India trade with BRICS COUNTRIES

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Abstract

BRIC refers to the fast growing developing economies of Brazil, Russia, India, and China. South Africa as the fifth member of this group and was admitted in 2011 and BRIC now is changed to BRICS. This paper highlights the increased importance of the BRICS countries (i.e., Brazil, Russia, India, and China) in the world economy. The current paper studies the importance of BRIC countries, why BRIC was changed to BRICS and India’s trade with BRICS countries during the period 1999-00 to 2009-10.

Key words: Trade liberalization, regionalism, Trade expansion, BRICS countries

1. INTRODUCTION

BRIC refers to the fast growing developing economies of Brazil, Russia, India, and China. Goldman Sachs argued that, since they are developing rapidly, by 2050 the combined economies of the BRICs could eclipse the combined economies of the current richest countries of the world. So-called developing countries, frequently termed “emerging markets”, are benefiting significantly from their growing integration into the world economy. Brazil, Russia, India and China, BRICs “for short, are seen as being amongst the most promising of these countries. At first sight, this may seem to be a strange selection because great differences become apparent if one looks at the structures of their respective economies. The prime reason for the central position of BRIC countries in perceptions is their high economic weight in the group of emerging market countries and the unusually brisk growth of their economies. It is only a question of time before BRIC countries match the large industrial countries in economic performance.
2. From BRIC to BRICS

The BRIC, a four member grouping of emerging economies of the world has expanded its membership to include South Africa and has renamed itself as BRICS. The BRIC—Brazil, Russia, India and China came into being in 2009, when the leaders of BRIC countries held their first summit meeting on June 16, 2009 at Yekaterinburg in Russia and called for the establishment of multi-polar world order. The second summit meeting of BRIC countries was held on April 15, 2010 at Brasilia (Brazil) and issued a joint statement known as Brasilia Declaration. While recognising the major and swift changes in the world, the leaders called for a multi-polar, democratic and equitable world order based on international law, equality, mutual respect, cooperation, coordinated action and collective decision-making of all states. They demanded that the G-20 instead of G-8 should play a leading role in the management of global economic order as all of them are the members of G-20 group, which has assumed importance in view of the ongoing global financial crisis. Besides, the BRIC leaders demanded reforms of international financial institutions—IMF and World Bank; early conclusion of Doha development round of trade negotiations, called for fighting global poverty, and terrorism and early conclusion of climate change negotiations on the basis of principles of common but differentiated responsibility.

During the second, the leaders decided to admit South Africa as the fifth member of this group. Hence-forth it would be known as BRICS. South Africa participated for the first time in the third BRICS Summit, which was held on April 14, 2011 at Sanya in China. At the end of third summit, the leaders issued a joint statement, which is known as Sanya Declaration.

3. Review of literature

Economists Dominic Wilson and Roopa Purushothaman, however, predicted that “in less than 40 years” the BRICs were likely to catch up with the six. The BRICs would then become the world’s principal “engine of new demand growth and spending power,” which could “offset the impact of graying populations and slower growth in the advanced economies. These four countries are not an obvious set. Their internal politics and economics are dissimilar. Although all are federal states, only India and Brazil are well-institutionalized democracies, one of which is parliamentary and the other presidential, respectively. The emergence of BRICs—Brazil, Russia, India, and China—is reshaping low-income countries’ (LICs) international economic relations. While industrial countries remain LICs’ dominant development partners, LIC-BRIC ties have increased so rapidly over the past decade that BRICs have become new growth drivers for LICs. Trade with BRICs is already close to half of the value of combined trade with the European Union and the United States, and larger than with other emerging market economies. BRIC FDI and development financing are making a significant impact in some key areas despite their relatively small volumes compared with those from advanced countries. Beyond the increased flows of goods and capital, BRICs have brought new dynamics in LICs’ economic relations with the rest of the world. Russia is a declared democracy moving toward authoritarianism, while China is a Marxist people’s republic. Each of the four embodies distinct cultural and linguistic traditions, though they share the characteristic of having been recognizable political entities for centuries. All four possess modern industrial sectors, with ever deepening links to the global capitalist economy, along with large areas of the economy that operate informally and
outside the reach of regulators and tax collectors. (Leslie Elliott Armijo, 2007). The four also are seen as future competitors of the United States and other advanced industrial countries. “After the collapse of the Soviet Union, the United States became the lone super power of the world. But it may not be able to hold this dominant position for long. . . . US companies must train their current and future managers to compete with firms in the BRICs.” (Subhash C. Jain, 2006). China, which is the most continuous civilization in history – not strictly in terms of political linearity but rather in terms of cultural continuity. The country has a tragic contemporary history, marked by economic decadence, political instability, military humiliation and social regression caused by a deep degradation of the social fabric after Mao Zedong’s economic follies created a human hecatomb and a demographic “gap” of tens of millions of people.

India is the world’s second oldest “continuous” civilization – the inverted commas are to highlight the country’s cultural and ethnic diversity. India has no cultural unity as such, and its political history only seems to make sense when we look at it as a temporary “unit” created by foreign invasions, specifically by the Mughal Empire, followed by the domination of an English trading company which was then converted into British supremacy over several peoples who were very different to each other. Modern India is an invention of the British Empire. Russia is also ancient, with cultural traditions that have made it into a cultural unit since the Middle Ages, when barbarian migrations led to the creation of a proto-homogeneous. Finally there is Brazil, a typical colonial creation, with the slow implementation of a successful economy contrasting with a more precocious State building. Brazil’s unified State came before the consolidation of an integrated economy. The State was the inducer of an industrial economy, which is quite modern compared with other peripheral countries. Brazil is happy with its geographical division and regional relations. This context of regional peace at least since the end of the Paraguayan War (1865-1870) – and of a lack of real external threats are defining factors behind Brazil’s geopolitical singularity and should be considered as a positive asset for regional and international inclusion. (Paulo Roberto de Almeida, 2009)

Whilst the first decade of the new democracy saw South African firms enjoy limited competition in expanding into Africa they now find themselves in an encircling movement: Brazil from the West, Russia from the North, India and China to the East. China is now the largest source of FDI into Africa, its second largest trading partner (South Africa’s first) and an avid consumer of minerals and land. India is following suit, though the activities of Tata and Bharti receive less media attention than China’s TNCs. Russia at USD 160 billion in 2006, was the largest source of FDI among the BRICS (DBRE, 2008) and has invested some USD 3billion in South Africa alone. Meanwhile Brazil is deploying its competitive expertise in mining, development, infrastructure construction, and skills in large-scale agriculture across the continent. (Michael Kahn, 2011)

Brazil considers the multilateral trading system to be at the core of its trade regime, and preferential agreements as complements to the system. Brazil is a full Member of the Southern Common Market (MERCOSUR), and as part of MERCOSUR it has preferential trade agreements with Bolivia, Chile, Colombia, Cuba, Ecuador, Mexico, Peru, and the Bolivarian Republic of Venezuela. Brazil also has a number of bilateral preferential agreements with other LAIA members. Discussions on the possible conclusion of a MERCOSUR-CARICOM trade agreement have also started. Brazil and Mexico are now considering a bilateral FTA. India is creating a complex network of trade agreements. It has
already established nine FTAs, including partial agreements with Chile and MERCOSUR, it is negotiating agreements with ten other groups of countries and it is considering twelve more agreements. India has been negotiating a FTA with the EU, its largest trading partner. Brazil is an important supplier of primary products and natural resource-based manufactures to India. However, India has achieved a high level of diversification of supply sources, sufficient to prevent Brazil and other Latin American countries from a strong bargaining power, with respect to these 30 products. There is a significant competition with several developed and developing economies from North America, Europe, Asia-Pacific, Africa and the proper Latin American region. Similarly, the region’s imports from India range from primary products to manufactures of distant technological intensity. (Mikio Kuwayama, 2010)

The 2010 Football World Cup hosted by South Africa has once again shone a spotlight on the continent. The tournament’s theme song – “This time for Africa” sung by Shakira – resounds on television sets, iPods, and stereo systems around the globe. It captures the scintillating rhythms, vibes and energy that world has come to associate with Africa, and in many real ways the world cheered the continent of Africa as much as it did any particular team as the tournament unfolded. Yet, this is not the first time that the world has cheered the continent, or been captivated by its great potential. Those who have followed Africa’s development fortunes know the story too well: bursts of peaking global interest (optimism), followed by periods of global neglect (pessimism); recognition of continental potential, followed by litanies of despair and dismay; expressions of great expectations, followed by prognoses of hopelessness and helplessness (Gatune Kariuki, 2010; Fosu, 2009).

In addressing the conference’s title, speakers identified much that can be classified as “good news” from Africa: poverty in Africa is falling, and falling fast (Pinkovskiy and Sala-i-Martin, 2007); food productivity is rising (Denning et al., 2009); inequality is falling (Young, 2009); women are assuming positions of leadership (Ngunjiri, 2006); democracy and elections are becoming the norm (Rotberg and Gisselquist, 2009); regional markets are developing (Mahajan, 2009); anti-corruption measures are gaining prominence (Rotberg and Gisselquist, 2009); Africa is becoming an important destination for foreign direct investment, especially from China (Mahajan, 2009); African intelligentsia is finding a more prominent voice in defining Africa’s options (Zewde, 2008); continent-wide cultural expression is strengthening a positive continental identity (Adichie, 2010).

The growing global importance of Brazil, Russia, India and China is undeniable. It is argued that the combined economies of Brazil, Russia, India and China (BRICs) are likely to become the largest global economic group by the middle of this century, which seems inevitable but is not guaranteed. For the BRICs to maintain high growth rates and remain globally competitive, increasing inward FDI is crucial. As having been discussed above, market demand and market size, agglomeration, labor quality, scientific research, openness, political risks, FDI substitutes and exchange rates are all key determinants of inward FDI. Only if governments of the BRICs make great efforts to improve, will the BRICs be the best destination for inward FDI in the future. (Xueli Wan, 2010).

4. Importance of BRIC in the world trade

During the 1970’s decade we figured out the beginning of an accelerated industrial growth of a specific group of countries aimed at achieving a regional leadership, by building the initial
bricks of the notion of emerging markets. Furthermore, the last 10 years changed the world’s economy leading to the recognition of a new global society order. That group is called by BRIC, an acronym that refers to Brazil, Russia, India and China, used in 2001 by Jim O’Neill, a Goldman-Sachs economist.

The BRIC countries as Brazil, Russia, India and China are frequently referred to have attracted a great deal of media and academic attention in the recent years. These countries are different from one another in their culture, background, language, and the structure of their economies. However, they have a common denominator: economic growth development in the BRICs has greatly exceeded growth compared to the world's leading industrialized nations. Even after the economic crisis that started in 2007, they continued outperforming the rest of the world. While in 2009 large economies shrunk as much as 6%, (e.g., Japan and Germany), Brazil stayed steady, India grew 5.9% and China 8.1%; only Russia was the group's bad performer shrinking 7%. This and the forecast for 2010, which gives all these countries an expected economic growth above the average of developed economies, further increase the interest on these countries. (Biggemann, Sergio and Kim-Shyan Fam, 2010)

According to a Goldman-Sachs report issued in May 2010 those so-called emerging economies had contributed “for over a third of world’s GDP growth and occupied almost a quarter of world economy in PPP (Purchasing Power Parity) terms” in the last decade. In fact, there are projections of the BRIC overtaking the USA as the economic colossus in 2018, whereas for example Brazil should surpass Italy in 2020 and India or Russia will soon be larger than Spain or Canada. The recent growth of the BRIC is expected to be even more undermined in the next few years, while in 2050 they will demonstrate better results than the G6 together (USA, Japan, Great-Britain, Germany, France and Italy). This latter referred information is linked to the charts presented below and referred to BRICs contribution to world’s GDP, as well as the comparison of BRIC’s GDP’s growth to other countries.

The BRIC countries label refers to a select group of four large, developing countries (Brazil, Russia, India and China). The four BRIC countries are distinguished from a host of other promising emerging markets by their demographic and economic potential to rank among the world’s largest and most influential economies in the 21st century (and by having a reasonable chance of realizing that potential). Together, the four original BRIC countries comprise more than 2.8 billion people or 40 percent of the world’s population, cover more than a quarter of the world’s land area over three continents, and account for more than 25 percent of global GDP.

Table 1 presents the Basic development indicators of BRICS countries, 2009. From the table we can see that highest GDP growth in percentage terms is in India and China, Brazil Russia and in south Africa it is in minus. The land area is highest in Brazil followed by China and Russia. Looking at the 2009 Real GDP (figures in 2005 US dollars provided by the World Bank), it is interesting to mention that Brazil is the world's 10th largest economy, Russia the 13th, India the 11th and China the 3rd. The combined economies of the BRIC nations are equivalent to 50% of the United States economy, the world's largest economy, and far exceed that of Japan, the world's second largest economy. However, the figures were rather different 10 years ago. In 1999, Brazil was still the 10th world largest economy while Russia was 15th, India 16th and China 7th. The sum of their economies represented only 30% of America's economy. While United States’ economy grew 20% in the last ten years, Brazil grew 36%, Russia grew 69%, India 92% and China is currently
more than two and a half times wealthier than 10 years ago. If the trend continues, the BRICs are likely to occupy spots in the largest 10 world economies in the next few years, possibly at the expense of Canada and Spain. It is estimated that in 2009 the BRIC were responsible for 60% of the world's economic growth. In the second quarter of 2010 China had overtaken Japan as the second world economy. India keeps showing robust economic growth and Brazil as well as Russia have registered positive growth on this period. Thus, these countries are of significant relevance to the world's economy. With the inclusion of South Africa, Africa's combined current gross domestic product is reasonably similar to that of Brazil and Russia, and slightly above that of India. South Africa is a "gateway" to Southern Africa and Africa in general as the most developed African country. China is South Africa’s largest trading partner, and India wants to increase commercial ties to Africa. South Africa is also Africa’s largest economy, but as number 31 in global GDP economies it is far behind its new partners.

Table 1 : Basic development indicators of BRICS countries, 2009

<table>
<thead>
<tr>
<th>Indicator Name</th>
<th>Brazil</th>
<th>Russian Federation</th>
<th>India</th>
<th>China</th>
<th>South Africa</th>
</tr>
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<tbody>
<tr>
<td>GDP growth (annual %)</td>
<td>-0.644634565</td>
<td>-7.88725384</td>
<td>9.104929523</td>
<td>9.1</td>
<td>-1.777824561</td>
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<tr>
<td>Life expectancy at birth, total (years)</td>
<td>72.6414878</td>
<td>68.85841463</td>
<td>64.05226829</td>
<td>73.31104878</td>
<td>51.62463415</td>
</tr>
<tr>
<td>GDP per capita (current US$)</td>
<td>8230.312502</td>
<td>8684.476436</td>
<td>1192.078146</td>
<td>3744.356722</td>
<td>5785.989695</td>
</tr>
<tr>
<td>GNI per capita, PPP (current international $)</td>
<td>10160</td>
<td>18330</td>
<td>3280</td>
<td>6890</td>
<td>10050</td>
</tr>
<tr>
<td>Land area (sq. km)</td>
<td>8459420</td>
<td>16376870</td>
<td>2973190</td>
<td>9327480</td>
<td>1214470</td>
</tr>
<tr>
<td>Population, total</td>
<td>193733795</td>
<td>141850000</td>
<td>1155347678</td>
<td>1331460000</td>
<td>49320150</td>
</tr>
<tr>
<td>Literacy rate, adult total (% of people ages 15 and above)</td>
<td>99.5561</td>
<td>93.98489</td>
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Source : CMIE database

Table 2: India’s export to BRICS countries (1999-00 to 2009-10)

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</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>285.71</td>
<td>308.39</td>
<td>354</td>
<td>484.93</td>
<td>539.72</td>
<td>583.63</td>
<td>525.65</td>
<td>2244.38</td>
<td>2658.74</td>
<td>1958.69</td>
<td>2055.82</td>
</tr>
<tr>
<td>Brazil</td>
<td>125.12</td>
<td>223.18</td>
<td>239.00</td>
<td>475.98</td>
<td>727.31</td>
<td>677.89</td>
<td>693.40</td>
<td>1452.47</td>
<td>2317.84</td>
<td>2595.89</td>
<td>2397.14</td>
</tr>
<tr>
<td>China</td>
<td>539.41</td>
<td>830.93</td>
<td>954.79</td>
<td>1979.38</td>
<td>2557.12</td>
<td>5623.56</td>
<td>6784.21</td>
<td>2388.38</td>
<td>10834.35</td>
<td>9296.36</td>
<td>11538.87</td>
</tr>
<tr>
<td>Russia</td>
<td>948.99</td>
<td>896.93</td>
<td>899.57</td>
<td>705.39</td>
<td>714.24</td>
<td>631</td>
<td>733.04</td>
<td>962.27</td>
<td>494.23</td>
<td>1675.76</td>
<td>978.3</td>
</tr>
<tr>
<td>Total Exports to BRICS</td>
<td>1905.23</td>
<td>2231.73</td>
<td>2329.02</td>
<td>3404.58</td>
<td>4446.85</td>
<td>7900.08</td>
<td>10108.25</td>
<td>12883.1</td>
<td>10911.16</td>
<td>14914.7</td>
<td>1570.13</td>
</tr>
<tr>
<td>Exports to World (in Dollars)</td>
<td>36759.52</td>
<td>44147.44</td>
<td>49957.51</td>
<td>52832.45</td>
<td>63886.49</td>
<td>83592.56</td>
<td>10107.54</td>
<td>12627.03</td>
<td>16298.81</td>
<td>183991.3</td>
<td>178345</td>
</tr>
<tr>
<td>Exports to BRICS as % of total world export</td>
<td>5.1%</td>
<td>5.06%</td>
<td>5.36%</td>
<td>6.93%</td>
<td>7.82%</td>
<td>9.47%</td>
<td>9.81%</td>
<td>10.21%</td>
<td>10.40%</td>
<td>8.15%</td>
<td>9.52%</td>
</tr>
</tbody>
</table>

Source: CMIE database
Although China is significantly larger than the other three countries it does not disqualify them to be a member of BRIC group. The increased trading dynamics within the BRICs has been called to the attention of pundits and practitioners. China is the main supply partner to Russia and India and only second to Brazil. China is also an important customer representing the third largest market for Brazil, fourth for India and sixth for Russia. Individually neither Brazil, Russia, nor India is significant from a Chinese perspective. However, as a group, they supply more than 18% of China imports, which makes them, as a group, China's largest trading partner ahead of Japan. (Biggemann, Sergio and Kim-Shyan Fam, 2010)

In addition to the increased trading between these countries, their heads of state have initiated talks to create an influence block to change the balance of power with the US and Europe. The leaders of these countries are arguing that the economic importance of the BRICs is underrepresented in institutions such as IMF and World Bank. Whether they manage to change this is yet to be known; however, within the BRICs interaction keeps increasing and the BRICs keep growing in importance to other developed countries. The BRICs appear to have progressed from an acronym only to an active block of nations.

Table 2 and Graph 1 presents the India’s export to BRICS countries from the period 1999-00 to 2009-10. From the table and during the study period 1999-00 to 2009-10 we can see that out of BRICS counties. India export to BRICS was highest to Russia followed by China.
and South Africa in 1999-00. In 2005-06 the entire scenario changed. India’s highest export was to China (6758 US million dollars) followed by South Africa (1526.65 US million dollars). It was lowest to Russia (733.04 US millions) in 2005-06. In year 2009-10, Indian exports to China increased to 11538.87 US million dollars followed by Brazil and South Africa. When we see the total exports of India of BRICS countries we find that it was 36759.52 US million dollars in 1999-00 which doubled in 63886.49 US millions dollars in 2005-06 and then to 178345 US million dollars in 2009-10.

When we see in percentage terms we find the export to BRICS as percentage of total world export was 5.19 percent in 1999-2000 which doubled in 10.21 percent and then slightly decreased to 9.52 percent in 2009-10. Thus we can see a tremendous shift in India’s export to BRICS countries from period 1999-2000 to 2009-10.

Table 3 India’s import from BRICS countries (1999-00 to 2009-10)

Table 3 and Graph 2 presents the India’s imports to BRICS Counties from the period 1999-00 to 2009-10. From the table we can see that in year 1999-2000 the India import was highest with south Africa (2014.6 US million dollar, while import from Brazil was lowest which was 331.3 US million dollars. In 2005-06 the overall scenario changed. The highest import of India was from China (10866.45 us million dollars) followed by South Africa
(2471.44 us million dollars). In 2009-10 the highest import was from China 30771.08 us million dollars and lowest from Brazil. (Graph 2)

When we see the India’s import from BRICS in percentage terms of total imports from world we find that the share was 8.55% in 1999-00 which increased to 10.90% in 2005-06 and then by five percentage points to 15.08% in 2009-10. Table 4 presents the India’s Balance of trade with BRICS counties from 1999-00 to 2009-10. The balance of trade with most of the BRICS countries was negative except Russia from the period 1999-2002. It was negative even in period 2009-10 for the all four counties of BRICS (Brazil, Russia, China, South Africa). Table 4:

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</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>-1728.89</td>
<td>-711.33</td>
<td>-1091.2</td>
<td>-1612.68</td>
<td>-1360.77</td>
<td>-1213.13</td>
<td>-944.79</td>
<td>-225.01</td>
<td>-956.21</td>
<td>-3459.93</td>
<td>-3543.17</td>
</tr>
<tr>
<td>Brazil</td>
<td>-196.18</td>
<td>80.78</td>
<td>-89.43</td>
<td>162.57</td>
<td>-37.92</td>
<td>-114.18</td>
<td>197.53</td>
<td>461.46</td>
<td>1569</td>
<td>1399.15</td>
<td>-1031.66</td>
</tr>
<tr>
<td>China</td>
<td>-748.86</td>
<td>-664.89</td>
<td>-1087.68</td>
<td>-818.17</td>
<td>-1098.89</td>
<td>-1481.5</td>
<td>-4108.34</td>
<td>-9160.52</td>
<td>-16282</td>
<td>-22853.7</td>
<td>-19232.2</td>
</tr>
<tr>
<td>Russia</td>
<td>325.05</td>
<td>352.74</td>
<td>263.47</td>
<td>111.61</td>
<td>-246.05</td>
<td>-691.2</td>
<td>-1288.85</td>
<td>-1505.6</td>
<td>-1529.53</td>
<td>-3229.35</td>
<td>-2590.92</td>
</tr>
</tbody>
</table>

6. India trade with Africa

During 1992-93, India and South Africa has the total trade of US$3 million, which has shown a massive increase over the years. In 2004-05, India's total trade has crossed the mark of US$3.1 billion. It is due to this steady increase that the India has become the 6th largest trading partner of the South Africa in the Asia region and has also bagged the title of 20th largest exporter and import market in throughout the world. India is from the group of top 10 investing companies of South Africa, with the investments that has reached to R10 billion. Tata Motors, with estimated investments of around R9 billion, has been characterized as the South Africa's sixth largest investor company. It has made most of the India's investment in South Africa. The Tata Group has made a diversification of investments in the South Africa in the various sectors - iron and steel, motor vehicles industry with the hotel industry is on cards. Mr. Jerry Matjila, South Africa's foreign affairs deputy, is confident enough that by 2010, trade of both nations would be able to reach R20 billion. In last 10 years of time span, trade between both nations has risen to a new height from R200 million of 1995 to R18 billion in 2007.

The trading relationship between India and South Africa can be underpinned by various bilateral agreements. Like in 2003, an agreement called the India-Brazil and South Africa agreement' was signed with the purpose of fostering the corporation and coordination activities between these nations on global level. The tourism sector of both nations has also seen a tremendous growth rate. Indian tourism sector to the South Africa has increased by 17 per cent in 2006, whereas it has made an additional high of 16.9 per cent in 2007. Since 1994 South Africa is busy in building its relations with the Asian nations by engaging into bilateral trading activities with them and executing agreements in respect of various sectors like scientific and technological exchange, international development assistance and various investment strategies.

India has become the 6th largest trading partner to the South Africa in Asia region. With the bilateral trade of more than US$2 billion in a year, both nations have entered into the new era of trade. South Africa has entered into many different types of co-operation agreements with
India, which is covering the various sectors of technology, telecommunications and small business enterprises (SMEs). With the India's association, the South Africa has set up the 'India-South African Commercial Alliance' and has established a center for facilitating the consultations on the ministerial level for the political and economic matters. South Africa has also adopted the 'New Delhi Agenda for Cooperation', a south-south cooperation agreement with the India and Brazil. The agreement will allow all the 3 countries to discuss and share their opportunities, achievements and experiences.

India has been actively promoting trade with Africa in recent years. To boost the country’s trade with the Sub-Saharan African region, the Government of India launched the “Focus: Africa” programme under the EXIM Policy 2002-07. Target countries identified during the first phase of the programme include Mauritius, Kenya and Ethiopia. The Government of India provides financial assistance to various trade promotion organisations, export promotion councils and apex chambers in the form of Market Development Assistance under the “Focus: Africa” programme.

To promote bilateral and regional commercial relations with the COMESA Region, India’s Exim Bank has extended Lines of Credit (LOCs) to support export of eligible goods on deferred payment terms. The operative LOCs covering this region include US$ 5 million each to the Eastern and Southern African Trade and Development Bank (PTA Bank), the Industrial Development Bank Ltd, Kenya, and the East African Development Bank (EADB). These Lines of Credit seek to expand export of product groups identified as those with potential to enhance trade between two regions. India's potential exports to these countries include machinery and transport equipment, petroleum products, paper and wood products, textiles, iron and steel, plastic and linoleum products, rubber manufactured products, agro products, chemicals and pharmaceutical products. These countries can also be important sources for import of petroleum, metallurgical goods, raw cotton, fruit, vegetables and preparations, chemicals, non-metallic mineral manufactures, precious stones, textile yarn, gold, nickel, and ferro-alloys. Further, these countries offer potential for investment in sectors such as tourism, pharmaceuticals, electronics, computer software and accessories, information technology related products, financial services and textiles.

In another development, the Indian government opened a business centre in Durban to help cut the red tape in deals between the two nations. With more Indian businessmen looking to gain a foothold in South Africa, a high-powered delegation headed by India's wealthiest man, industrialist Ratan Tata, visited the country recently. Already Tata Motors and its rival, Indian car giant Mahindra & Mahindra, have made inroads into the South African motor industry with the recent launch of new vehicles. Tata Africa Holdings, a subsidiary of the Tata Group, is trying for a controlling stake in South Africa's second telephone network operator worth more than Rands 4 billion.

In an effort to boost trade ties with Africa, India is planning to provide duty-free access to products from the least developed countries of Africa. As a further measure to boost bi-lateral trade with African countries India also hosted its first summit with the African Union in April 2008 to put its traditional ties with the continent on a fast track.

India's trade with African countries has doubled from $5,493 million in 2001-02 to $11,822 million in 2005-06. Bilateral trade has further shot up to $18,538 million during April 2006-January 2007. Africa is the largest recipient of India's technical and economic cooperation
programme with an outlay of over a billion dollars. The Pan African e-network, being funded and built by India has further helped to improve trade among 53 countries of the African continent.

7. CONCLUSION

Brazil, Russia, India and China, BRICs “for short, are seen as being amongst the most promising of these countries.

The BRIC, a four member grouping of emerging economies of the world has expanded its membership to include South Africa and has renamed itself as BRICS. India’s export to BRICS countries from the period 1999-00 to 2009-10. From the table and during the study period 1999-00 to 2009-10 we can see that out of BRICS countries, India export to BRICS was highest to Russia followed by China and South Africa in 1999-00. In 2005-06 the entire scenario changed. India’s highest export was to China (6758 US million dollars) followed by South Africa (1526.65 US million dollars). It was lowest to Russia (733.04 US millions) in 2005-06. In year 2009-10, Indian exports to China increased to 11538.87 US million dollars followed by Brazil and South Africa. When we see the total exports of India of BRICS countries we find that it was 36759.52 US million dollars in 1999-00 which doubled in 63886.49 US millions dollars in 2005-06 and then to 178345 US million dollars in 2009-10. India import was highest with South Africa (2014.6 US million dollar, while import from Brazil was lowest which was 331.3 US million dollars. In 2005-06 the overall scenario changed. The highest import of India was from China (10866.45 us million dollars) followed by South Africa (2471.44 US million dollars). In 2009-10 the highest import was from china 30771.08 us million dollars and lowest from Brazil.

The combined economies of Brazil, Russia, India and China BRICS appear likely to become the largest global economic group by the middle of this century. The BRICS are not only among the best economic performers but are responsible of a considerable part of the goods and services consumed globally and intensely trade one another. China trade with India and other three members of the bloc surged by 45.8% to reach $59.9 billion in the first quarter of this year.

The first-quarter foreign trade growth between China and the other four nations of BRICS (Brazil, Russia, India, China and South Africa), was 16.3 percentage points higher than China's average foreign trade growth during the period.

References and Bibliography


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