

## **POLICY BRIEF**

# **THE BRICS AND THEIR RELATIONSHIP WITH THE TWO LARGEST ECONOMIES<sup>1</sup>**

Renato Baumann<sup>2</sup>

### **INTRODUCTION**

The pronounced growth of the Chinese economy in recent decades has allowed for an approximation of its production to the level recorded by the United States economy. China outperforms the US when national output is measured in terms of purchasing power parity, and there are estimates that this figure could surpass U.S. gross output in nominal terms within a few years.

This approximation of productive capacity in a short time, as well as the differences in terms of the pace of growth of technological progress in the two economies, has caused some concern and has translated into the adoption of domestic stimuli in the United States, with a strong protectionist bias.

China is a founding member of the BRICS, and by far its main participant. More than that, most of the other countries participating in the group have a deficit in trade with China, the main exception being the Brazilian economy.

In an international scenario in which the weight achieved by an economy, when approaching the levels consolidated for a long time by the main economy, and in which this approximation motivates defensive reactions on the part of the hegemonic country, as has been possible to register in recent years, there is naturally concern about the potential pressures to be put on other countries, forcing them to align more explicitly with one or another of these larger partners.

<sup>1</sup> DOI: <https://dx.doi.org/10.38116/pbdinte29>

<sup>2</sup> Researcher at the Department of International Studies of the Institute for Applied Economic Research (Dinte/Ipea). E-mail: [renato.baumann@ipea.gov.br](mailto:renato.baumann@ipea.gov.br).

Moreover, the reason that led to the creation of the BRICS, and which remains the group's *leit motiv*, is to somehow influence global governance patterns. This, in principle, may affect the interests of the hegemonic economy. In such a scenario, the pressures for an eventual alignment of positions may become even more intense. The various members of the group may be subject to some type of retaliation, if the decisions adopted are understood as harmful to the interests of third countries.

## RESULTS AND DISCUSSION

These considerations illustrate the relevance of an overview of the relations of the BRICS member countries with the two main economies on the planet, the United States and China, for an approximation of the comparative intensity of each country's trade relations with both economies.

A first indicator is the relative importance of the volume of trade with the two partners. Table 1 shows that the volume of trade with the United States is less significant than trade with China for all members of the group. The data source used here does not bring information on Russia in these years.

This geographical concentration of commercial transactions, if on the one hand can contribute to strengthening the cohesion of the group in relation to some issues, at the same time increases the "degree of exposure" of the group to possible external retaliatory measures.

**TABLE 1**  
**Trade volume**  
(In %)

	China	USA
Brazil		
2022	25	14.8
2023	27	13.1
China		
2022	-	12.1
2023	-	11.2
India		
2022	10	11.1
2023	13	10.7
South Africa		
2022	15	8.1
2023	16	8.0
Egypt		
2022	11	6.2
2023	11	5.9
Ethiopia		
2022	26	7.3
2023	29	6.8
Iran		
2022	27	0.1
2023	-	-

(Continues)

(Continued)

	China	USA
Saudi Arabia		
2022	8	3.4
2023	18	6.6
United Arab Emirates		
2022	8	3.5
2023	8	3.9

Source: UN/Comtrade.

In recent months a set of trade barriers have been implemented by the current US administration based on the analysis of the trade results obtained by each country in its relations with the United States. Thus, the consideration of bilateral trade balance seems to be an element observed in detail by the authorities.

**TABLE 2**  
**Trade balance**  
(In US\$ 1 billion)

	China	USA	Total
Brazil			
2022	22.0	-16.2	<b>42.1</b>
2023	48.3	-2.7	<b>87.0</b>
China			
2022	-	403.8	<b>877.6</b>
2023	-	336.1	<b>823.0</b>
India			
2022	-87.2	28.5	<b>-279.9</b>
2023	-105.7	33.7	<b>-240.7</b>
South Africa			
2022	-10.8	2.5	<b>9.7</b>
2023	-9.4	-0.9	<b>3.5</b>
Egypt			
2022	-12.9	-4.7	<b>-44.1</b>
2023	-12.0	-3.4	<b>-41.1</b>
Ethiopia			
2022	-4.8	-0.8	<b>-13.5</b>
2023	-5.4	-0.8	<b>-14.2</b>
Iran			
2022	6.9	-0.1	<b>22.2</b>
2023	-	-	<b>-</b>
Saudi Arabia			
2022	-29.8	-14.1	<b>221.3</b>
2023	9.8	-3.3	<b>113.1</b>
United Arab Emirates			
2022	-57.1	-9.9	<b>95.1</b>
2023	-68.1	-13.3	<b>99.7</b>

Source: UN/Comtrade.



Table 2 shows that only Brazil, in the two years considered, Iran for the only year for which information is available, and Saudi Arabia in 2023 had a positive balance in bilateral trade with China. Generally speaking, the BRICS countries have deficits in their trade relations with this country.

In the trade with the United States, only China and India posted trade surpluses, with two important additional observations. In the case of China, the sheer magnitude of this balance, which is almost half of the country's total trade surplus. In the case of India, the surplus with the United States stands out, in a context of general trade deficit as well as deficit with China.

## CONCLUSION

Judging by these figures, therefore, a possible “vulnerability” of the BRICS to external retaliatory measures would be – to the extent that the main criterion for their adoption is the bilateral trade balance – strongly influenced by the results of China's and India's transactions with the United States.

The group as a whole should emphasize this aspect and prevent economies that are already in deficit in trade with the United States from being penalized by measures focused on all the member countries of the group, without taking specific cases into account.





**Ipea – Institute for Applied Economic Research**

**PUBLISHING DEPARTMENT**

**Head of the Publishing Department**

Aeromilson Trajano de Mesquita

**Assistants to the Head of the Department**

Rafael Augusto Ferreira Cardoso

Samuel Elias de Souza

**Supervision**

Alice Souza Lopes

**Typesetting**

Augusto Lopes dos Santos Borges

Cristiano Ferreira de Araújo

Daniel Alves Tavares

Danielle de Oliveira Ayres

Leonardo Hideki Higa

**Graphic design**

Danielle de Oliveira Ayres

*The manuscripts in languages other than Portuguese  
published herein have not been proofread.*

**Ipea – Brasilia**

Setor de Edifícios Públicos Sul 702/902, Bloco C

Centro Empresarial Brasilia 50, Torre B

CEP: 70390-025, Asa Sul, Brasilia-DF





**Ipea's mission**

To enhance state decision-making and public debate.



**ipea** Institute for Applied  
Economic Research

MINISTRY OF  
**PLANNING AND  
BUDGET**

