



## RELEVANCE OF TRADE DIPLOMACY IN BRICS BLOC IN THE CHANGING GLOBAL SCENARIO

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**Abstract:** Economic diplomacy is the art of serving economic interest, security and strategic concerns of a country by the use of economic instruments to ensure healthy and cordial bilateral as well as multilateral relations. The spread and intensification process of economic liberalization and globalization have played significant role in the transformation of developing countries across the world. A notable emerging feature of present day economic diplomacy is emergence of various regional and global institutions and mechanisms for consultations, coordination and cooperation on various economic issues. In this regard BRICS economic bloc of emerging economies having around 40% of global population, 24% of global GDP and 18% of world trade, has broadened its horizon gradually and presently takes on the global issues such as climate change, terrorism, management of global financial crisis, facilitation of global trade and investment, creation of employment and sustainable development, reforms of international financial institutions etc. India as a founder member of the group plays decisive and strategic role in the process of deliberations and decision making in the changing global equations. Hence an attempt has been made in this article to analyze relevance of trade diplomacy in BRICS bloc to leverage potential of demographic dividend in our country to realize goal of Atamanirbhar Bharat in the backdrop of US-China trade war, Ukraine-Russia war, Covid-19 pandemic and global economic uncertainties.

**Keywords-**Globalisation, Economic bloc, Diplomacy, Pandemic, Atamanirbhar , Strategy.

### 1 Introduction

Economic diplomacy is not new to international relations but in the contemporary globalized world, its place, content, purpose and dynamics have changed beyond recognition. Economic diplomacy is no more a handmaid of political and strategic aspects of foreign policy. It has assumed its own “logic” and dominant place in the conduct of foreign policy, according to the Association of Indian Diplomats.

Thus, economic diplomacy needs to be given separate and comprehensive treatment, not merely an adjunct of political diplomacy. There is perhaps not a single foreign visit by the top leaders of a country, which is not accompanied by business delegations and does not focus on economic deals. The spread and intensification of process of globalization was the logical corollary of the end of cold war and demise of socialist economies. The market principle and free economic competition among nations as well as business groups at global level became the order of the day. The process of globalization involves the increasing intensity and magnitude of flow and exchange of ideas, people, capital and goods across nations. This necessitated to place in order a suitable policy and institutional framework at both domestic and global level to address the emerging global scenario. The economic factor got primacy in the conduct of foreign affairs as every nation wanted to promote her competitive edge as well as economic prospects. In fact, this led to change in the perception about the role and place of economic factors in the foreign policy.

India’s trade performance in last 25 years has experienced diversification in terms of regions and magnitude both. While the trade with all countries has grown, India’s Look East policy has led to the tremendous increase in trade with ASEAN countries and other countries of East Asia like Japan and South Korea. In 2010, China replaced the US as the largest trading partner of India. India has earned brand name throughout the world in the field of software technology and outsourcing of services. India has been making serious efforts to diversify her trade to new areas like Africa and Central Asia. In last one decade India’s trade has registered nearly eight fold increase from \$86 billion in 2000 to \$ 623 billion in 2016-17.

A major shift in India's export destinations has been observed during the last few years. Top five export destinations of India in 1996-97 were USA, UK, Japan, Germany and Hong Kong with 43 per cent share in total Indian trade. However, in 2017, top 5 destinations of Indian Export are: United States: US \$ 46.1 billion (15.6% of total Indian exports), United Arab Emirates : \$ 30 billion (10.1 per cent), Hong Kong : \$ 15 billion (5.1 per cent), China : \$ 12.5 billion (4.2 per cent), and Singapore: \$ 11.6 billion (3.9 per cent) with a trade share of 40 per cent. Yet in terms of total trade volume (both Export and Import) India's five largest trading partners in 2017 are: China, US, UAE, Singapore and Switzerland. If we see region wise figures, we find that there is significant diversification of India's export destinations during the period 2000-2016. While the share of EU has come down from 23 per cent to 20 per cent and that of North America from 22 per cent to 11 per cent, the share of Africa has increased from 3 per cent to 6 per cent, that of ASEAN from 6.5 per cent to 12 per cent, that of Latin America from 2.2 per cent to 3.4 per cent and that of West Asia and North Asia from 12 per cent to 22 per cent in the same period. The diversification of export to new markets is a sign of success of economic diplomacy.

A notable emerging feature of present day economic diplomacy is emergence of various regional and global institutions and mechanisms for consultation, coordination and cooperation on different economic issues like trade, investment, management of global financial and economic architecture, foreign exchange and loans, poverty, energy security and sustainable development. The multilateral diplomacy is now conducted on continuous basis interspersed with Summit Diplomacy to seek quick high level exchanges among nations and other global players. At present, some of the multilateral forums for conducting India's economic diplomacy are: WTO, IMF, World Bank, UN bodies and conferences, IBSA, G-20, NAM, BRICS etc.

BRICS (Brazil, Russia, India, China, and South Africa) is a group of five emerging economies of the world. At the time of its establishment in 2006, it was known as BRIC (Brazil, Russia, India and China). With the admission of South Africa in 2010, it has now become BRICS. However, Jim O'Neil, the propounder of BRIC thesis expressed surprise at the admission of South Africa, in view of smaller size of her economy and growth potential. Its first Summit was held in 2009 at Yekaterinburg in Russia. With the 14<sup>th</sup> Summit recently held in China in June 2022, BRICS has completed 16 years of its existence. The basic idea behind this group is that its members have the potential for economic growth to the extent that it would surpass the present leading economies of the US and Western countries. The idea of BRICS was given by Goldman Sachs economist, Jim O'Neil. He merely predicted about the future growth potential of these nations and his intention was not that these countries should form a separate group. However, taking a clue from the idea given by Jim O'Neil, these countries organized under the banner of BRIC in 2006 with twin broad objectives: Mutual Cooperation and Establishment of a multilateral global order in the place of one dominated by the US and its allies.

Summit is the highest decision making body of BRICS. At present, BRICS summit are the annual affairs. BRICS does not have its Charter and Secretariat. Summits are organized by the host countries in alphabetical order. India has hosted BRICS summit three times so far in 2012, 2016 and 2021. So far, 14 Summits have been held, out of which last three summits have been held in online format due to COVID-19 pandemic.

The 14<sup>th</sup> BRICS Summit was held in Beijing on 23-24 June, 2022. The theme of this Summit was "Foster High-quality BRICS Partnership, Usher in a New Era for Global Development". The Indian Prime Minister Narendra Modi participated in the Summit in virtual mode. At the end of the Summit, leaders issued a 75 point Beijing Declaration, which encapsulate the assessment of ongoing activities of BRICS and its future plans and perspective. The leaders recalled that in the past 16 years, upholding the BRICS spirit featuring mutual respect and understanding, equality, solidarity, openness, inclusiveness, and consensus, BRICS countries have strengthened mutual trust, deepened intra-BRICS mutually beneficial cooperation, and closer people-to-people exchanges. They called for further strengthening their strategic partnership. They welcomed the High-level Dialogue on Global Development at this Summit and looked forward to strengthen international cooperation and solidarity on implementing the 2030 Agenda for Sustainable Development.

China's GDP is more than the double that of other four BRICS combined almost \$18 trillion compared with Brazil (\$ 1.6 trillion), Russia (\$1.8 trillion), India (\$3.2 trillion) and South Africa (\$ 400 billion). BRICS will be the dominant suppliers of manufactured goods, services and raw material by 2050. China and India will become the world's dominant suppliers of manufactured goods and services. Brazil and Russia will become similarly dominant suppliers of raw materials. India has been an active participant in this bloc since its inception. Maintaining economic growth that benefits India's citizens in terms of job creation, GDP growth and poverty alleviation are in the country's economic and strategic interest.

### **2.1 Need of the Study**

Global geo-politics today represents the case of a tug of war and India finds itself in the middle of it. This has made difficult for India to carve a middle path for balancing its strategic interests between the US and Russia-China axis. Therefore, BRICS platform provides an opportunity for India to balance Russia-China axis. These nations shared a common objective of reforming the international financial and monetary system with a strong desire to build a more just balanced global order. The forum requires a decisive role in G-20 in framing global economic policies, political e-governance system and tackling menace of rising terrorism across the world. Hence an attempt has been made in this article to focus on relevance and effectiveness of trade diplomacy in strengthening the BRICS bloc in the wake of emerging global scenario.

## 2.2 Scope of the Study

The article was confined to study trade relations of India with the BRICS bloc pertaining the period from the fiscal year 2011-12 to 2021-22. Prior to 2019-20 to be considered as Pre-COVID pandemic and remaining post pandemic period.

## 2.3 Objectives

1. To study share of BRICS in India's trade.
2. To analyse direction of trade.
3. To study balance of trade.

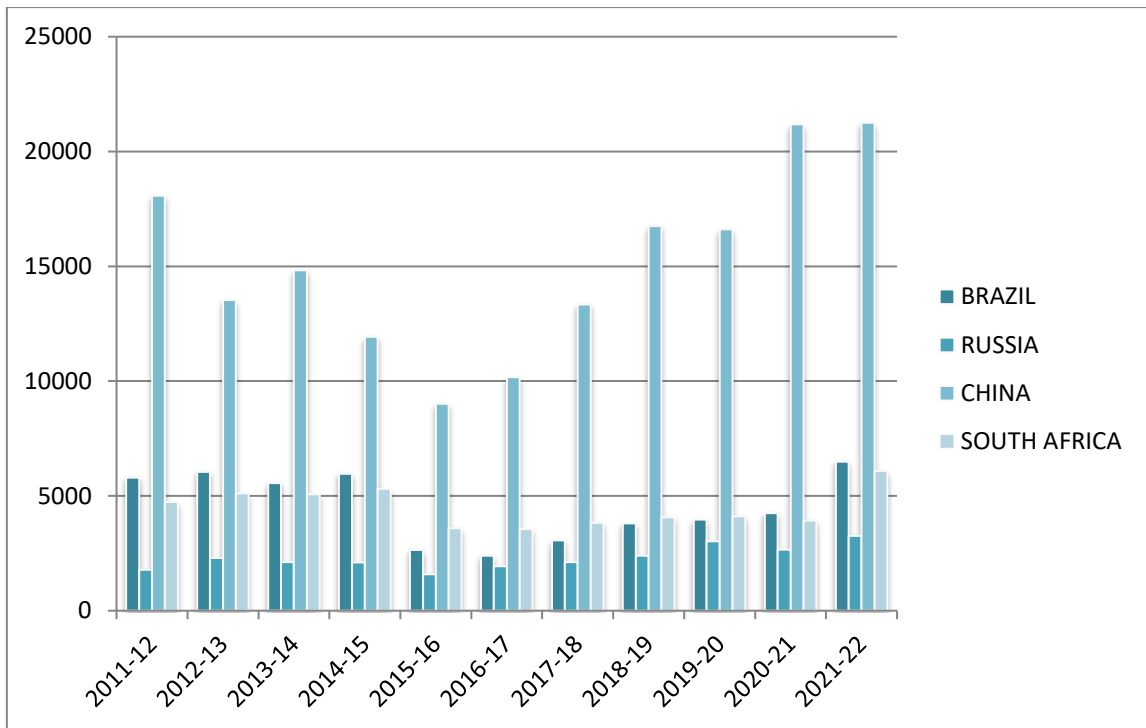
## 2.4 Research Methodology

The secondary data has been used with the help of simple percentage, ratio method to analyse the role of trade diplomacy in the concerned economic bloc.

### 1. India's Exports to BRICS

Year	Brazil		Russia		China		S. Africa	
	\$ Million	% Growth	\$ Million	% Growth	\$ Million	% Growth	\$ Million	% Growth
2011-12	5796	43	1778	5	18076	27	4731	21
2012-13	6048	4	2295	29	13534	-25	5106	8
2013-14	5552	-8	2121	-7	14824	9	5074	-1
2014-15	5963	7	2097	-1	11934	-19	5301	4
2015-16	2650	-55	1587	-24	9011	-24	3588	-32
2016-17	2400	-9	1937	22	10171	12	3545	-1
2017-18	3063	27	2113	9	13333	31	3825	8
2018-19	3800	24	2389	13	16752	25	4067	6
2019-20	3967	4	3017	26	16612	-1	4108	1
2020-21	4244	7	2655	12	21187	27	3934	-4
2021-22	6488	53	3254	22	21259	1	6085	54

Source :- Ministry of Commerce and Industry (India)



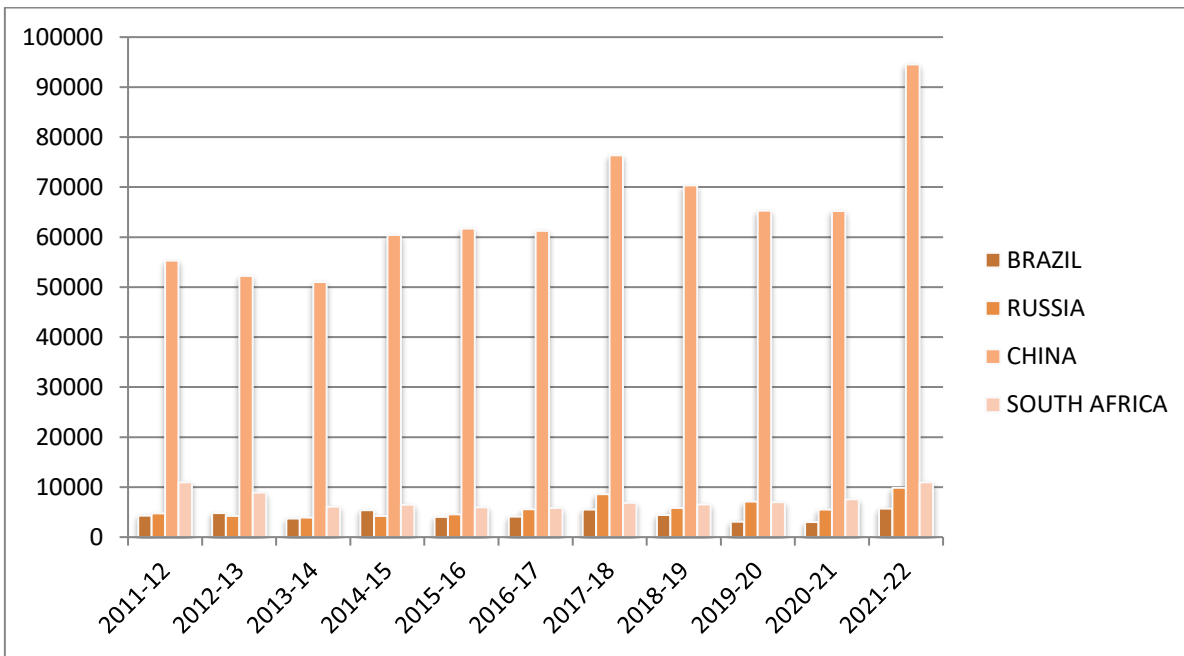
The exports to the China has been the highest followed by Brazil, South Africa and Russia respectively.



## 2. India's Imports from BRICS

Year	Brazil		Russia		China		S. Africa	
	\$ Million	% Growth	\$ Million	% Growth	\$ Million	% Growth	\$ Million	% Growth
2011-12	4271	20	4764	32	55313	27	10971	54
2012-13	4825	12	4231	-11	52248	-6	8887	-18
2013-14	3720	-22	3894	-7	51034	-2	6275	-31
2014-15	5400	45	4249	9	60413	18	6496	7
2015-16	4040	-25	4584	8	61707	2	5948	-8
2016-17	4114	2	5552	21	61283	-1	5833	-2
2017-18	5498	33	5773	54	76380	24	6834	17
2018-19	4406	-19	5840	-31	70319	-8	6517	-4
2019-20	3074	-30	7093	21	65260	-7	6969	7
2020-21	3015	-1	5485	-22	65212	-1	7568	8
2021-22	5713	89	9869	79	94570	45	10965	45

Source :- Ministry of Commerce and Industry (India)



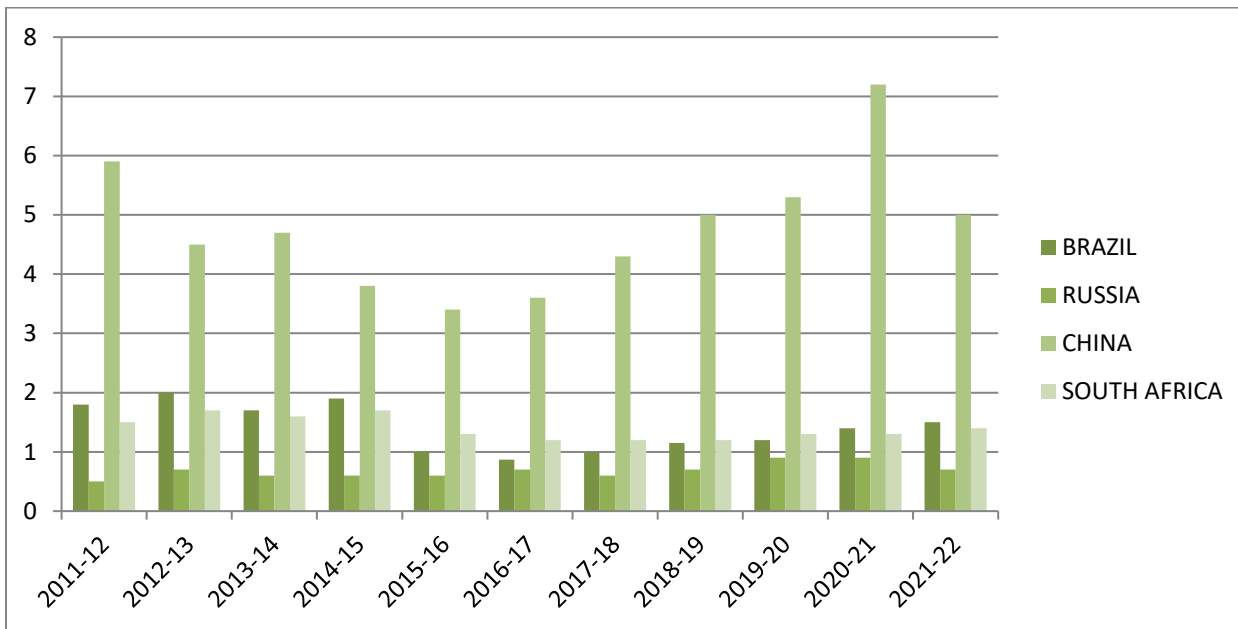
The Imports from the China has also been the highest followed by South Africa, Russia and Brazil respectively.



### 3. Share of BRICS in India's Exports

	Brazil	Russia	China	S. Africa
Year	% Share	% Share	% Share	% Share
2011-12	1.8	0.5	5.9	1.5
2012-13	2.0	0.7	4.5	1.7
2013-14	1.7	0.6	4.7	1.6
2014-15	1.9	0.6	3.8	1.7
2015-16	1.0	0.6	3.4	1.3
2016-17	0.9	0.7	3.6	1.2
2017-18	1.0	0.6	4.3	1.2
2018-19	1.1	0.7	5.0	1.2
2019-20	1.2	0.9	5.3	1.3
2020-21	1.4	0.9	7.2	1.3
2021-22	1.5	0.7	5.0	1.4

**Source :-** Ministry of Commerce and Industry (India)



The share of China regarding exports has been maximum followed by South Africa, Brazil and Russia.

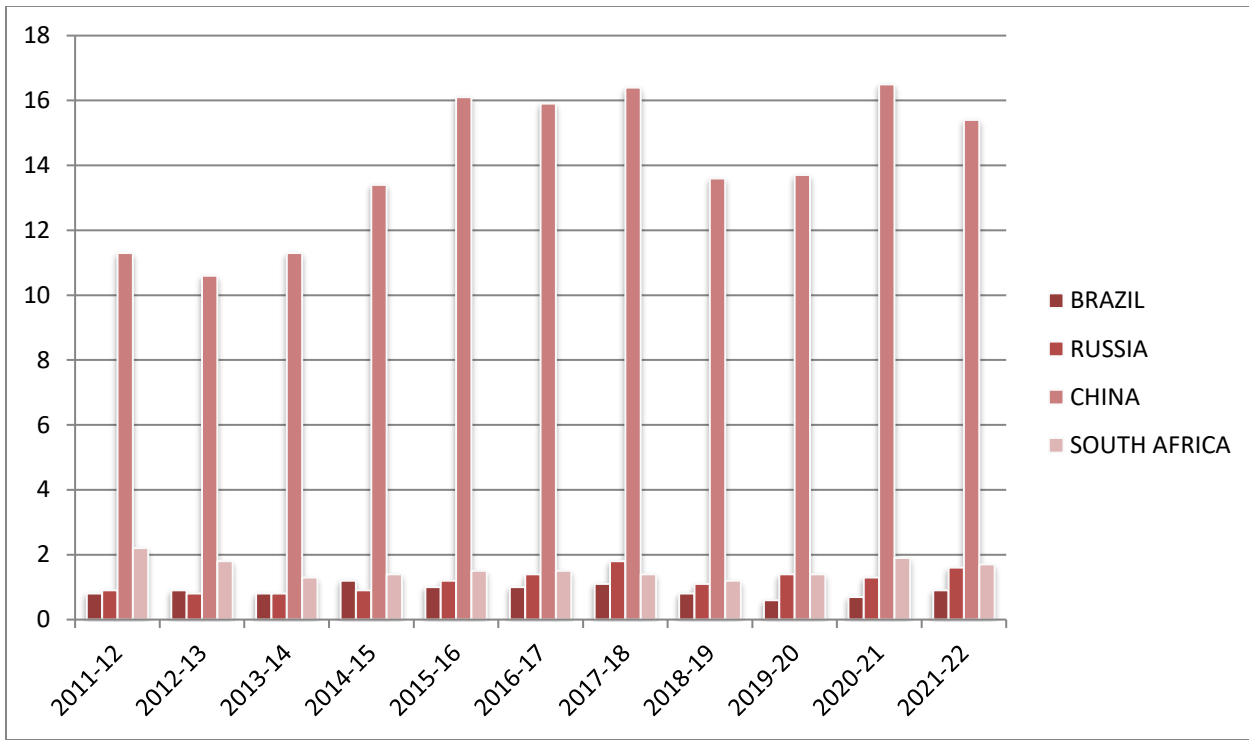




#### 4. Share of BRICS in India's Imports

	Brazil	Russia	China	S. Africa
Year	% Share	% Share	% Share	% Share
2011-12	0.8	0.9	11.3	2.2
2012-13	0.9	0.8	10.6	1.8
2013-14	0.8	0.8	11.3	1.3
2014-15	1.2	0.9	13.4	1.4
2015-16	1.0	1.2	16.1	1.5
2016-17	1.0	1.4	15.9	1.5
2017-18	1.1	1.8	16.4	1.4
2018-19	0.8	1.1	13.6	1.2
2019-20	0.6	1.4	13.7	1.4
2020-21	0.7	1.3	16.5	1.9
2021-22	0.9	1.6	15.4	1.7

**Source :-** Ministry of Commerce and Industry (India)



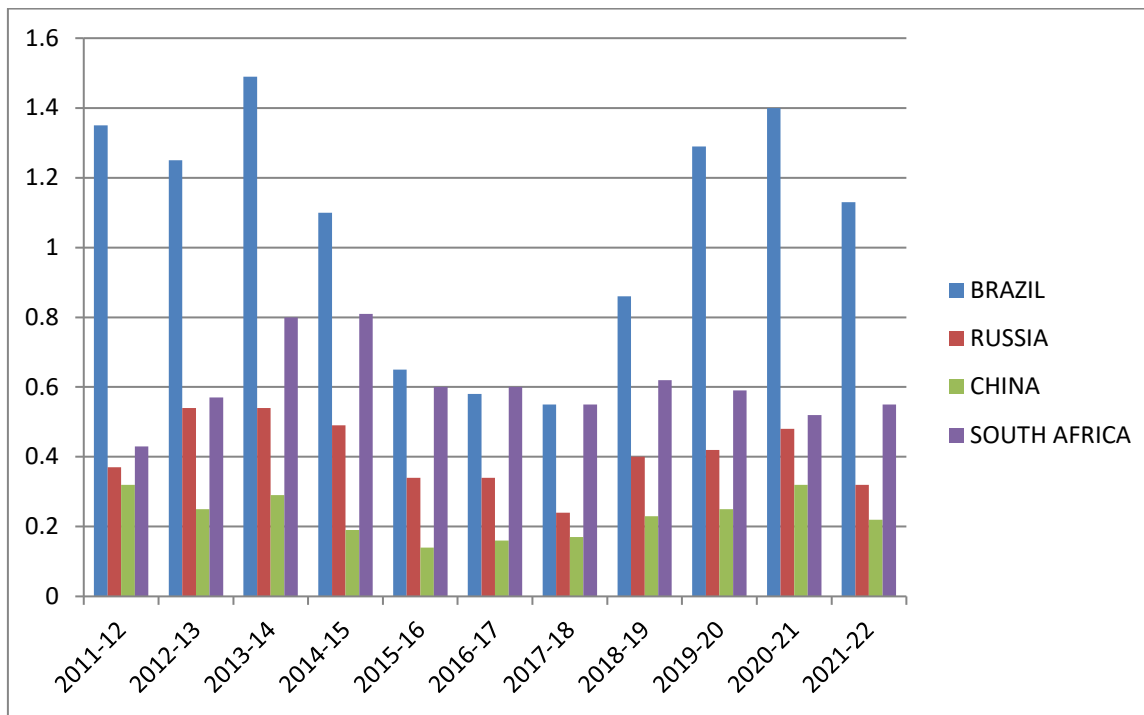
The share of Imports from the China has been the highest followed by South Africa, Russia and Brazil.



**5. Balance of Trade with BRICS**

	Brazil	Russia	China	S. Africa
Year	Ratio	Ratio	Ratio	Ratio
2011-12	1.35	0.37	0.32	0.43
2012-13	1.25	0.54	0.25	0.57
2013-14	1.49	0.54	0.29	0.80
2014-15	1.10	0.49	0.19	0.81
2015-16	0.65	0.34	0.14	0.60
2016-17	0.58	0.34	0.16	0.60
2017-18	0.55	0.36	0.17	0.55
2018-19	0.86	0.40	0.23	0.62
2019-20	1.29	0.42	0.25	0.59
2020-21	1.40	0.48	0.32	0.52
2021-22	1.13	0.32	0.22	0.55

Calculated from table 1 and 2



The balance of trade has been mainly deficit, alarming increasing with the China. Only surplus trade was with Brazil during Pre-Pandemic Period.

### 3 Findings

- ❖ The direction of Trade with the Russia and Brazil was nearly 1% and with South Africa slightly more than 1%.
- ❖ The share of exports to China has been substantial as compared to the other Nations of the bloc around 6-7% and Imports from the same country was also significant in comparison to other nations around 16-17%.
- ❖ The share of the direction of trade with all nations noticed low during the Pandemic period.
- ❖ The Positive Growth of Exports to the Brazil witnessed barring the Fiscal year 2013-14, 2015-16 and 2016-17 whereas, Imports from the same country followed same pattern, also found negative during the COVID-19.
- ❖ Positive Growth of Exports to the Russia seen except during the 2013-14 to 2015-16 and post pandemic period, whereas almost same pattern followed regarding Imports from the same country.
- ❖ The Growth of bilateral trade with the Russia increased during the Ukraine-Russia war.
- ❖ Imports from the China have observed more negative growth than exports to the same country during Pre-COVID and Post COVID period.
- ❖ The Positive Growth of Exports to South Africa found barring 2014-15, 2016-17 and pandemic period whereas, Imports witnessed declined during 2012-13, 2013-14, 2015-016, 2016-17, 2018-19 but followed positive growth during the Pandemic period.
- ❖ India has trade deficit with almost all countries of the bloc.
- ❖ Surplus trade observed with the Brazil barring the years 2015-16 to 2018-19 and Post-Pandemic period.
- ❖ The highest trade deficit observed with the China.

### 4 Suggestions

- India has to explore the possibility of evolving mechanism to resolve rising trade deficit with the bloc especially alarming situation with the China.
- The potential for increasing agro-based products trade with the bloc has to be harnessed to ensure double income of the farmers.
- Exports are to be increased with this bloc to realize the goal of Atmanirbhar Bharat.
- BRICS has to raise voice of developing nations to play decisive role in the resolution of WTO related multilateral issues.

- The bloc should pursue the case of permanent membership of India in the United Nation Security Council and National Security group.
- India has to galvanize its efforts against the rising threat of terrorism with the help of this bloc.
- To strive for peaceful and politico-diplomatic settlement of crisis and conflict in various regions of the world.
- To contribute significantly in maintaining International stability and ensuring global economic growth and becoming a United Center of the multi-polar world.
- The principle of mutual respect for cultural and civilizational diversity of the world should be the top priority to ensure International peace and harmony.

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