the analysis of governments' and international organizations' documents and reports on international trade. To perform the analysis, firstly, an overview on the general characteristics of the economies of these four trading partners is presented, especially regarding the consequences of the international crisis in each of these economies. After that, the trade relations of the four countries with Brazil in the last decade are reviewed. Our results suggest that bilateral trade between Brazil and the other BRICS countries, which are not characterized as traditional trade partners, has been assuming an increasing importance.

KEYWORDS
BRICS; Crisis; Trade.

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