TRADE & INDUSTRIAL POLICY STRATEGIES

COMPARATIVE PERSPECTIVE ON BRICS ECONOMIES: TRADE POTENTIAL AND LIMITATIONS

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TIPS supports policy development through research and dialogue. Its areas of focus are trade and inclusive industrial policy, and sustainable development

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Disclaimer

1. BACKGROUND

In 2010, South Africa joined the BRICS bloc: Brazil, Russia, India, China, and South Africa.[1] BRICS is an association of regional powers across four continents, originating from an informal alliance in trade negotiations. So far, members have signed agreements among others on customs, energy efficiency, and tax. They have also set up a joint development bank, designed principally to finance infrastructure.

This paper provides background on the BRICS economies to deepen understanding of the bloc's potential and limitations. To that end, it first reviews the main trends in the member economies. It then analyses their production structure. A more detailed section on trade relations within the bloc follows, with a focus on trade between South Africa and the other members. A final section lists major recent intra-BRICS investment projects.

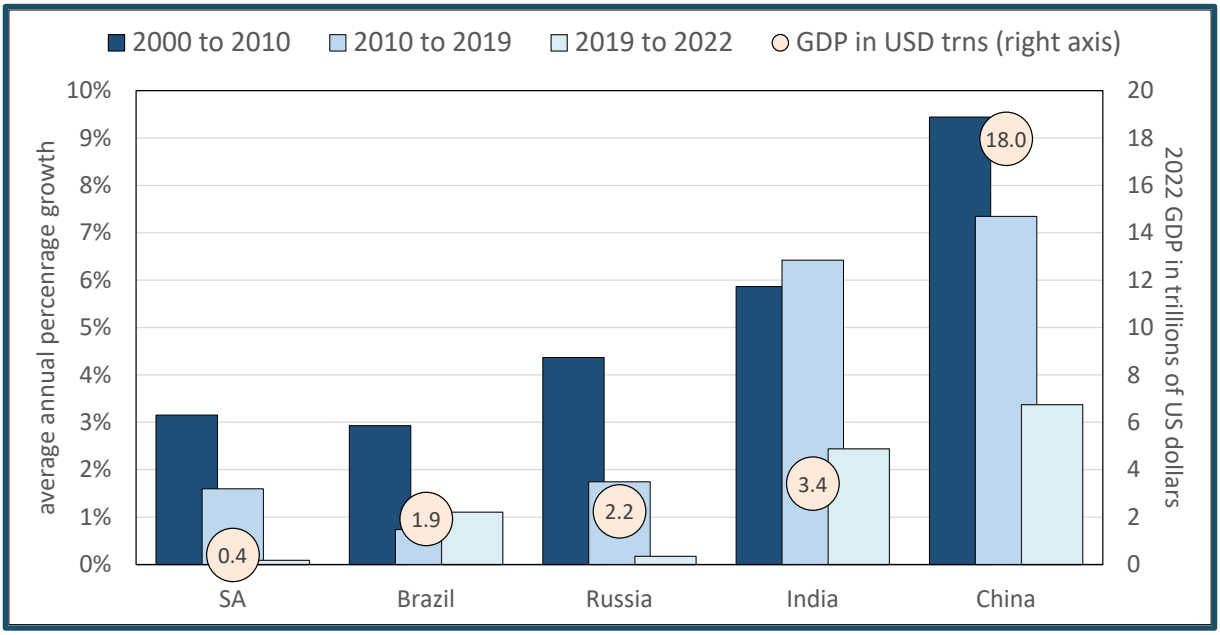
2. POPULATION, GDP AND INVESTMENT RATE

The population and economic size of the BRICS countries vary widely. South Africa is the smallest by both measures.

China and India are currently the two most populous nations in the BRICS bloc, with 1,4 billion people each. Each holds nearly 18% of the world's population. Brazil had 215 million and Russia had 144 million. South Africa is by far the smallest country, with a population of 60 million.

China accounts for three quarters of value added in the BRICS block. Its GDP in 2022 came to US$17,9 trillion. India ranked a distant second, at US$3,4 trillion, followed by Russia at US$2,2 trillion and Brazil at US$1,9 trillion. South Africa's GDP was valued at US$405 billion. China reported the most sustained rapid growth in the world over the past 20 years, despite a recent slowdown. Some observers argue that the Chinese statistics overstate growth, but there is little doubt that it outstripped the other BRICS members. (Figure 1)

Figure 1. Average annual GDP growth rate of BRICS members from 2000 to 2022, and 2022 value of GDP in trillions of US dollars

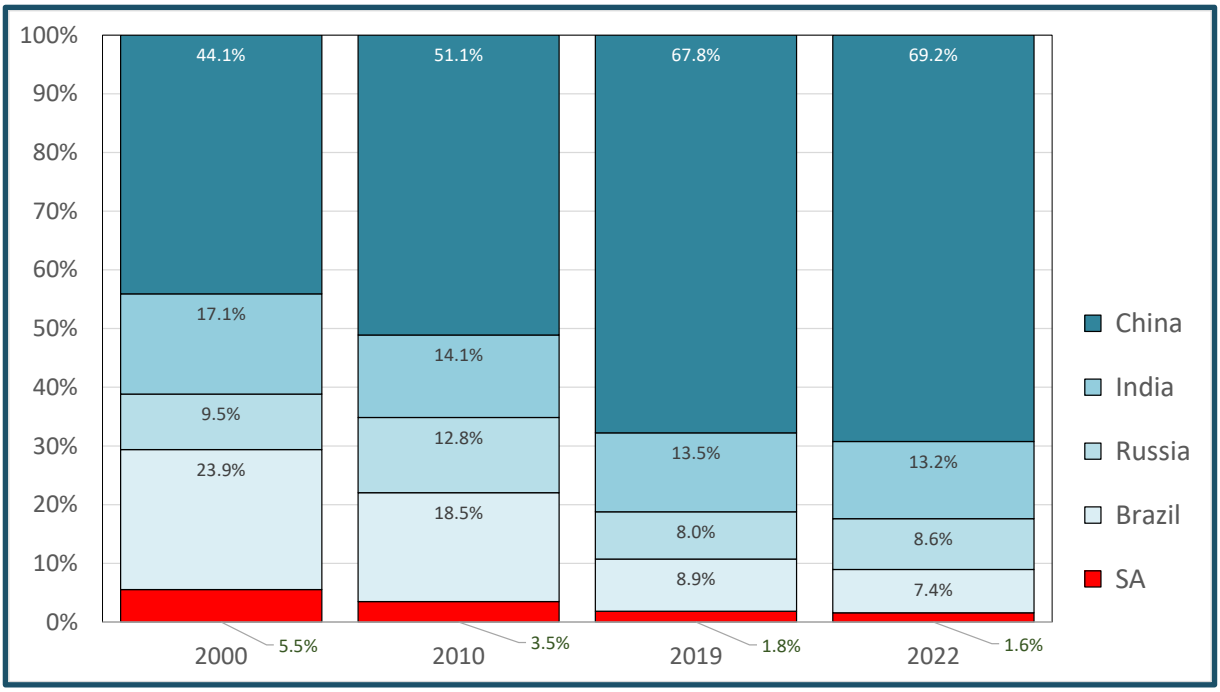


Source: Calculated from World Bank. World Development Indicators. Interactive dataset. GDP in constant and current US dollars. Accessed at www.worldbank.org, December 2023.

[1] The analysis does not include the new BRICS members (Saudia Arabia, Egypt, the United Arab Emirates (UAE), Iran and Ethiopia) that joined the group on Monday 1 January 2024.

The Chinese economy climbed from 44% of the BRICS in 2000 to 69% in 2022. In the same period, South Africa's share dropped from 5,5% to 1,6%, and Brazil's from 23,9% to 7,4%. India's rapid growth rate before the pandemic meant its share fell only from 17% to 13%. Russia's growth was comparatively slow, but it was protected by speculatively high oil prices during and after the pandemic. As a result, it reportedly accounted for 8,6% of the BRICS block economy in 2022, down from 9,5% in 2000.

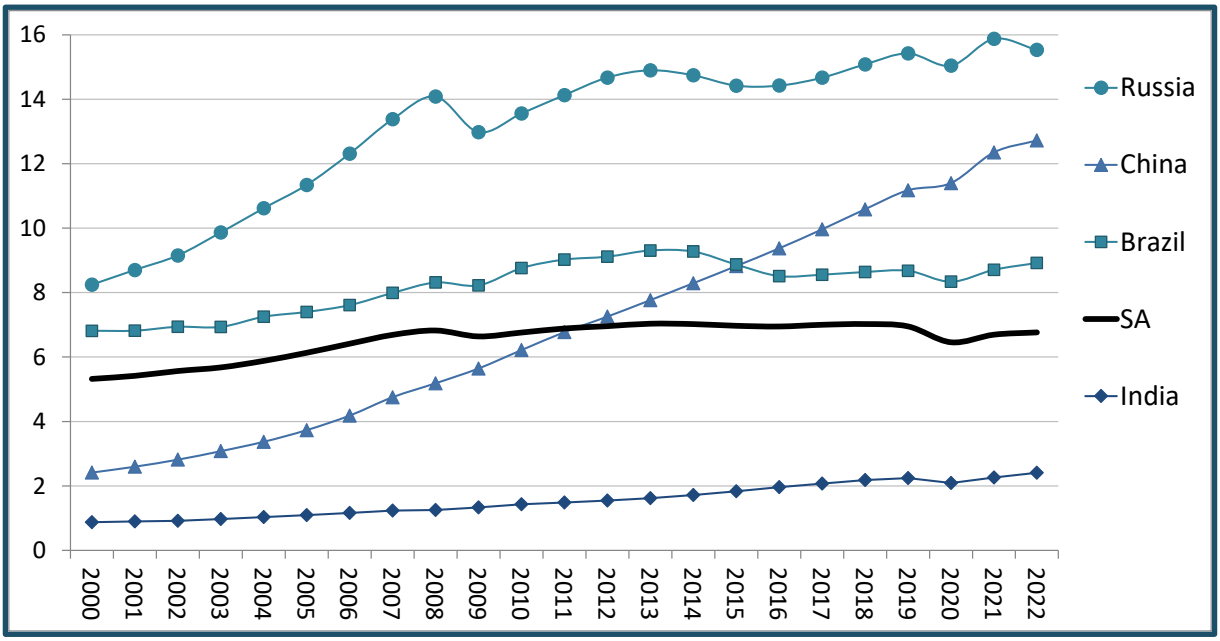
Figure 2. Share of member economies in the BRICS GDP, 2000, 2010, 2019 and 2022



Source: Calculated from World Bank. World Development Indicators. Interactive dataset. GDP in current US dollars. Accessed at www.worldbank.org, December 2023.

Despite China's rapid growth over the past 20 years, according to World Bank data Russia had the largest GDP per capita within the bloc in 2022, at US$15 500. China followed at US$12 700. Brazil's GDP per capita was US$8 900, with South Africa at US$6 800 and, finally, India at US$2 400. All of the countries except India rank as upper middle income in the World Bank classification. As Figure 3 shows, since 2014 the GDP per person has fallen almost 4% in both South Africa and Brazil, although Brazil reported a stronger recovery from the pandemic. In contrast, China's GDP per capita climbed by over 50%, India's by 40% (although off a low base), and Russia's by 5%.

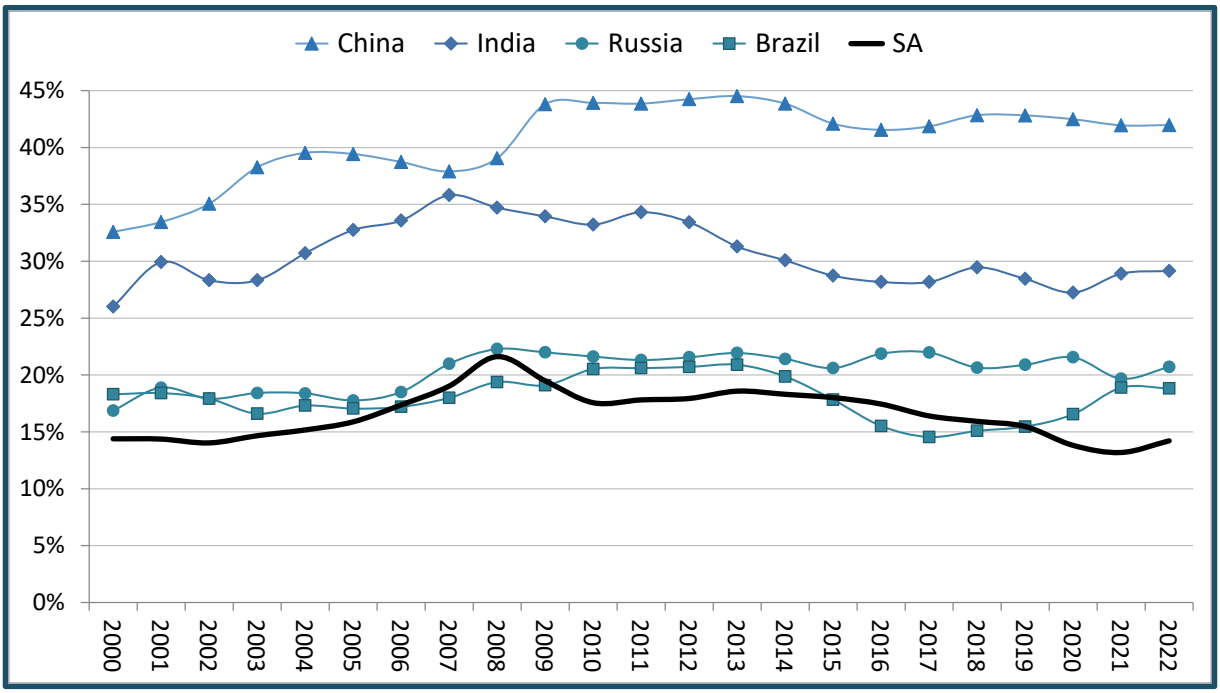
Figure 3. GDP per capita in thousands of constant (2022) US dollars (a), 2000 to 2022



Notes: (a) Rebased using implicit deflator from 2015 dollars to 2022 dollars. Source: Calculated from World Bank. World Development Indicators. Interactive dataset. GDP in current US dollars. Accessed at www.worldbank.org, December 2023.

The investment rate (the share of investment in the GDP) varies greatly among the BRICS countries. The highest figures are reported for China, where it remains over 40% despite some decline in recent years. In India, the figure is under 30%. For Russia, Brazil and South Africa, it is in the more normal range of 15% to 25%. From 2020 to 2022, South Africa had the lowest investment rate of the BRICS economies.

Figure 4. BRICS investment rate (gross fixed capital formation as a % of GDP), 2000 to 2022.



Source: World Bank, World Development Indicators, www.data.worldbank.org, November 2023.

3. PRODUCTION STRUCTURE

This section reviews the production structure of the BRICS economies. The data underscore how China and to a lesser extent India succeeded in promoting manufacturing as a growth driver over the past 20 years. They had particular success in light industry, especially clothing and more recently electronics, which generates significant employment. In contrast, manufacturing in Russia, Brazil and South Africa is dominated by the beneficiation of local commodities (agricultural products and minerals, including petrochemicals). South Africa lags behind the other BRICS in the share of production from clothing and electronics.

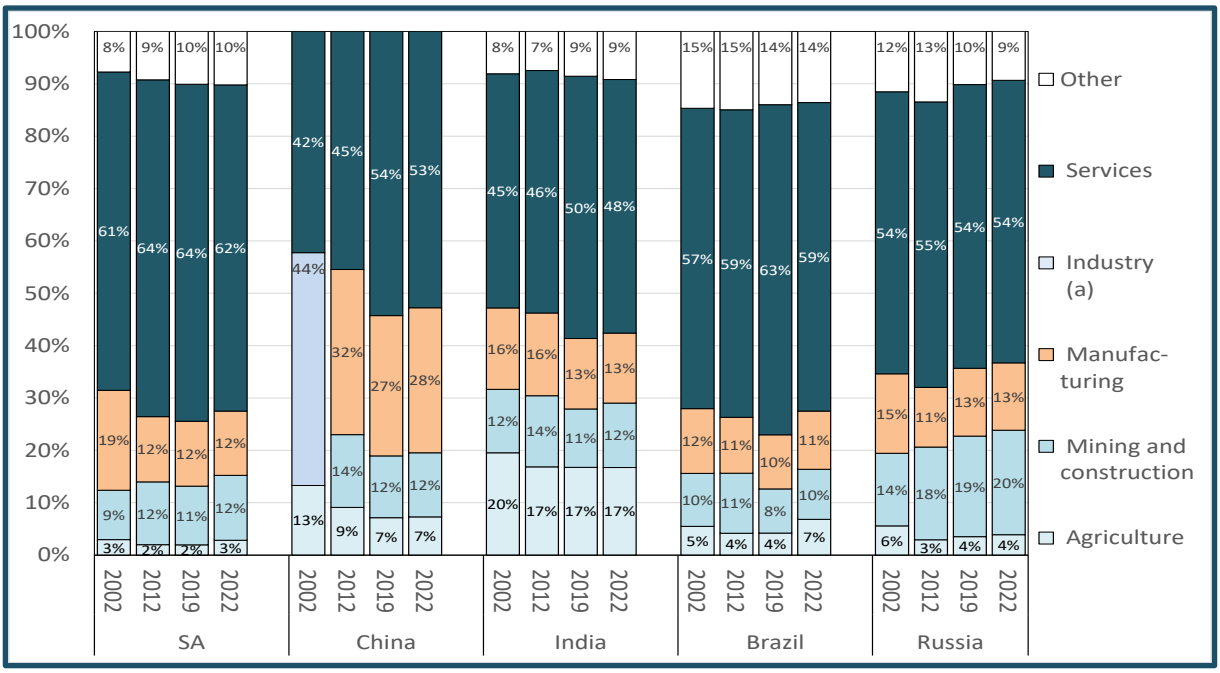
3.1 Production by sector

The services are the largest economic sector in all of the BRICS, as is the case for most modern economies. Manufacturing comes in a distant second except in India, where it ranks third, behind agriculture.

Services contributed between half and almost two thirds of the GDP in the BRICS other than South Africa in 2019, up from around half in 2002. In South Africa, it remained stable at just under two thirds from 2002 to 2019. (see Figure 5). The share of services flattened out or fell in the early 2020s, however, because the sector was heavily affected by the pandemic.

Manufacturing contributed over 25% of the GDP in China, compared to between 11% and 13% in the rest of the BRICS. The share of manufacturing declined from 2002 to 2019, but stabilised after the pandemic. Agriculture remained an important sector for India, contributing 17% of the GDP. It was much smaller in the other BRICS, at 7% in Brazil and China, 4% in Russia and 3% in South Africa. Mining and construction contributed between 10% and 12% of the GDP outside of Russia, where it accounted for 20% in 2022, largely from petroleum.

Figure 5: Percentage contribution of major economic sectors to BRICS GDP, 2000, 2010, 2019 and 2022

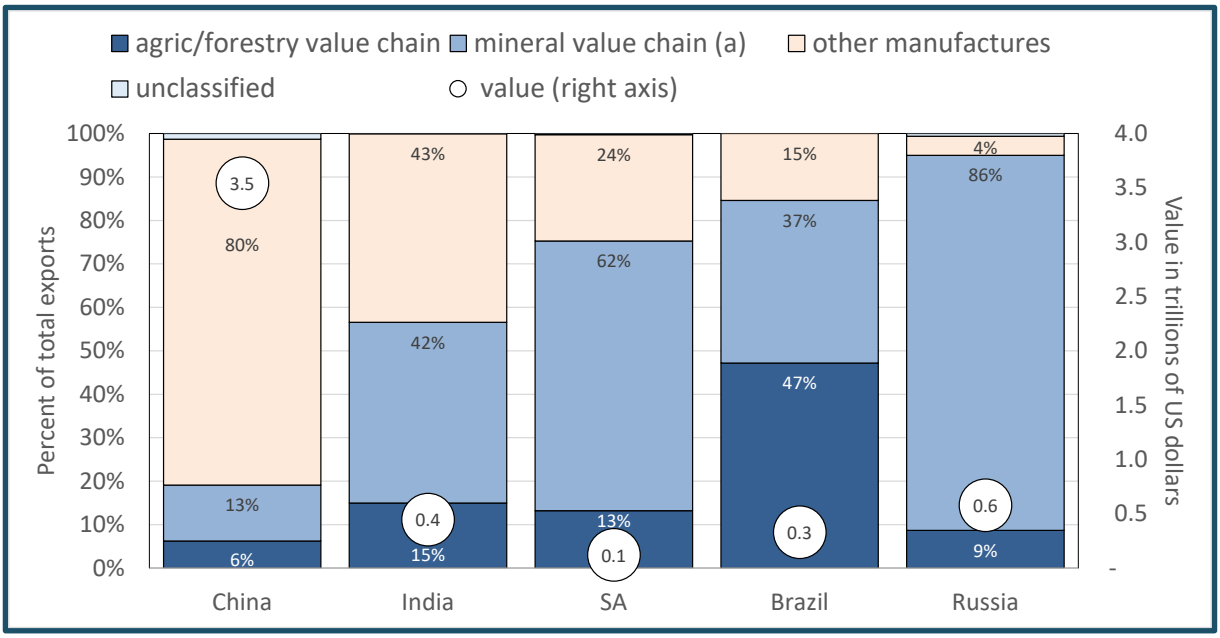


Source: Calculated from World Bank, World Development Indicators, accessed on www.databank.worldbank.org, November 2023.

For Russia, Brazil and South Africa, commodities were even more important for exports than for the GDP. In 2022, basic mining and agricultural products contributed over three quarters of exports for

these countries. That is, the mining and agricultural value chains remained the main source of foreign exchange. For India, in contrast, commodity-based exports contributed only half of total goods exports, and for China only a fifth. Data on services exports are not available.

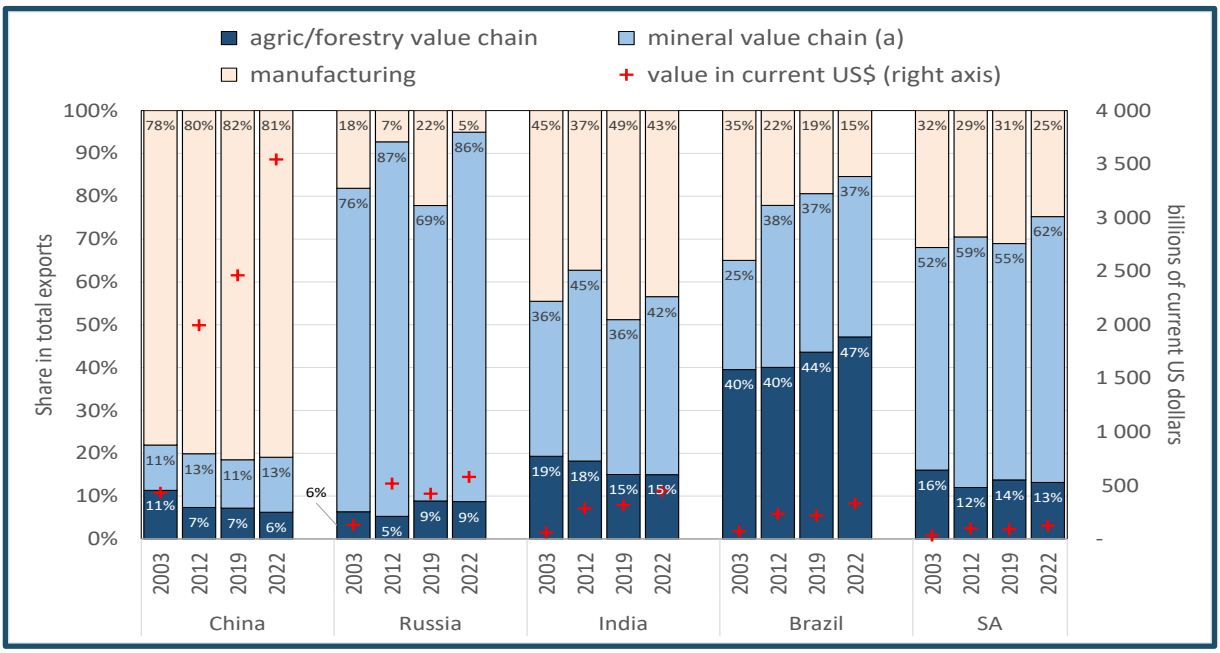
Figure 6. Goods exports from BRICS economies by sector, 2022, as a share of total and in trillions of US dollars



Note: (a) Includes ores, metals and basic metal products, petrochemicals and coal. Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

In the past two decades, only China saw a steady increase in manufactures outside of the commodity value chains, as Figure 7 shows. The share of commodity-based products varied for the other BRICS members, with a sharp uptick in 2022 as a result of soaring global metals and food prices.

Figure 7. Goods exports from BRICS economies by sector, 2003, 2012, 2019 and 2022, as a share of total and in trillions of US dollars

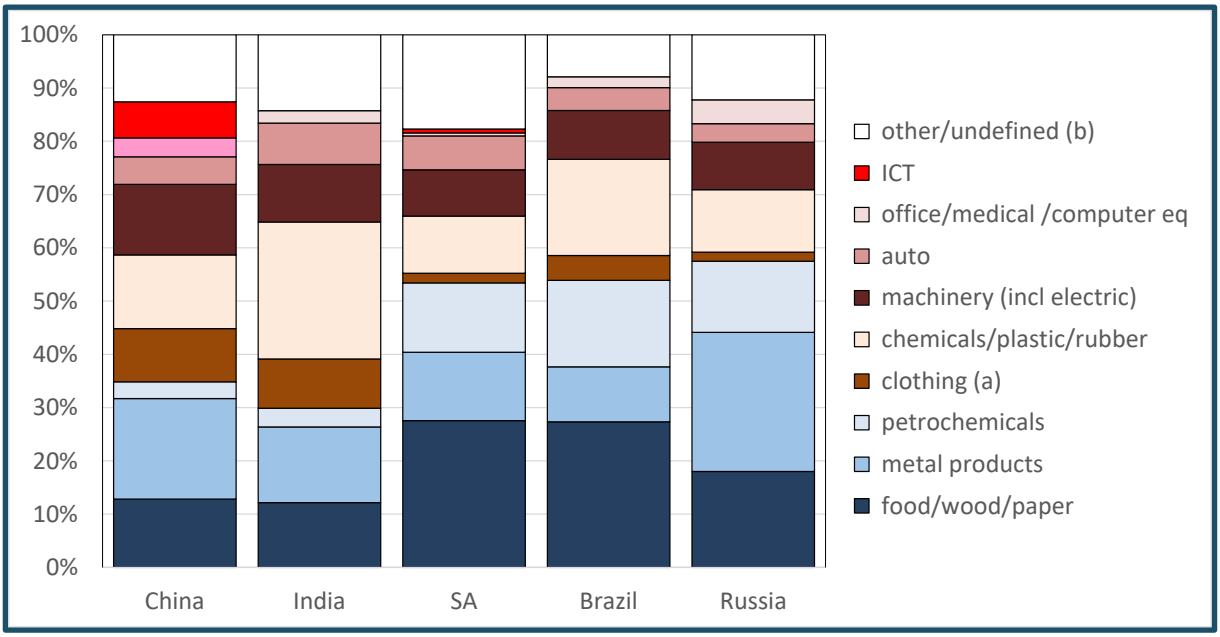


Note: (a) Includes ores, metals and basic metal products, petrochemicals and coal. Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

3.2 Manufacturing

As Figure 8 shows, in 2020, beneficiation of agricultural and mining products accounted for over half of manufacturing value added in Russia, Brazil and South Africa, but only about 30% in China and India. In contrast, clothing contributed much more to value added in China and India than in the other countries. In China, telecommunications equipment was also significant, as was its machinery and equipment industry. In India and South Africa, the auto industry contributed a larger share of the economy than in the other BRICS.

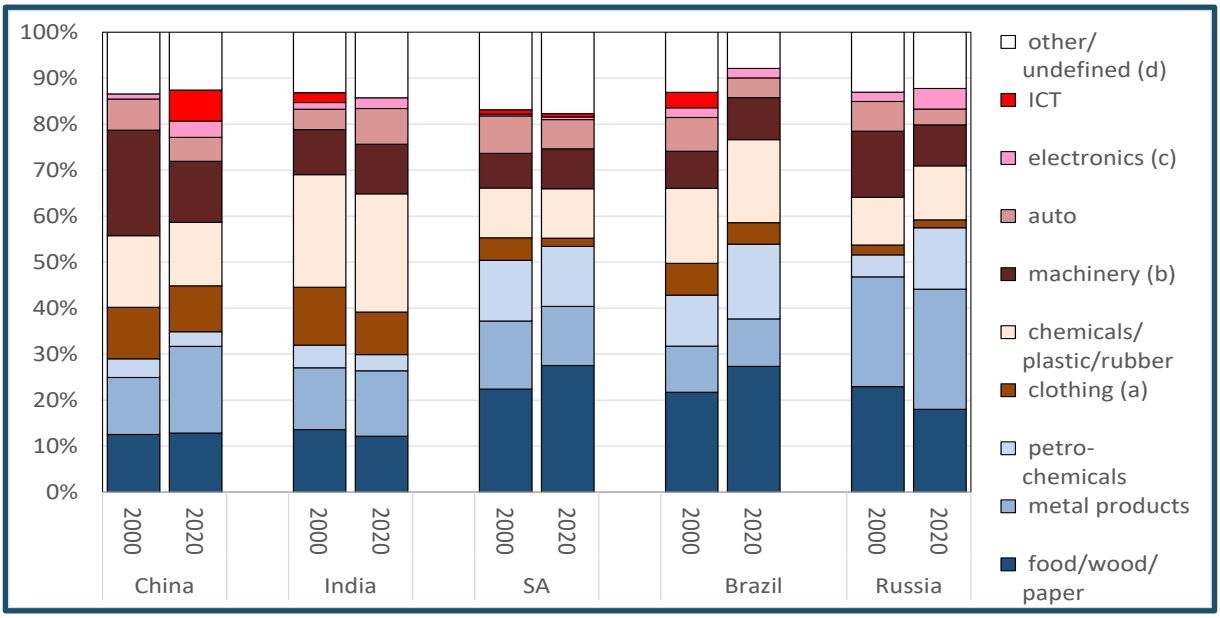
Figure 8. Manufacturing by industry in the BRICS economies, 2020



Source: Calculated from UNIDO. UNIDO Statistics Data Portal. Accessed at www.unido.org in January 2024.

From 2000 to 2020, commodity-based manufacturing climbed as a share of manufacturing value added in South Africa, Brazil and Russia. In South Africa and Brazil, the increase mostly reflected a sharp growth in food processing. In contrast, the share of clothing in manufacturing fell steeply, largely due to soaring imports. The share of electronics grew in Russia, India and China, with the steepest rise in China, especially in cellphone production. The share of the auto and capital goods industries, historically considered critical for manufacturing growth, shrank in every BRICS member (Figure 9). These industries continued to grow but were far outpaced by electronics and telecommunications.

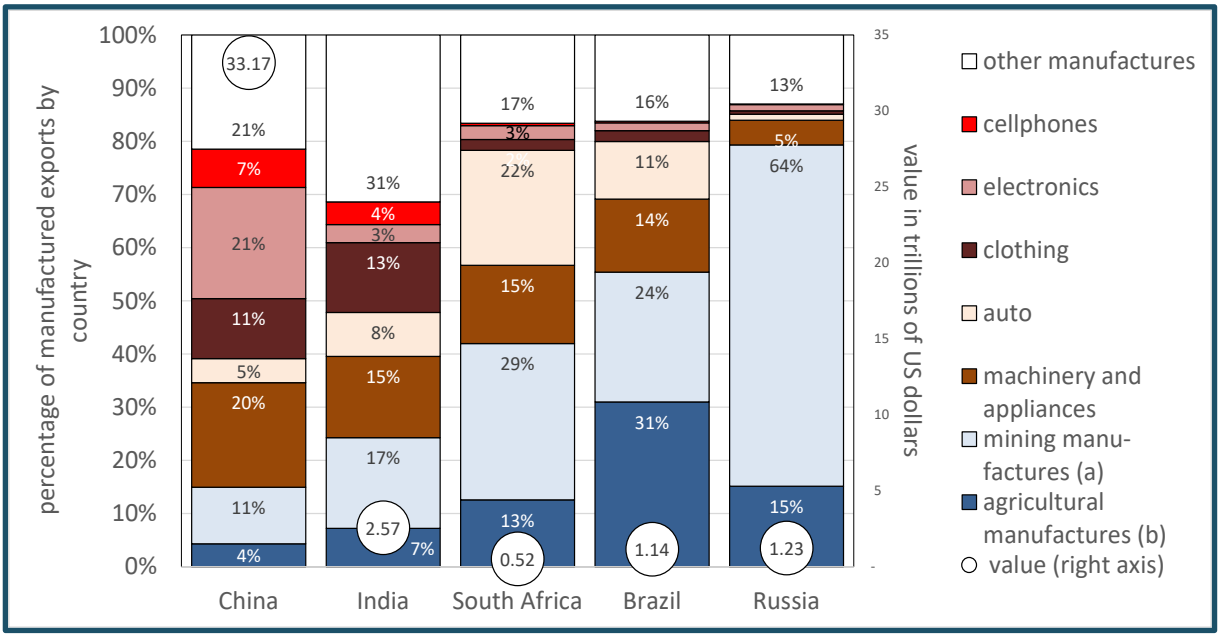
Figure 9. Manufacturing by industry in the BRICS by country, 2000 and 2020



Source: Calculated from UNIDO. UNIDO Statistics Data Portal. Accessed at www.unido.org in January 2024.

Except in China, commodity-based products also dominated the BRICS members' manufactured exports. Metals and petrochemicals accounted for two thirds of Russian manufactured exports, and over a quarter for South Africa and Brazil. Agricultural and forestry manufactures, mostly food but also yarns, wood and paper, contributed around 15% for South Africa and Russia. For Brazil, the figure was over 30%. In contrast, commodity-based products provided just 15% of Chinese manufactured exports, and under 25% of India's. For these countries, over a tenth of manufactured exports were clothing. Electronics contributed almost 30% of Chinese manufactures sold abroad. South Africa was unusually dependent on auto exports, at a fifth of all manufactured exports. (Figure 10). It imported virtually the same value of cars and car components, with a rising share from China and India.

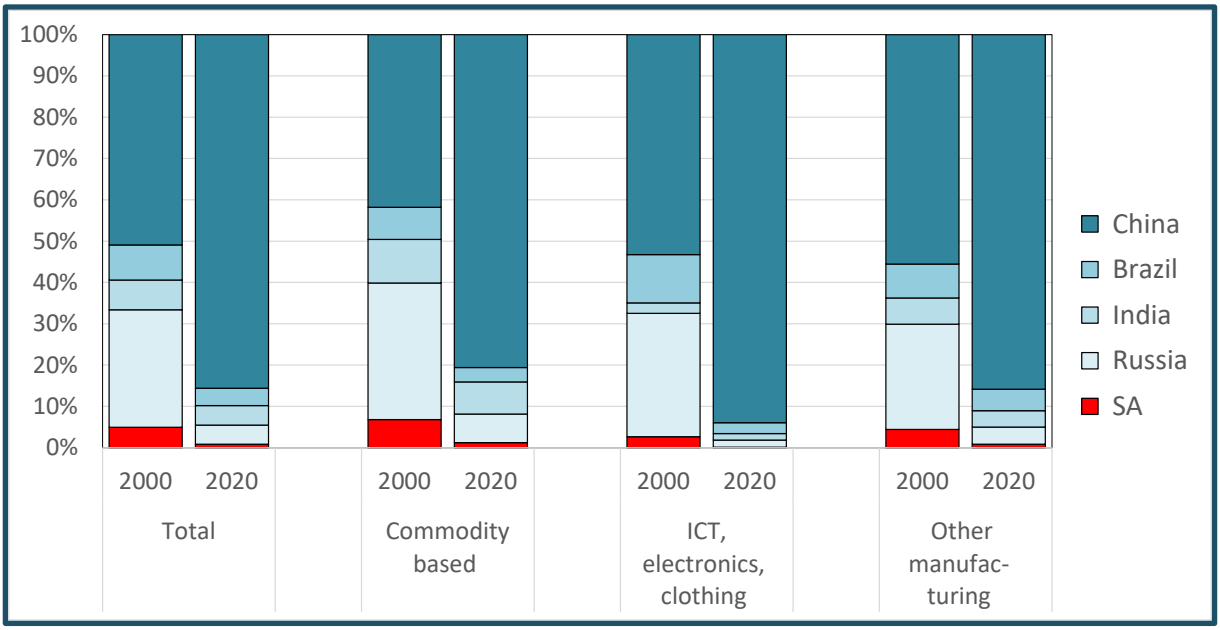
Figure 10. Manufactured exports by industry and value in trillions of US dollars, 2022



Note: (b) Includes food, fibres, wood and paper. (b) Includes metals and basic metal products and petrochemicals. Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

China dominated manufacturing production in the BRICS in virtually every industry. This outcome resulted from the size of its economy combined with extraordinary growth in manufacturing over the past 20 years. As the following graph shows, the share of China in BRICS manufacturing output climbed from 50% in 2000 to over 85% in 2020. The share of all the other BRICS declined correspondingly, with Brazil and South Africa experiencing the sharpest relative fall. China's share in clothing and textiles and electronics, which historically kickstarted industrialisation in most countries, rose from 55% in 2000 to 95% in 2020.

Figure 11. Share of BRICS member economies in total manufacturing and in select industries based on position in key value chains (a)

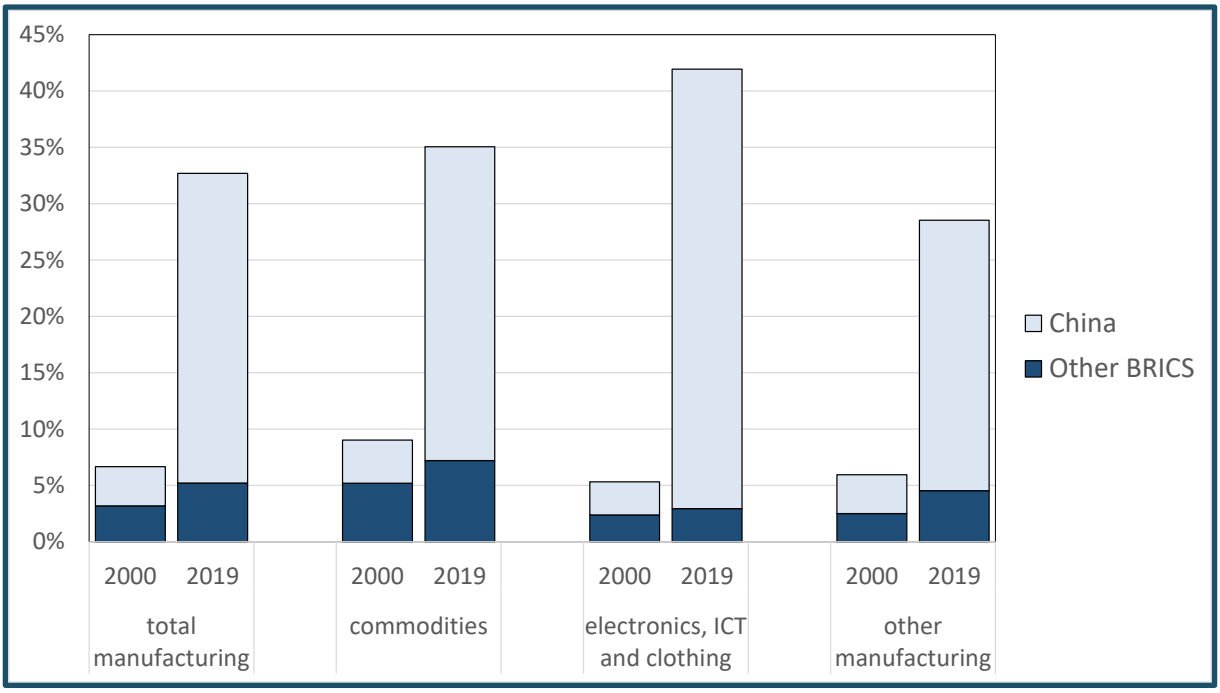


Note: (a) Commodity based includes food, wood products and paper, petrochemicals, metals and basic metal products. ICT, electronics and clothing are separated out because of their role in early industrialisation in most economies. Source: Calculated from UNIDO. UNIDO Statistics Data Portal. Accessed at www.unido.org in January 2024.

The increased dominance of China in BRICS manufacturing from 2000 reflected its sharply rising global share. That said, there are only incomplete statistics on this subject. The UNIDO dataset covers only 98 economies, out of around 150 excluding small island developing states. It includes almost no low-income countries, so it leaves out most of Africa. Still, the sample covers most economies with significant manufacturing industries.

China's share in total manufacturing in this sample rose from 3% in 2000 to 27% in 2019. For the other BRICS countries, it rose from 3% to 5%. China's share in electronics and clothing manufacturing climbed from 3% to 39% in the same period. For the other BRICS, the share in manufacturing increased mostly because of growth in commodity-based production.

Figure 12. Share of China and other BRICS in total manufacturing and in select industries by position in key value chains in UNIDO sample, 2000 and 2019 (a)



Note: (a) Figures for 2000 are averages for 1999 to 2001, and for 2019 the average for 2018 to 2020. The sample covers 98 countries, excluding all of the small island developing states as well as most low-income countries. Commodity-based manufacturing includes food, wood products and paper, petrochemicals, metals and basic metal products. ICT, electronics and clothing are separated out because of their role in early industrialisation in most economies. Source: Calculated from UNIDO. UNIDO Statistics Data Portal. Accessed at www.unido.org in January 2024.

4. TRADE

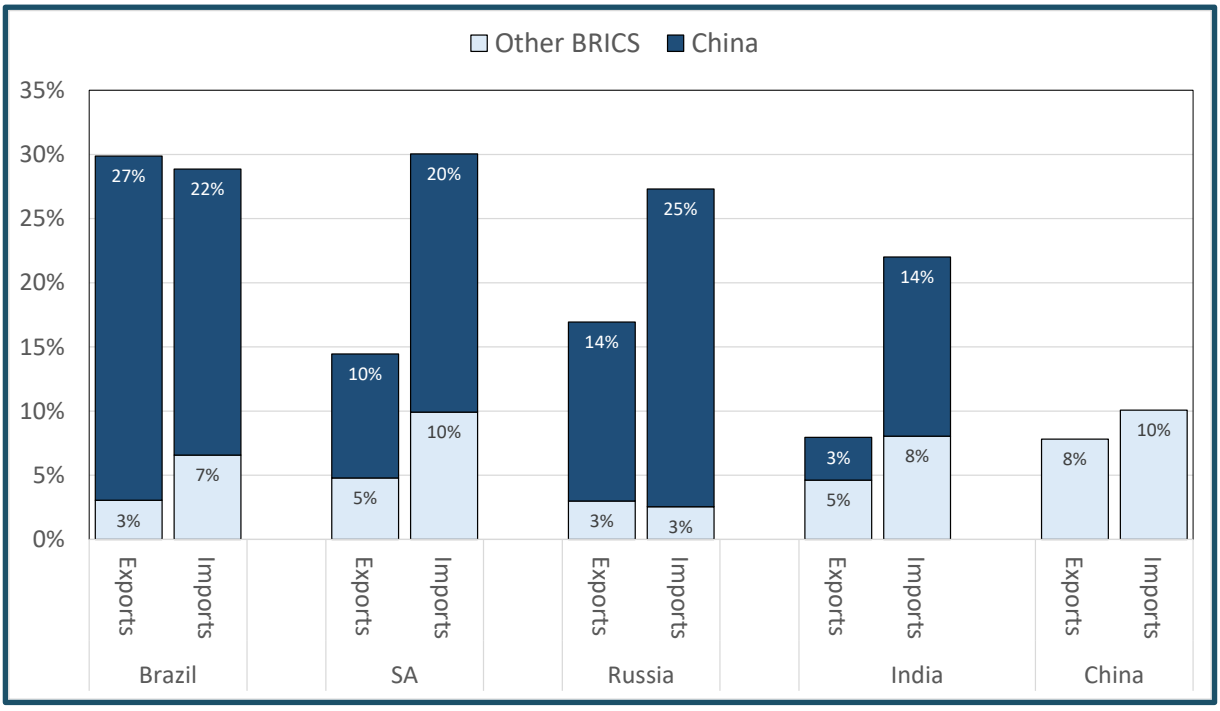
This section first reviews the extent of trade between BRICS countries and then analyses South African trade with the bloc in more depth. It analyses only goods trade because data on trade in services remains patchy and typically understated due to lagging statistical systems.

4.1 Trade within the BRICS bloc

China dominated intra-BRICS merchandise trade. For South Africa, Russia, Brazil and India, other BRICS members provided between 20% and 30% of total goods imports. China's share alone was over 20% in the three smaller economies, and 14% for India. BRICS members provided 10% of goods imported by China.

In terms of goods exports, the share going to other BRICS members ranged from 8% for India and China to around 15% for South Africa and Russia, to 30% for Brazil. China was the main market within BRICS by Brazil, Russia and South Africa, although it was less important for India. (Figure 13).

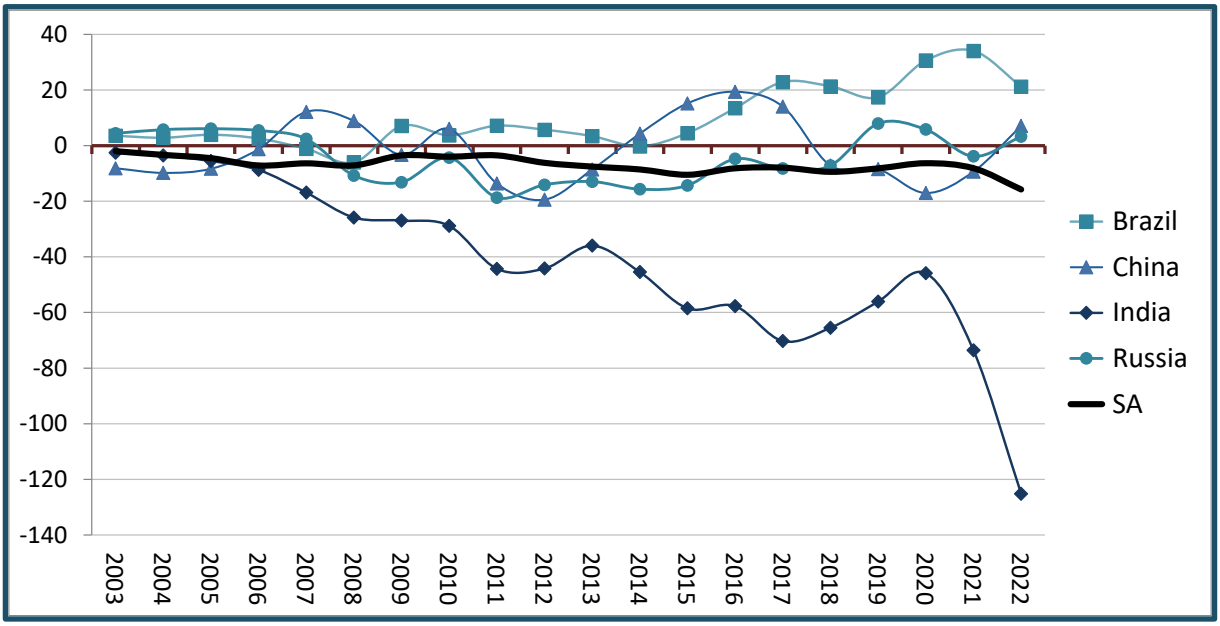
Figure 13. Share of BRICS in exports and imports of BRICS members, 2022



Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

Only Brazil ran a surplus on intra-BRICS trade for most of the past two decades. China and Russia had a surplus in eight of the 20 years, while India and South Africa were persistently in deficit. India had a rapidly growing deficit from 2020 to 2022. That resulted mainly from a tenfold increase in Russian oil imports as other markets closed to Russia following the invasion of Ukraine. India re-exported most of the Russian oil after refining it. In addition, India's reported exports to China dropped by 40% in 2022, but the decline may reflect reporting delays.

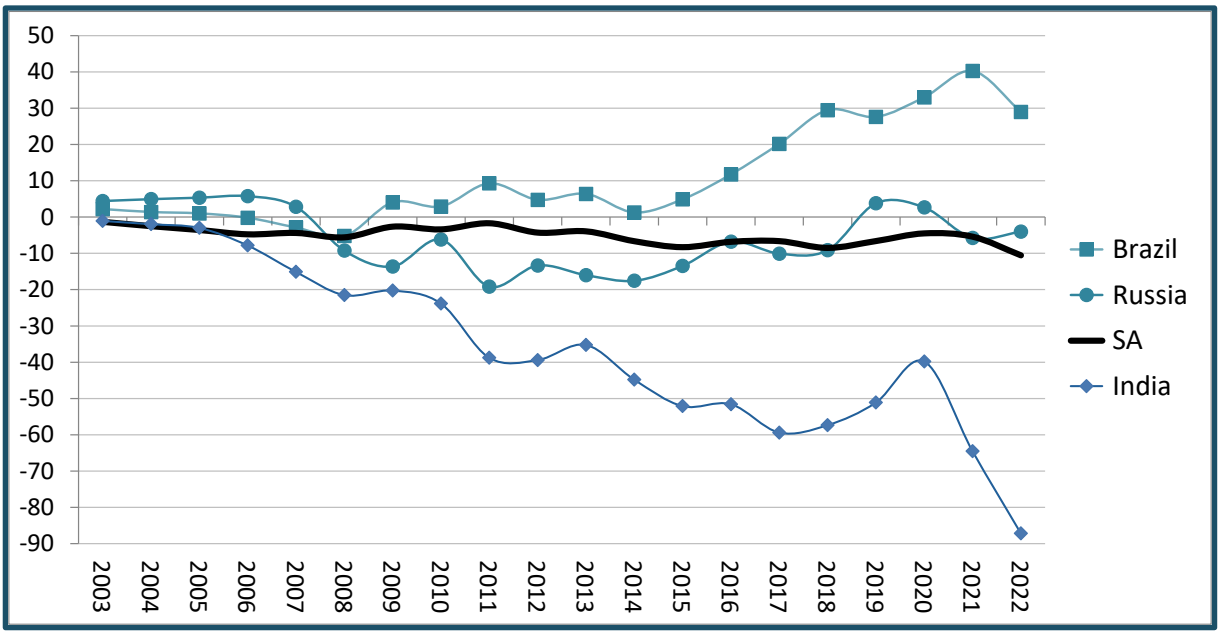
Figure 14. Balance of intra-BRICS trade by member economy, 2003 to 2022, in billions of current US dollars



Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

For the smaller economies, transactions with China were the driving factor in the balance of intra-BRICS trade. Only Brazil maintained a surplus. South Africa had a modest deficit that tended to grow in current US dollar terms. Russia's balance with China fluctuated, in large part reflecting the global oil price cycle.

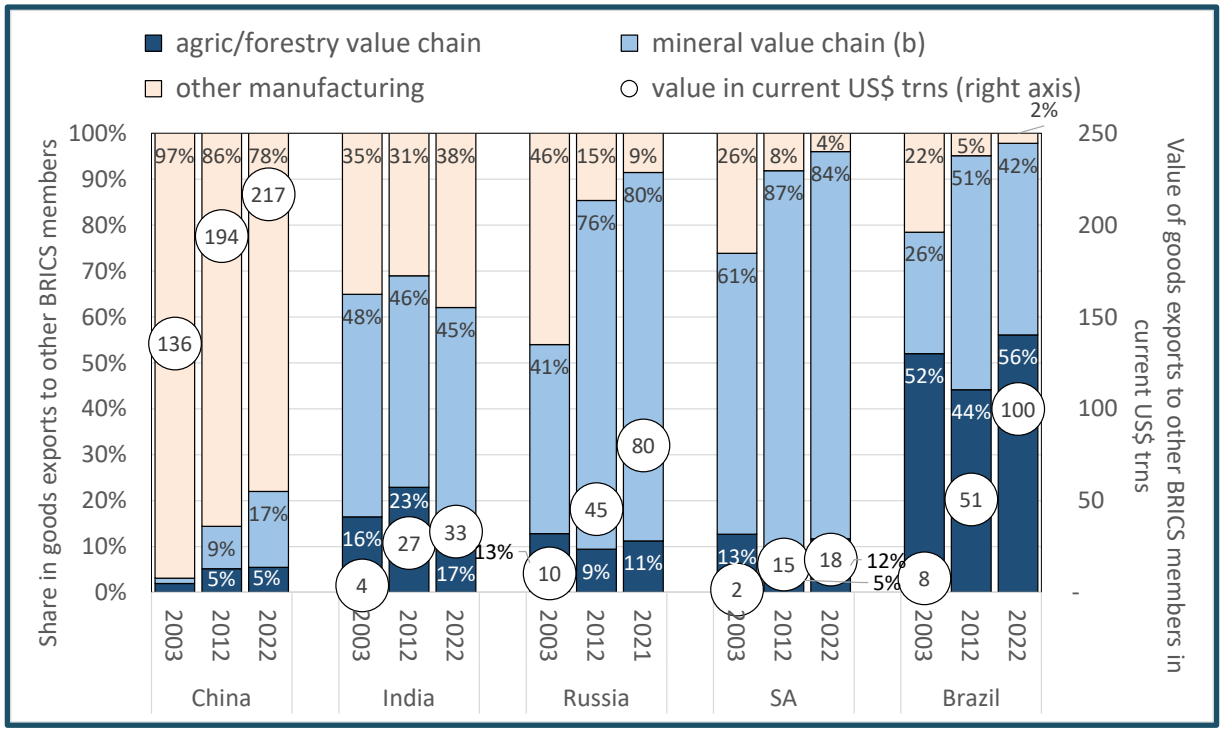
Figure 15. Balance of trade between China and the other BRICS member economies, 2003 to 2022, in billions of current US dollars



Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

Over 90% of goods exported to other BRICS countries by South Africa, Russia and Brazil were commodity-based. For Russia and South Africa, the main exports derived from mining – mostly petrochemicals for Russia, and mostly metals and coal-based chemicals for South Africa. Commodities climbed as a share of these countries' exports to other BRICS countries, particularly when world prices boomed in the 2000s and again in the early 2020s. In contrast, between 30% and 40% of India's goods exports to other BRICS economies were manufactures. For China, manufacturers made up 78% in 2022, down from almost 100% two decades earlier. On the contrary, Brazil mainly exported 40%-50% of its agricultural goods to other BRICS countries (Figure 16).

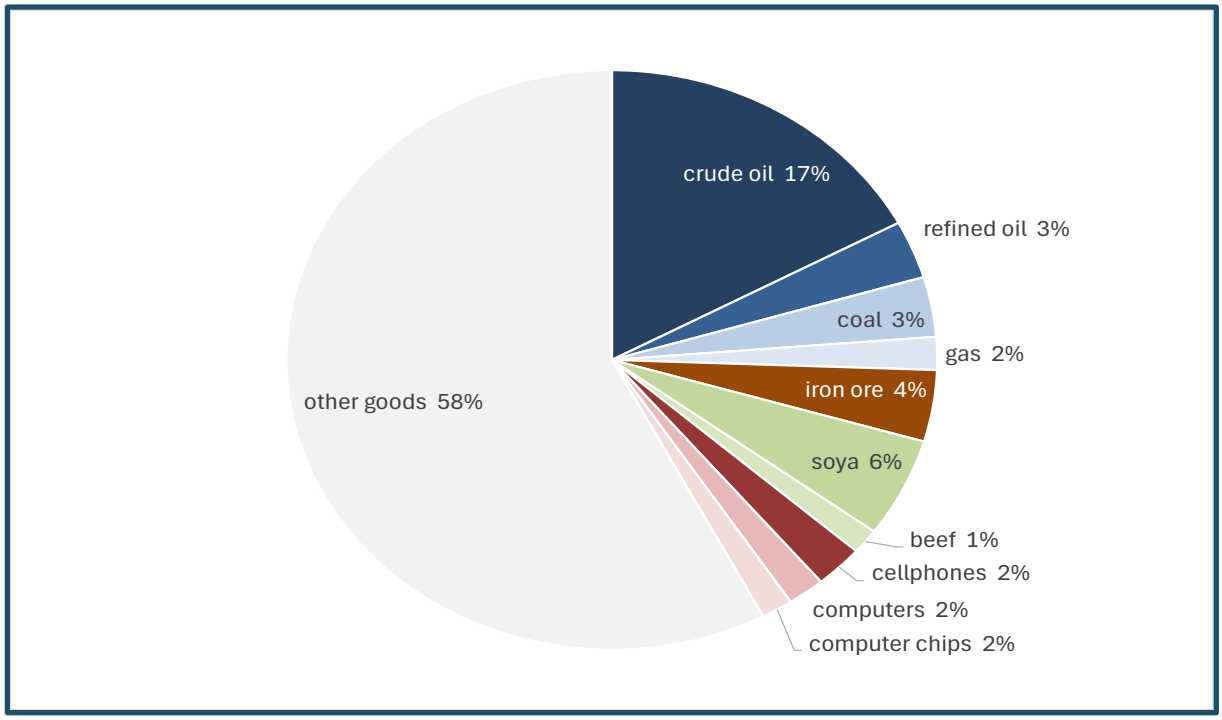
Figure 16. Goods exports from BRICS economies to other BRICS economies by sector, 2003, 2012 and 2022 (a), as a share of total and in trillions of US dollars



Note: (a) Only 2021 data are available for Russia. (b) Includes ores, metals and basic metal products, petrochemicals and coal. Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

The main products traded within BRICS (at the four-digit HS level) underscore the importance of commodities. In 2022, after fuels, metals and agricultural goods, the most important products were electronics, almost exclusively exported by China.

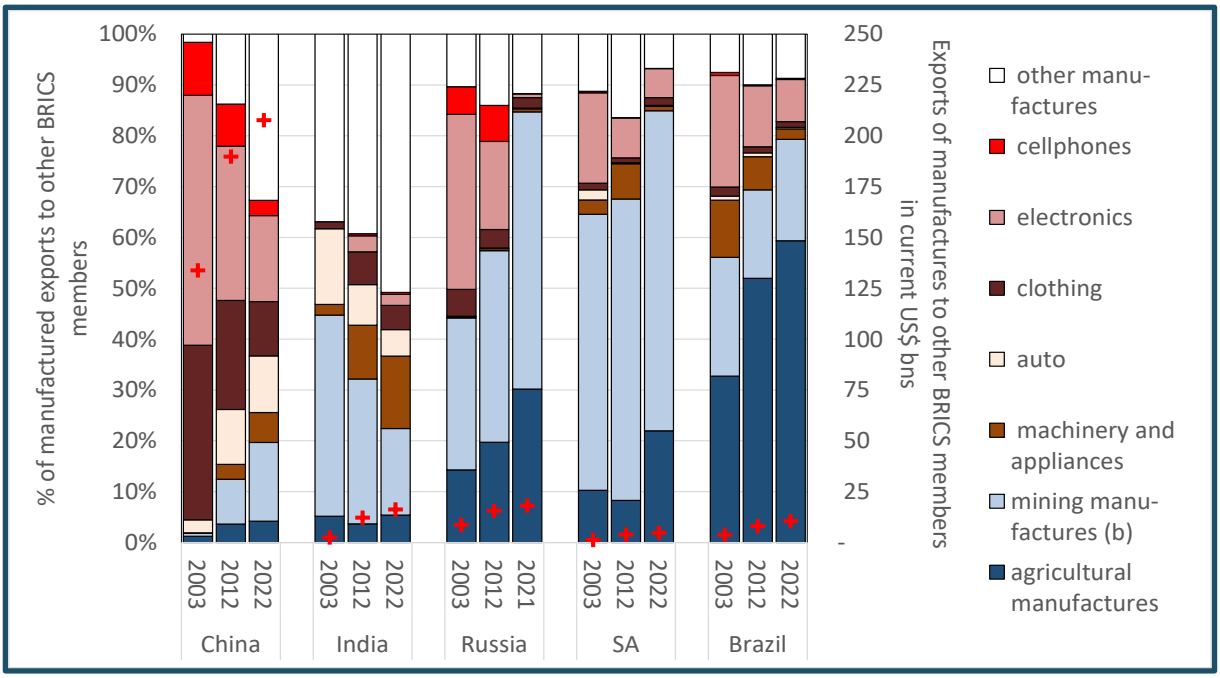
Figure 17. The top 10 product in intra-BRICS trade in 2022



Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

Trade in manufactures within the BRICS was also heavily skewed toward commodity-based products. In the early 2020s, around 85% of intra-BRICS exports of manufactures from Russia, South Africa and Brazil derived directly from agriculture, forestry and mining. For India, the figure was 50%; for China, 20%. (Figure 18).

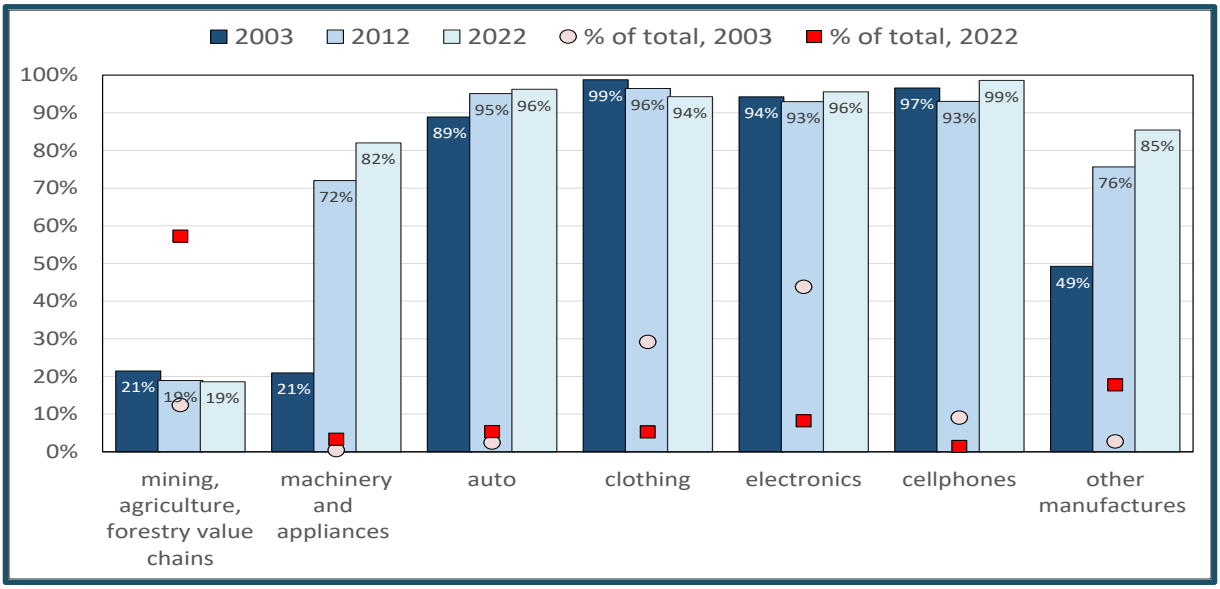
Figure 18. Manufactured exports by member states to other member states, by major industry and in billions of current US dollars, 2003, 2012 and 2022



Note: (a) Trade Map only provides data for Russia at 4-digit HS level for 2021. (b) Includes ores, metals and basic metal products, petrochemicals and coal. Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

In 2022, China accounted for 48% of goods exports by BRICS members to other BRICS members. It provided 80% of manufactures in intra-BRICS trade, but only 4% of unprocessed mining and agricultural products. For cars, clothing, cellphones and other electronics, which made up a fifth of intra-BRICS trade in 2022, China's share climbed to over 90%.

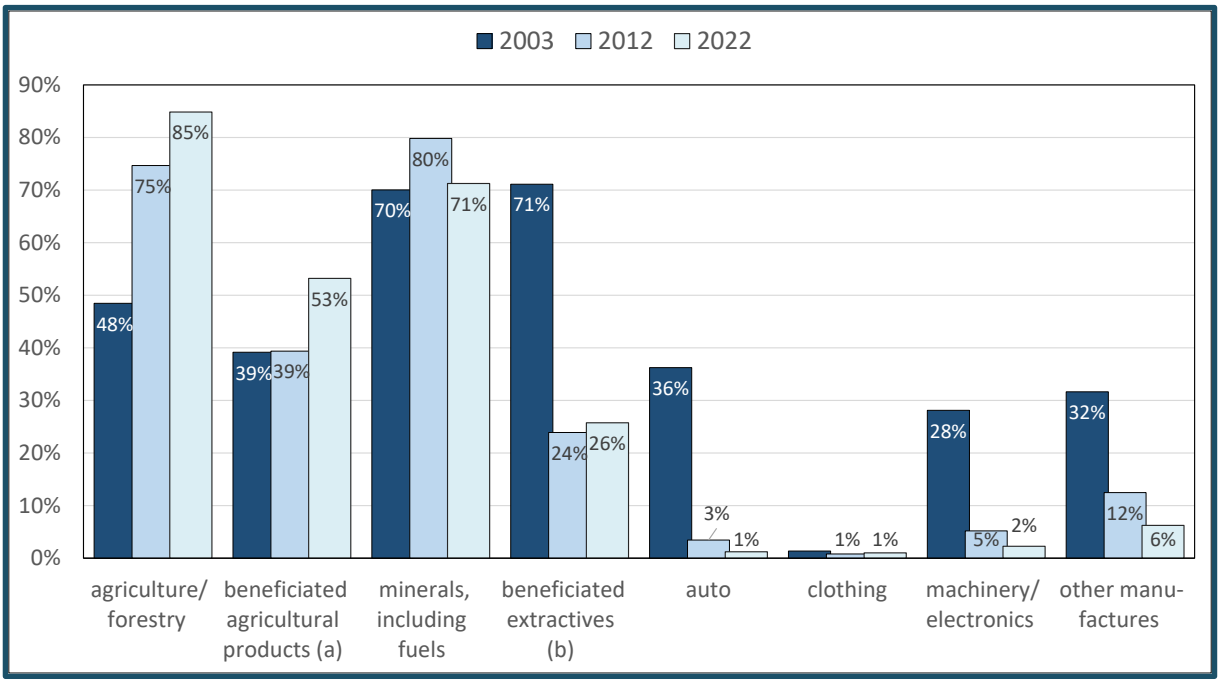
Figure 19. Chinese share in the value of intra-BRICS exports by product, 2003, 2012 and 2022



Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

As a destination, China bought almost 40% of intra-BRICS exports. It procured three quarters of intra-BRICS exports of unprocessed raw materials; a third of beneficiated agricultural, forestry and mining products; and 3% of other manufactures.

Figure 20. Chinese share as a destination for intra-BRICS exports by product, 2003, 2012 and 2022



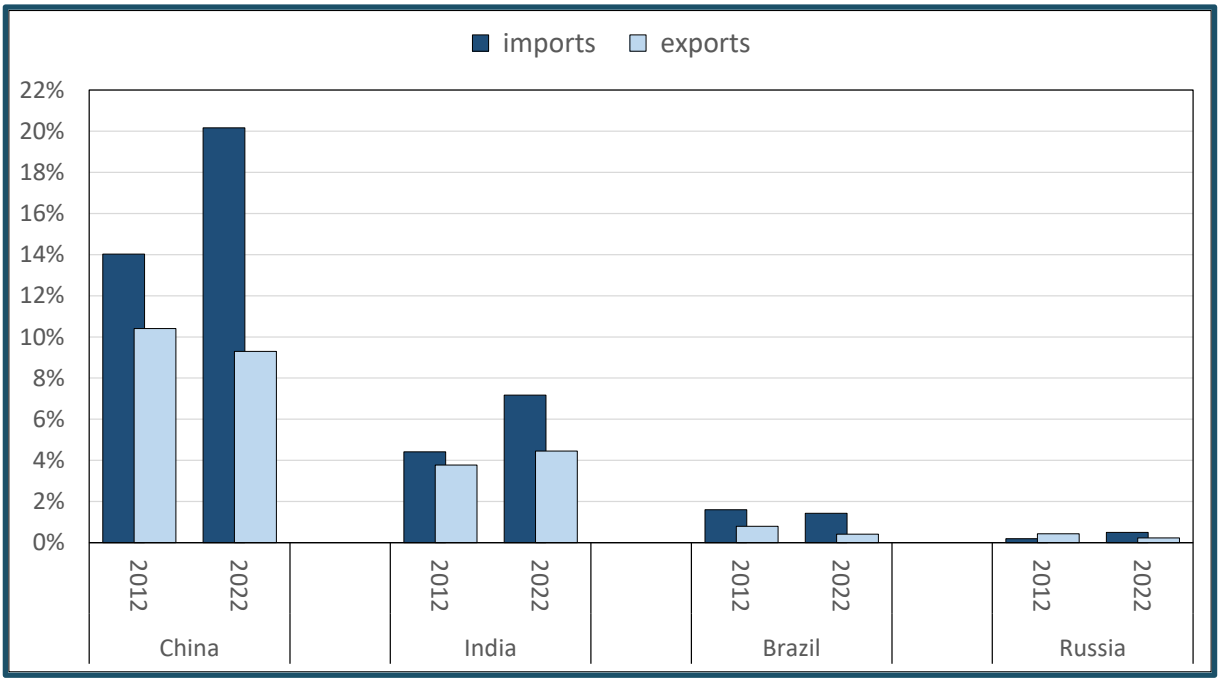
Notes: (a) Includes foods, wood and paper, and fibres. (b) Includes petrochemicals and metals. Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

Chinese dominance in intra-BRICS trade in manufactures was rooted primarily in its extraordinary scale of production. That in turn resulted from its huge population size combined with a favourable socio-economic structure in the early 2000s. These factors made it easy for manufacturers, both new and long established, to expand their exports after China joined the World Trade Organization (WTO). Critical structural factors besides the country's large domestic market included the fact that it did not depend heavily on mining, but instead had booming manufacturing, farming and service production, rooted largely in small producers; relative equality and high employment, largely in family enterprises in farming and services, which meant the benefits of rapid structural change were widely spread; and a cheap migrant labour system that co-existed with rapidly improving conditions for urban workers. In this context, from 2000 to 2019 China rapidly grew highly competitive, low-cost industries, initially in relatively low-tech sectors (clothing, plastics) but shifting quickly into new high-tech opportunities as they emerged (computers, cellphones and most recently electric vehicles). These conditions diverge sharply from the realities facing other BRICS members.

4.2 South African trade with BRICS

South African intra-BRICS trade was conducted mostly with China and India, and a much smaller share with Brazil and Russia. (Figure 21) This section first reviews the trends in South Africa's merchandise trade with its BRICS partners in constant rand and as a share of total trade in major commodities. An analysis of trade by country follows.

Figure 21. Percentage of BRICS members in South African merchandise exports and imports, 2012 and 2022



Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

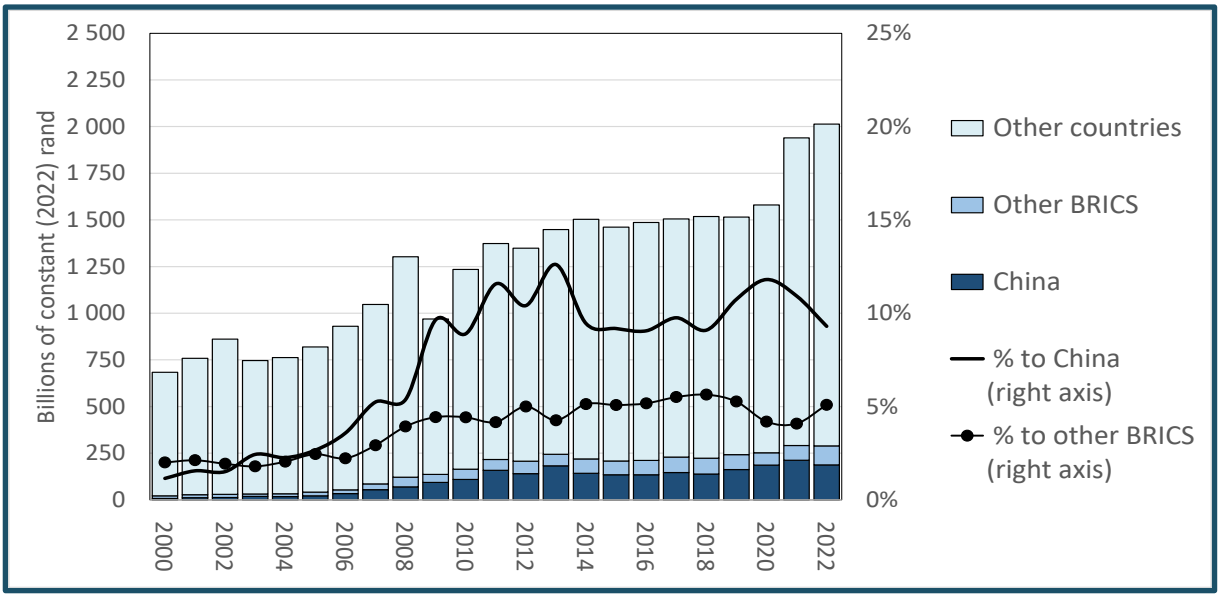
Trade data are generally published only in nominal values. To approximate real changes in purchasing power and costs to South Africa, the rand figures are reflated in this report using the CPI rebased to 2022. This approach means that the rand data show the change in the market value of exports and imports after excluding national inflation. The figures do not, however, indicate changes in the volume of trade, because world prices fluctuate heavily irrespective of the national CPI. In particular, commodity prices in US dollar terms swung wildly from 2000 to 2022 as a result of the pandemic and the invasion of Ukraine. That affected their price and the revenues from trade in constant rand terms, even when the amounts bought or sold remained unchanged.

4.2.1 Export trends

In constant rand terms, South African exports grew rapidly during the commodity boom from the early 2000s to 2011, mostly reflecting the increase in metals prices. They then levelled out until 2020, tracking the near-stagnation of global trade through the 2010s. From 2020, escalating world commodity prices again boosted South Africa's export revenues.

As Figure 22 shows, South Africa's trade with China and the other BRICS members tracked these trends. The share of BRICS markets in South African exports climbed from around 5% in 2003 to around 15% in 2011, then essentially levelled out through 2022.

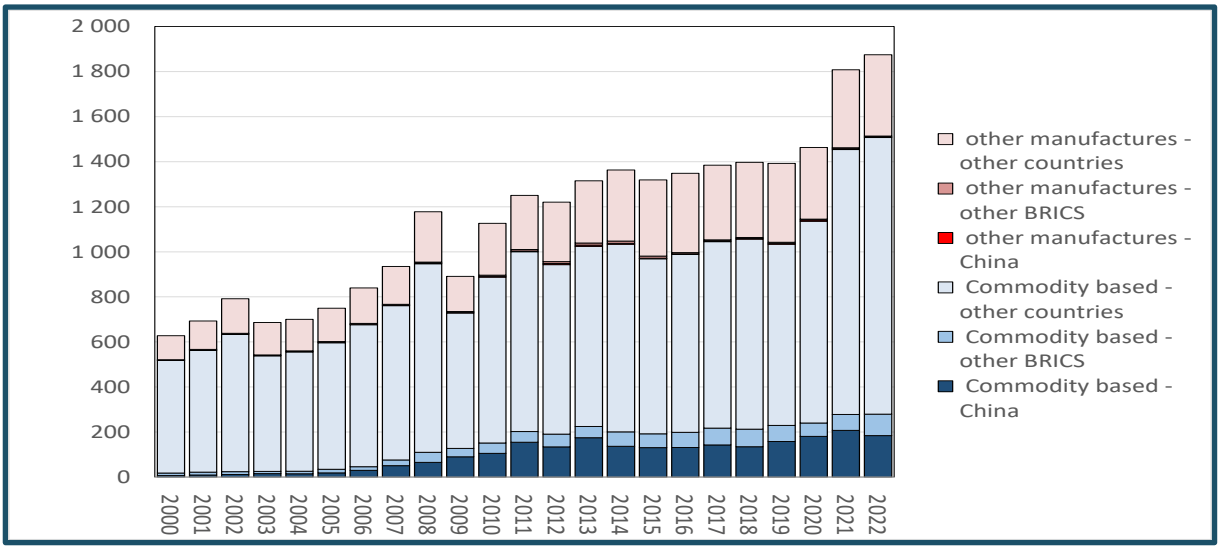
Figure 22. Exports to China and other BRICS members in billions of constant 2022 rand (a) and as a share of total exports, 2000 to 2022



Notes: (a) Reflated with average annual CPI rebased to 2022. Source: Calculated from Quantec. EasyData. Interactive dataset. International Trade Service. Accessed at www.easydata.co.za in January 2024.

South African exports to other BRICS economies were consistently dominated by products from the agricultural and mining value chain. The picture did not change much from 2000 to 2022. South African exports within the BRICS went almost entirely to India and China. Sales to Brazil and Russia remained small in comparison. The value of exports to China of agricultural, forestry and mining products rose from R7 billion in 2000 to R155 billion in 2011 in constant 2022 rand, then stabilised around that amount until 2020. It then climbed to over R180 billion a year as world commodity prices jumped. In contrast, Chinese imports of non-commodity manufactures from South Africa, which includes auto, clothing and capital equipment, fluctuated around R2 billion from 2000 to 2022. In 2000, India, Brazil and Russia imported R2 billion in non-commodity manufactures from South Africa. The figure rose to R4 billion in 2010, then fluctuated between R4 billion and R10 billion in constant rand. (Figure 23).

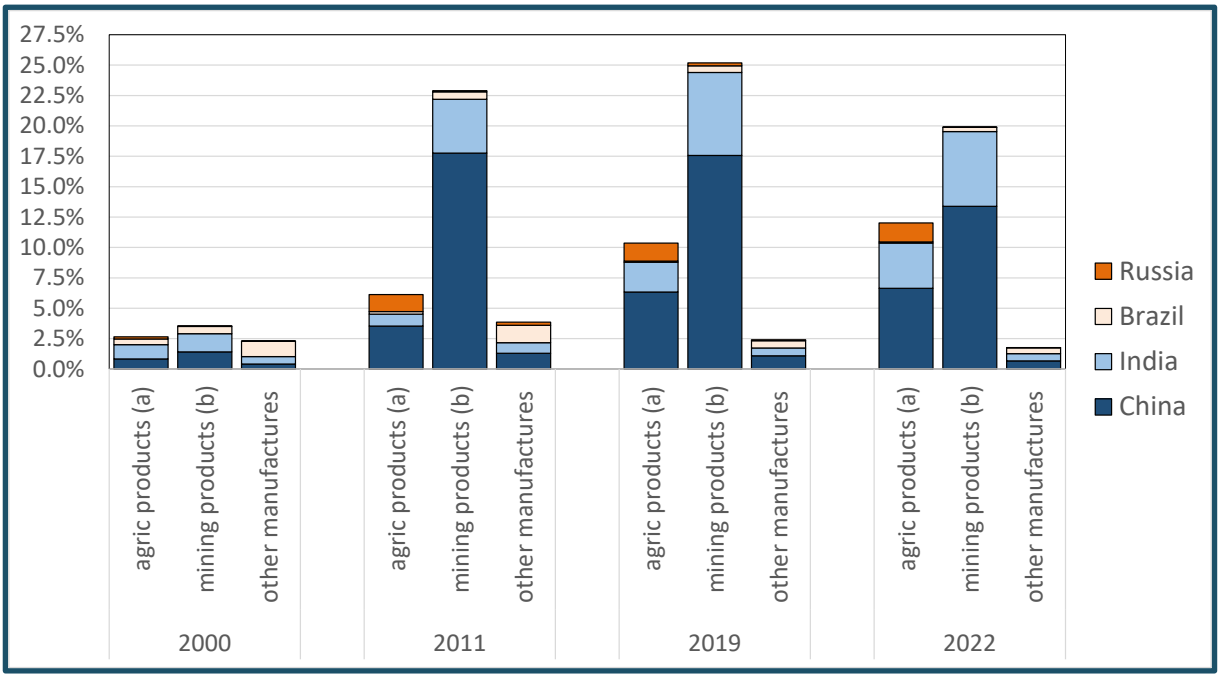
Figure 23. South African exports of commodity-based products (a) and other manufactures to China and other BRICS in billions of constant (2022) rand (b), 2000 to 2022



Notes: (a) Commodity-based products include agriculture, forestry and mining and their beneficiated products, including wood, paper, petrochemicals and metals. (b) Reflated with average annual CPI rebased to 2022. Source: Calculated from Quantec. EasyData. Interactive dataset. Accessed www.easydata.co.za January 2024.

The share of BRICS members in South African exports of mining products – including petrochemicals based on coal – climbed from 4% in 2000 to 25% in 2019, then fell back to 20% in 2022. The share in agricultural and forestry products, which includes food, fibres, wood and paper, rose from 2,5% in 2000 to 12% in 2022. In contrast, the BRICS share in South African exports of non-commodity manufactures dropped from a high of 4% in 2010 to 2% in 2022. China consistently accounted for over two thirds of the BRICS partners' purchases of South African commodity-based exports, compared to around a third of other manufactures.

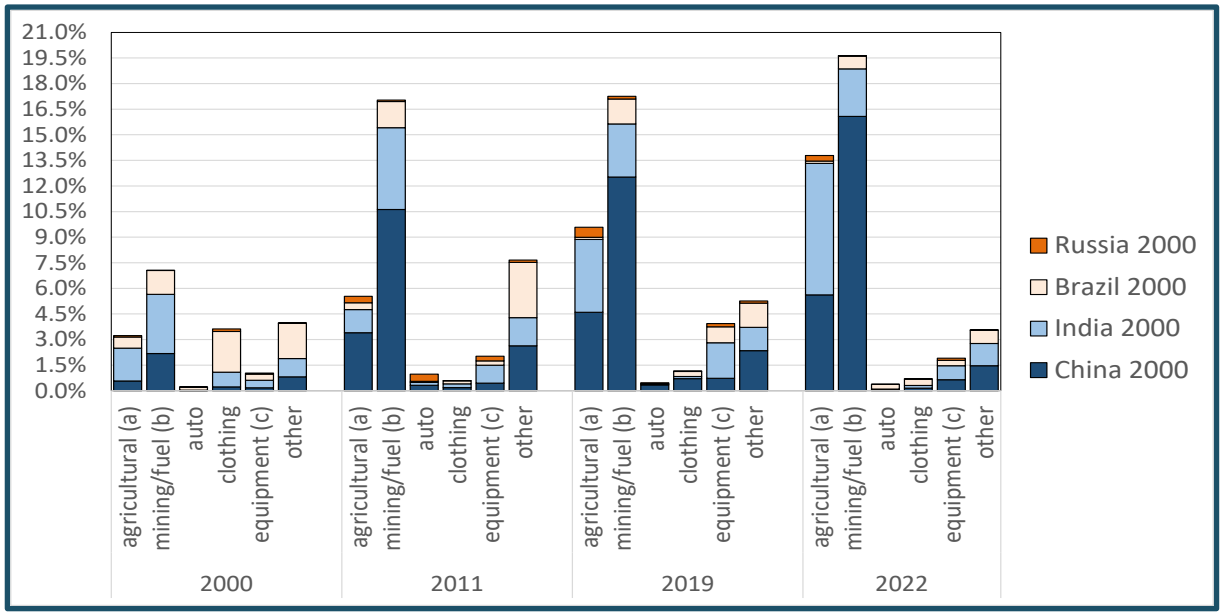
Figure 24. Share of BRICS members in South African exports of agricultural and mining products and of other manufactures, 2000, 2011, 2019 and 2022



Notes: (a) Includes agriculture and forestry products, food, fibres, wood and paper. (b) Includes ores, metals and coal-based petrochemicals. Source: Calculated from Quantec. EasyData. Interactive dataset. International Trade Service. Accessed at www.easydata.co.za in January 2024.

South Africa's manufactured exports generally reflected the predominance of commodity-based products. The BRICS countries accounted for a fifth of South African exports of metals and petrochemicals in 2022 and 14% of food, fibre, wood and paper. But together they bought under 1% of South African exports of auto and clothing; 2% of machinery and equipment; and 4% of other manufactures. For comparison, other African countries (very disproportionately Namibia and Botswana) purchased 80% of South Africa's exports of clothing, 60% of machinery and equipment, and half of food products. Europe bought two thirds of South African auto exports. (Figure 25).

Figure 25. Share of BRICS members in South African manufactured exports by industry, 2000, 2011, 2019 and 2022

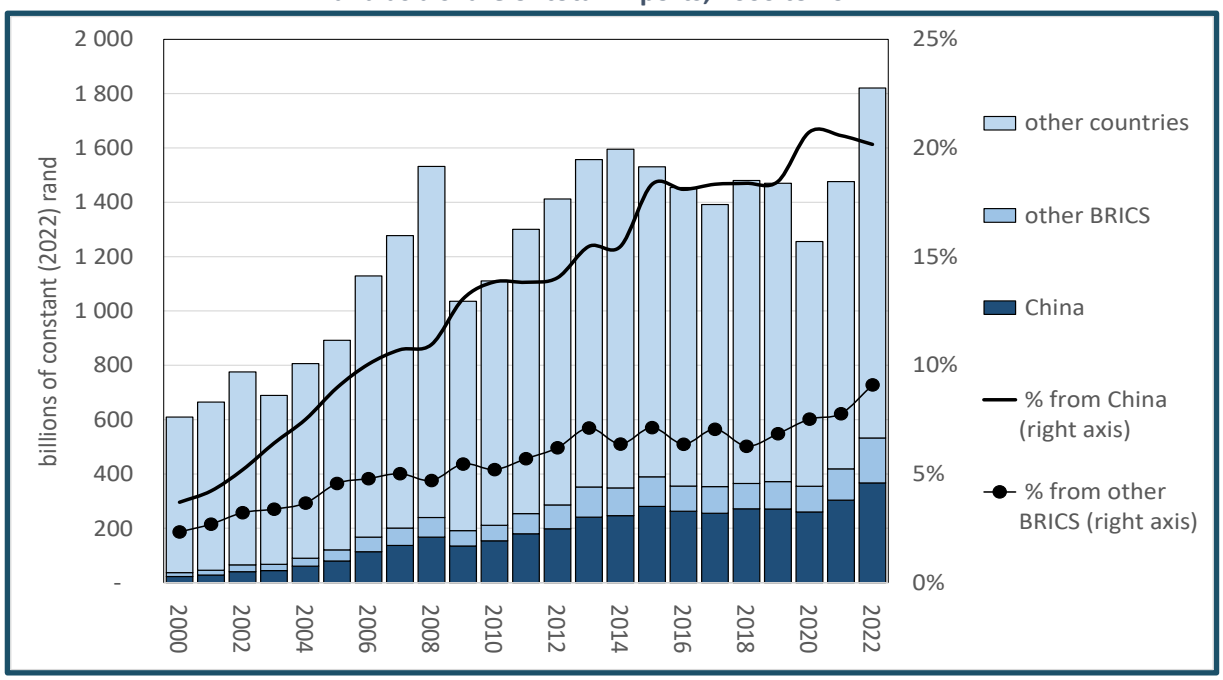


Notes: (a) Food, fibres, wood and paper. (b) Metals and coal-based petrochemicals. (c) Machinery, equipment, appliances and electronics. Source: Calculated from Quantec. EasyData. Interactive dataset. International Trade Service. Accessed at www.easydata.co.za in January 2024.

4.2.2 Import trends

South African purchases from BRICS partners accounted for almost a third of all its goods imports in 2022. As with exports, imports rose relatively rapidly until 2012, then levelled out until 2020. China accounted for around two thirds of South African imports from BRICS. (Figure 26).

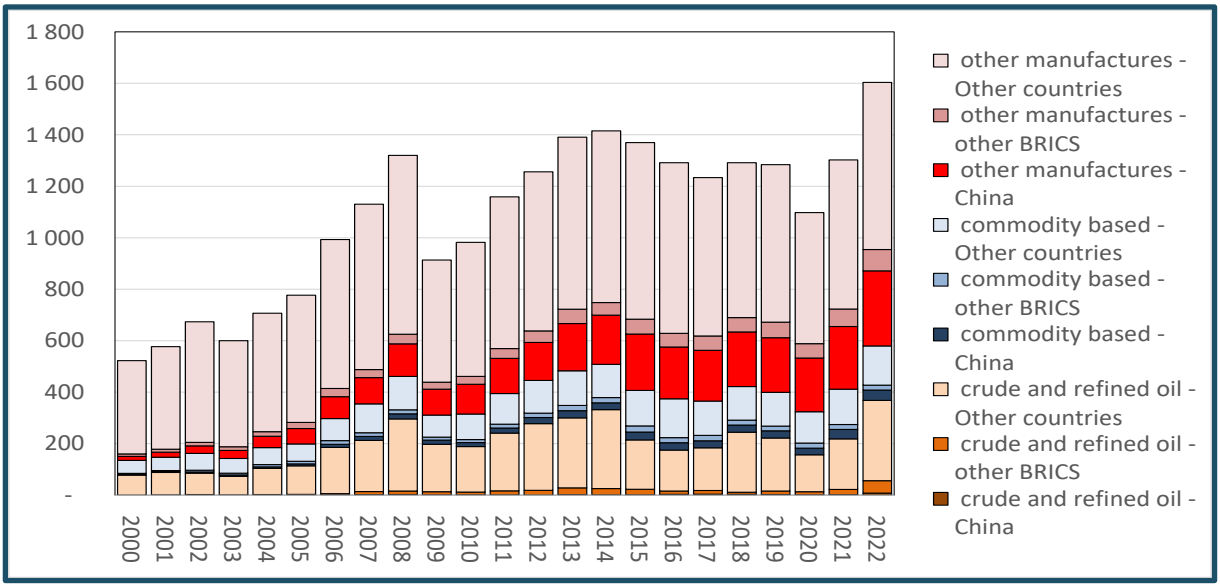
Figure 26. Imports from China and other BRICS members in billions of constant 2022 rand (a) and as a share of total imports, 2000 to 2022



Notes: (a) Reflated with average annual CPI rebased to 2022. *Source:* Calculated from Quantec. EasyData. Interactive dataset. International Trade Service. Accessed at www.easydata.co.za in January 2024.

Manufactured imports from BRICS, mostly from China, climbed rapidly in constant rand terms. From 2000 to 2022, non-commodity imports from China and India rose an average of 14% a year. For Russia and Brazil, the figure was around 5%, compared to 11% for manufactures from Africa, and 3% for the rest of the world. Petroleum was South Africa's only large raw materials import, but not much came from BRICS partners. In 2022, the share from India more than doubled, reaching 20%, as India began to process and export Russian oil in the wake of European sanctions over the invasion of Ukraine.

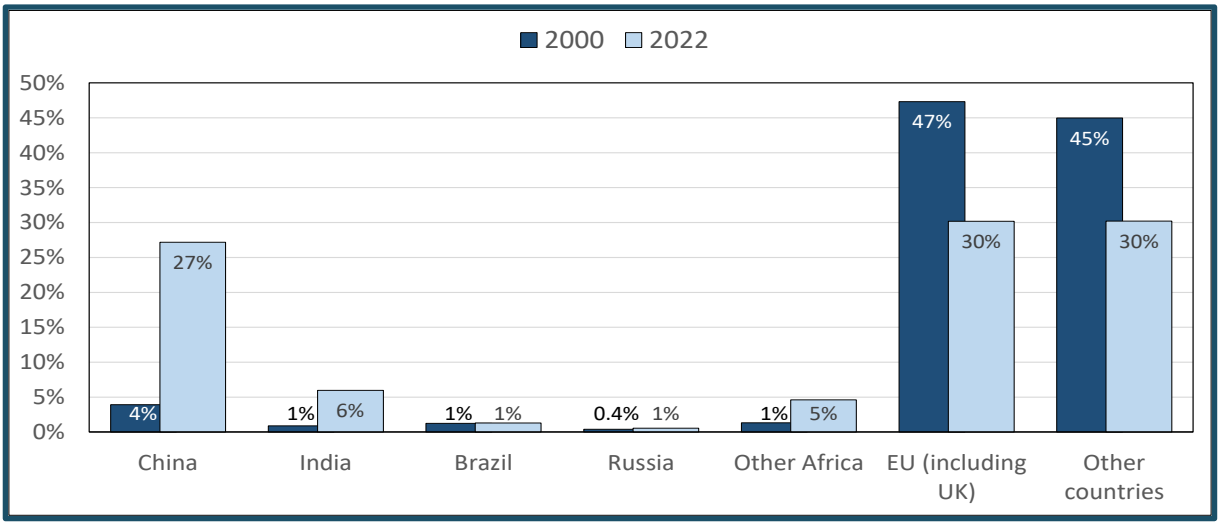
Figure 27. South African imports of fuel, other commodity based products (a) and other manufactures from China and other BRICS in billions of constant (2022) rand (b), 2000 to 2022



Notes: (a) Commodity-based products include agriculture, forestry and mining and their beneficiated products, including wood, paper, petrochemicals and metals. (b) Reflated with average annual CPI rebased to 2022.
Source: Calculated from Quantec. EasyData. Interactive dataset. Accessed www.easydata.co.za January 2024.

The rapid growth in imports of manufactured products from China and India came mostly at the expense of Europe and other countries in the Global North. From 2000 to 2022, China's share in South African manufactured imports climbed from 4% to 27% and India's from 1% to 6%. Brazil and Russia saw little change in their contribution. Other African countries raised their share from 1% to 5%, but all other countries saw a decline from over 90% to 60%. (Figure 28).

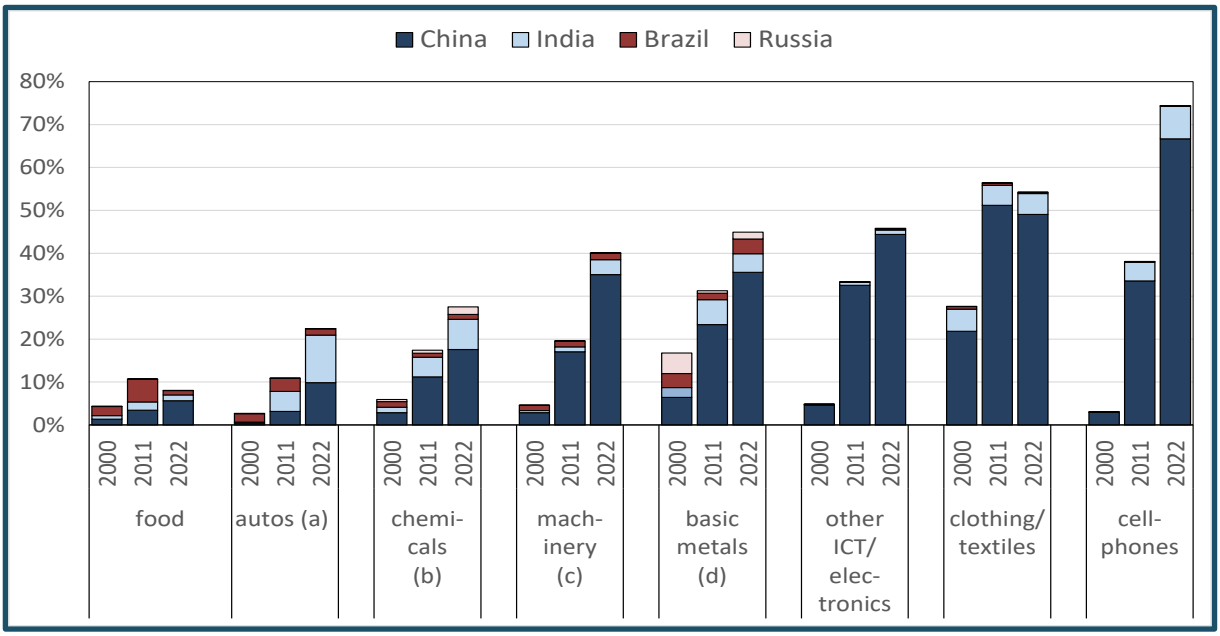
Figure 28. Share of BRICS members and other regions in South African imports of manufactures, 2000 and 2022



Source: Calculated from Quantec. EasyData. Interactive dataset. Accessed www.easydata.co.za January 2024.7

In 2022, China accounted for two thirds of South Africa's imports of cellphones, half of clothing and textiles, almost half of other electronics, and a third of other machinery and equipment. In contrast, it supplied under 10% of food and auto products, and 20% of chemicals. The other BRICS countries provided a much smaller share in every category. (Figure 29).

Figure 29. Share of BRICS members in South African imports of manufactures, 2000, 2011 and 2022



Notes: (a) Includes components. (b) Includes basic chemicals, plastic and rubber products. (c) Includes electrical machinery and household appliances. (d) Includes basic metal products. Source: Calculated from Quantec. EasyData. Interactive dataset. Accessed www.easydata.co.za January 2024.

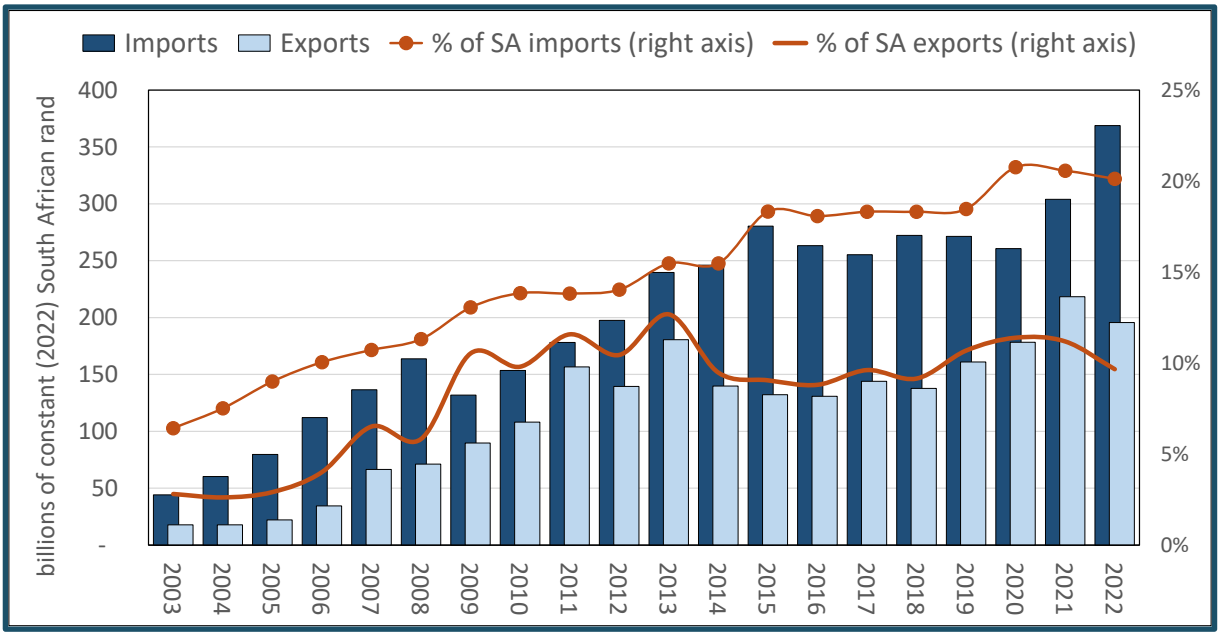
4.3 South African trade by country

This section provides more detail on South African trade with individual BRICS economies. For each, it outlines overall trends in constant rand terms. It then identifies the top 20 products exported and imported, and indicates products that have seen unusually rapid change in the past decade.

4.3.1 China

In constant 2022 rand (reflated with CPI), South African trade with China stagnated for most of the 2010s, but recovered toward the end of the decade. This trend reflected the global slowdown in trade during the 2010s. Still, as a share of South Africa's total imports, China climbed fairly steadily from 7,5% in 2003 to over 20% from 2020 to 2022. In contrast, South African exports to China rose from 5% to 12% between 2003 and 2010, but fluctuated between 10% and 12% for the next 12 years. (Figure 30). South Africa ran a persistent and growing deficit of merchandise trade with China, as shown in Figure 15.

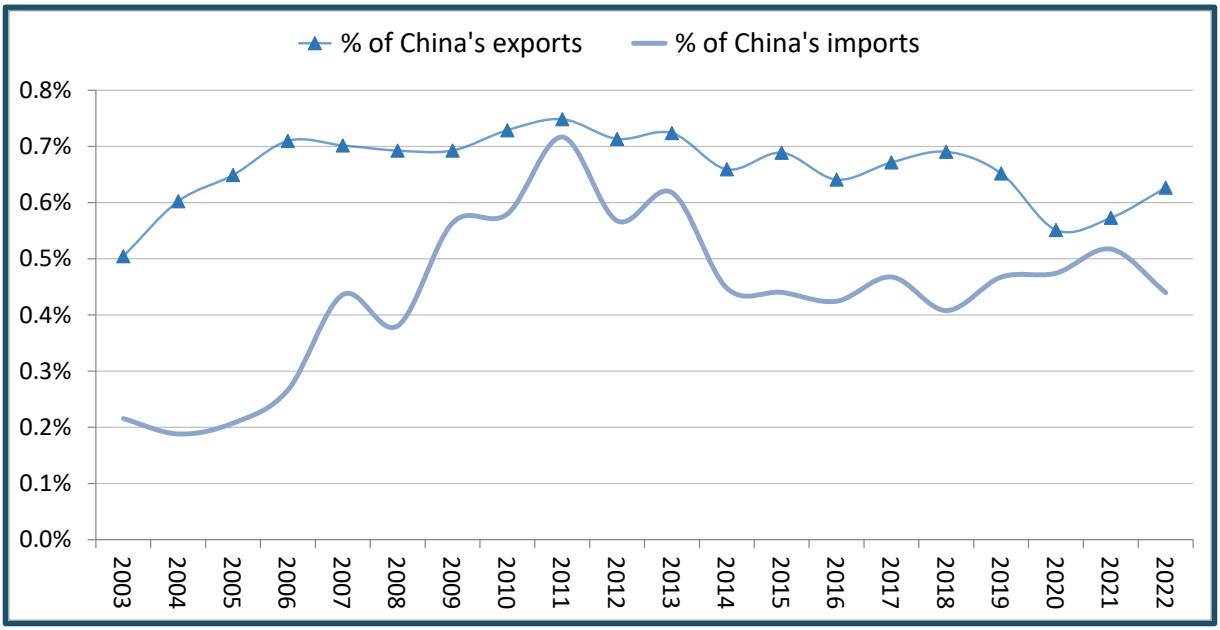
Figure 30. South African merchandise trade with China in billions of constant (2022) rand (a) and as a share of total South African merchandise exports and imports



Note: (a) Reflated with CPI rebase to 2022. Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

As a percentage of Chinese trade, South Africa remained fairly small and stagnant, at well under 1% of both exports and imports. South Africa's share in Chinese exports fell from 2011, and its share in Chinese imports was almost flat at under 0,5% from 2014. (Figure 31).

Figure 31. Trade with China as a percentage of total Chinese exports and imports, 2003 to 2022



Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

Table 1 shows South Africa's main imports and exports from China in rand and as a percentage of the total. For South Africa, the top 20 products accounted for almost all exports to China, with three products – iron ore, manganese and ferroalloys – contributing more than half. South Africa's imports from China were far more diverse and centred on final manufactures. The top 20 products made up only 42% of the total, and the top three – cellphones, computers and batteries – constituted only 19% of the total.

Table 1. South Africa's largest imports to and exports from China in 2022

IMPORTS	ZAR BNS	% OF TOTAL	EXPORTS	ZAR BNS	% OF TOTAL
All products	369	100%	All products	196	100%
Total, top 20 products	*155*	*42%*	*Total, top 20 products*	*185*	*94%*
Cellphones	38	10%	Iron ore	57	29%
Computers	23	6%	Manganese ore	29	15%
Electric accumulators (batteries)	13	3%	Ferro-alloys	22	11%
Cars	8	2%	Chromium ore	19	10%
Electrical transformers	8	2%	Zinc ore	9	4%
Semiconductors	6	2%	Platinum	8	4%
Refined oil	6	2%	Refined copper	6	3%
Construction equipment	6	2%	Unrefined copper	5	3%
Vehicle components	5	1%	Zirconium	5	3%
Flat-rolled steel > 600 mm	5	1%	Nuts	4	2%
Shoes (not leather)	5	1%	Wood pulp	4	2%
Insecticides and herbicides	4	1%	Copper concentrates	3	1%
Water heaters	4	1%	Raw wool	2	1%
Printing machinery	4	1%	Coal	2	1%
Tyres	4	1%	Nickel	2	1%
Shoes (partly leather)	3	1%	Citrus fruit	2	1%
Synthetic cloth	3	1%	Lead	1	1%
Goods vehicles	3	1%	Iron oxides	1	1%
Suitcases and briefcases	3	1%	Cobalt	1	0%
Flat-rolled products of alloy steel greater than 600 mm	3	1%	Wood	1	0%

Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

No South African exports of manufactures to China (defined at the 6-digit HS level) expanded much in the past decade. Some products, such as specialised machinery and equipment, yachts and loudspeakers, saw significant exports in a few years, but the sales did not persist. In contrast, exports of nuts, citrus and fish expanded fairly steadily. Metals exports, dominated by iron ore, grew modestly in volume, but the value fluctuated substantially with world prices.

Exports of nuts (mostly macadamias) climbed from under 500 tonnes in the early 2010s to 11 000 tonnes in 2018, 26 000 tonnes in 2020 and 53 000 tonnes in 2022. In 2022, their value exceeded R4 billion. Citrus climbed from 10 000 tonnes in 2010 to 190 000 tonnes in 2019. The exports declined in 2020 but recovered to almost 200 000 tonnes in 2022. Their value came to R2 billion in 2022.

Exports of seafood to China fluctuated significantly over the past 15 years. Still, they were on a rising trend, increasing from 730 tonnes in 2017 to between 1 000 and 1 700 tonnes from 2018 to 2022. In 2022, these export revenues came to R440 million.

On the import side, cellphones saw the strongest long run growth. South African imports of Chinese phones climbed from near zero in 2003 to around 350 000 a year in the early 2020s. In 2022, the value approached R40 billion.

Steel imports spiked in recent years. By weight, they climbed only gradually from around 100 000 tonnes in 2010 to 300 000 tonnes in 2019 and 2020. In 2021 and 2022, however, they exceeded 700 000 tonnes, at a cost of R12 billion a year. Most of the imports were flat-rolled steel. Imports from the rest of the world remained stable through the period, at around a million tonnes a year.

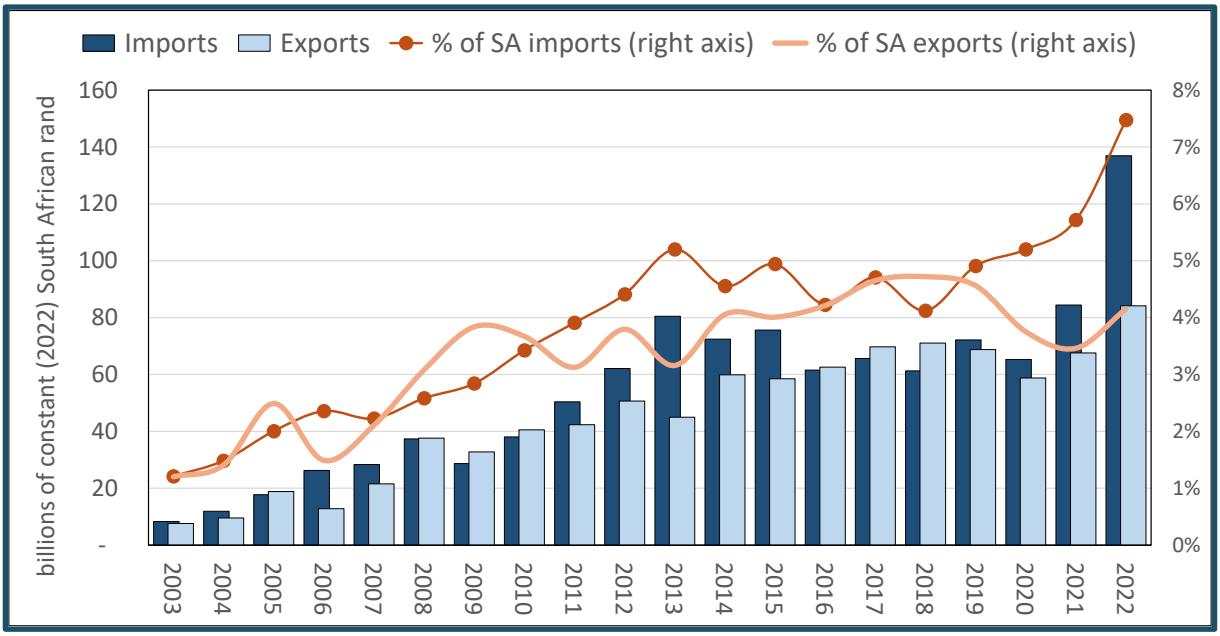
Like the rest of the world, South Africa has recently seen a surge in imports of cars from China. The number climbed from 12 000 in 2019 and 2020 to 45 000 in 2022. Imports of components rose from 50 000 tonnes in 2020 to almost 200 000 tonnes in 2022. The combined value came to R1,2 billion in 2022, or around a seventh of South Africa's total auto imports.

Finally, imports of Chinese equipment for solar generation and electricity storage escalated from the late 2010s. In 2017, South Africa imported 2,5 million lithium ion batteries; by 2019, the figure climbed to 8,5 million, and in 2022 it was 13,3 million. In rand terms, the value reached R11 billion in 2022, more than three times as much as in 2021. China supplied 90% of lithium ion batteries imported by South Africa. Imports of various kinds of solar panel from China also grew. The number rose from under 85 million in 2018 and 2019, to 100 million in 2021 and 135 million in 2022.

4.3.2 India

South African trade with India grew strongly through the early 2010s, but flattened out for most of the 2010s. Trade with India fluctuated between 4% and 5% for both imports and exports through the 2010s. Imports spiked in 2022, mostly because of the diversion of Russian oil to Indian refineries. That pushed South African imports from India to 7,5% of its total imports. (Figure 32). Even then, South Africa's trade with India was only around half as high as with China.

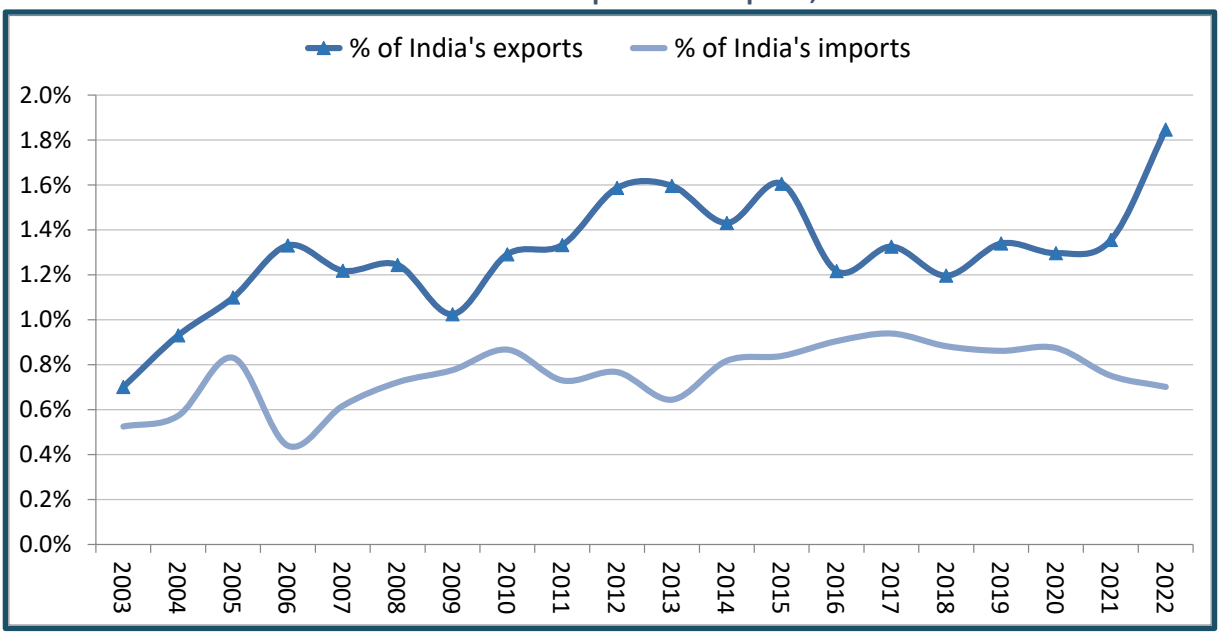
Figure 32. South African merchandise trade with India in billions of constant (2022) rand (a) and as a share of total South African merchandise exports and imports, 2003 to 2022



Note: Reflated with CPI rebased to 2022. Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

Purchases from South Africa stagnated around 0,8% of India's imports from 2003. Sales to South Africa fluctuated about 1,5% of India's exports until 2022, when they jumped to 1,8%.

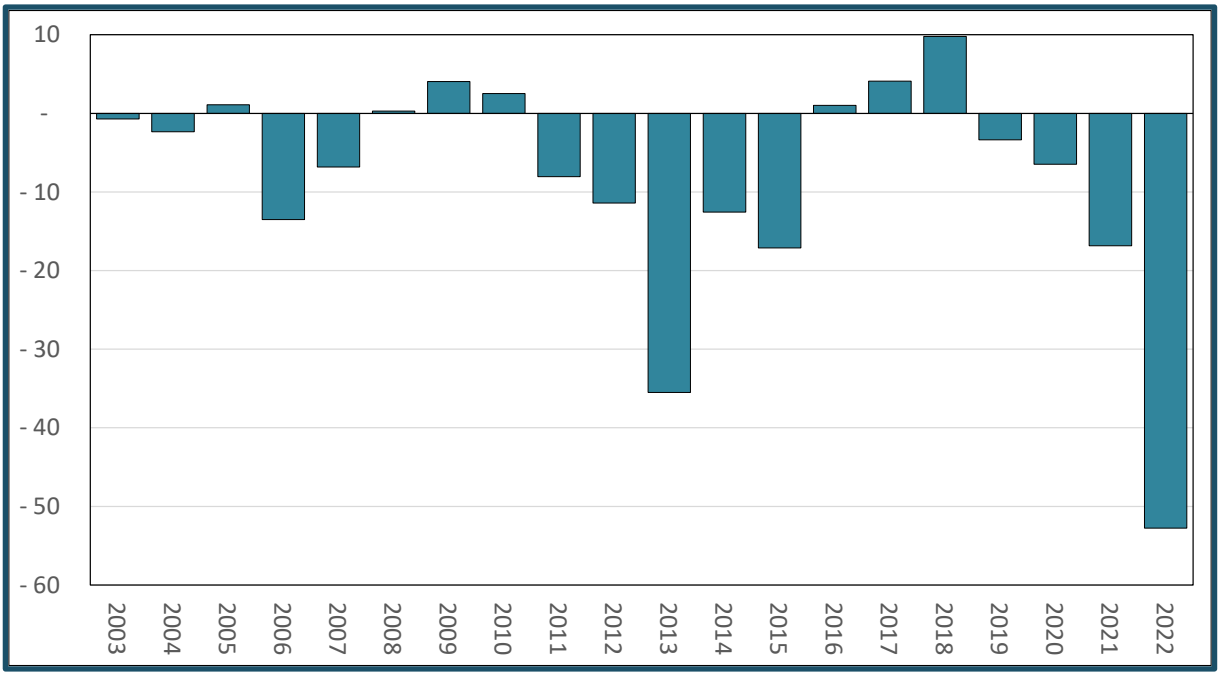
Figure 33. South African merchandise trade with India as a percentage of total Indian merchandise exports and imports, 2003 to 2022



Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

South Africa ran a deficit in merchandise trade with India in 11 of the past 20 years. The deficit rose sharply in 2022, reflecting increased petroleum imports.

Figure 34. South African balance of merchandise trade with India in billions of constant (2022) rand (a), 2003 to 2022



Note: (a) Reflated with CPI rebased to 2022. Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

Trade with India centred on a relatively small number of commodities. In terms of imports, in 2022, petroleum oils accounted for 42% of the total, followed by cars at 15% and medicines at 7%. In constant rand, petroleum climbed from R19 billion in 2021 to R57 billion in 2022. Taken together, the top 20 products contributed 78% of all South African merchandise imports from India. Exports were even more concentrated, and consisted almost exclusively of raw materials. In 2022, coal made up nearly 60%, wood pulp 12% and manganese ores, 8%. (Table 2).

Table 2. South Africa's largest imports to and exports from India in 2022

IMPORTS	ZAR BNS	% OF TOTAL	EXPORTS	ZAR BNS	% OF TOTAL
All products	137	100%	All products	84	100%
Total, top 20 products	*107*	*78%*	*Total, top 20 products*	*79*	*94%*
Petroleum oils	57	42%	Coal	50	59%
Cars	21	15%	Chemical wood pulp	10	12%
Medicines	9	7%	Manganese ores	6	8%
Cellphones	4	3%	Ferrous scrap	2	3%
Goods vehicles	4	3%	Feldspar	1	2%
Construction equipment	2	1%	Nickel	1	1%
Rice	1	1%	Phosphoric acids	1	1%
Components for buses and trucks	1	1%	Diamonds, mostly uncut	1	1%
Tractors	1	1%	Fresh apples and pears	1	1%
Unwrought zinc	1	1%	Platinum	1	1%
Perfumes	1	1%	Chromium ores	1	1%
Diamonds, mostly cut	1	0.4%	Phenols; phenol-alcohols	0.5	1%
Internal combustion engines	1	0.4%	Petroleum oils	0.4	1%
Electrical transformers	1	0.4%	Zirconium	0.4	1%
Nucleic acids	1	0.4%	Aluminium scrap	0.4	1%

IMPORTS	ZAR BNS	% OF TOTAL	EXPORTS	ZAR BNS	% OF TOTAL
Tyres	1	0.4%	Recovered paper and paperboard	0.4	0.5%
Plastic sheet, unreinforced	0.5	0.4%	Ferro-alloys	0.4	0.5%
Insecticides and herbicides	0.5	0.4%	Silver	0.4	0.5%
Synthetic organic dyes	0.5	0.4%	Acyclic alcohols	0.4	0.4%
Plastic sheet, reinforced	0.5	0.3%	Citrus fruit	0.4	0.4%

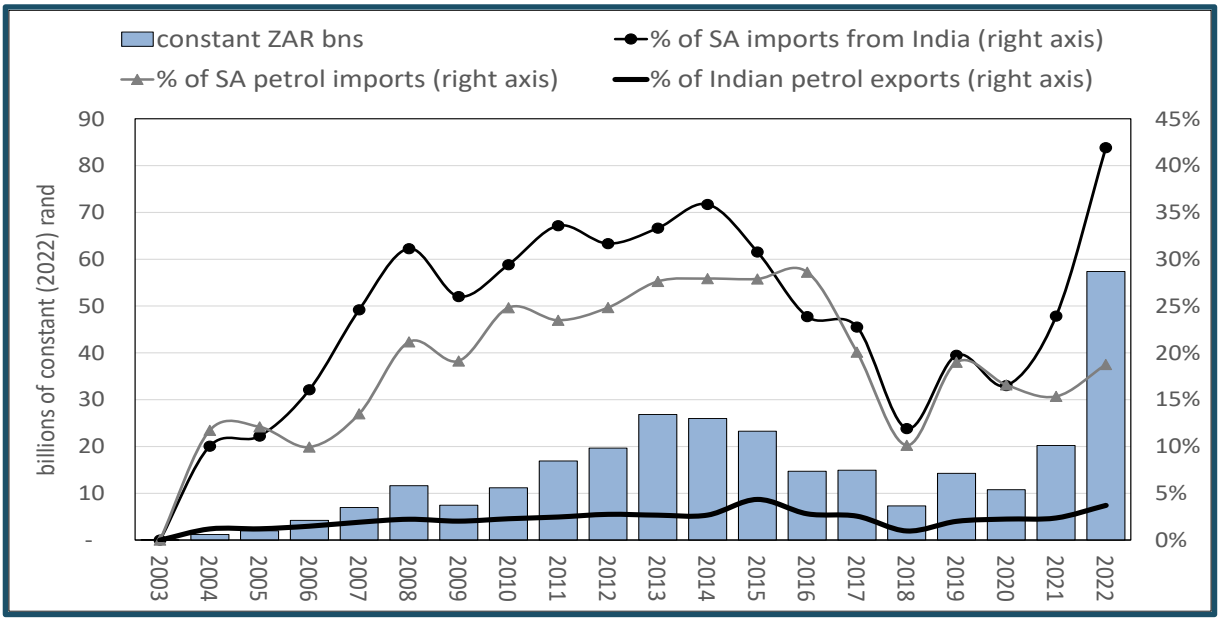
Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

No South African manufactured exports to India have expanded rapidly in the past 10 years. As with China, horticultural products have seen significant long-run growth. Fresh apples and pears exports to India climbed from 3 000 tonnes in 2010 to 46 000 in 2022, when they brought in R615 million. South Africa's citrus sales to India increased from 2 000 tonnes in 2010 to 33 000 in 2022. In 2022, they were worth R350 million. Chemical wood pulp, a forestry product used to make rayon and melamine, among others, has also seen a steady increase in exports to India. It climbed from 65 000 tonnes in the 2014 to 308 000 in 2019 and 520 000 in 2022. In 2022, India bought over half of South African exports of the product. In rand terms, the exports to India were worth R10 billion in 2022, more than five times as high as in 2019.

India was by far the largest market for South African exports of steel scrap, with a surge in sales reported in 2022. From 2012 to 2016, South African export restrictions reduced the tonnage sold to India from over a million tonnes to 150 000. Since then the reported amount has gradually recovered, reaching 370 000 tonnes in 2022. The value in that year was R2,3 billion.

In terms of imports, the jump in South African purchases of petroleum in 2022 was by far the largest change in recent years. As Figure 35 shows, these imports equalled a fifth of South Africa's total petroleum imports, although only 5% of Indian exports.

Figure 35. South African imports of petroleum from India in billions of constant (2022) rand (a) and as a percentage of South African imports and Indian exports, 2003 to 2022

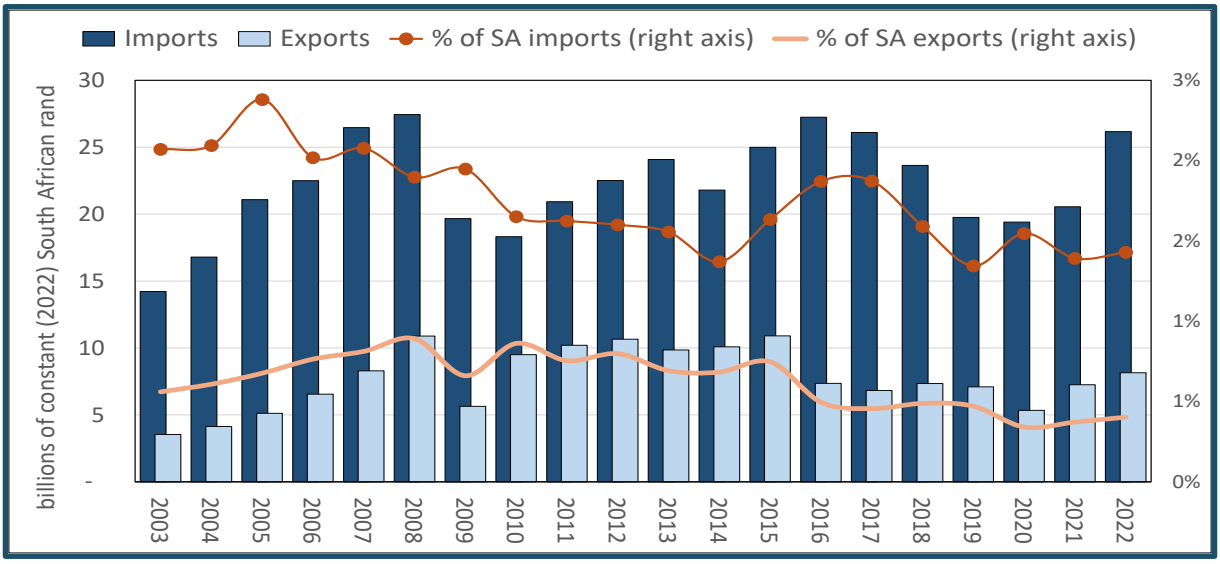


Note: Reflated with CPI rebased to 2022. Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

4.3.3 Brazil

South Africa's trade with Brazil was small compared to China and India. Exports declined through most of the past 20 years, and imports stagnated. In constant rand, exports fluctuated between R15 billion and R30 billion, while imports peaked at R10 billion in 2008, fell to a low of R5 billion in 2020, then recovered to R8 billion in 2022. As a result, Brazil's share in South Africa's merchandise trade has tended to decline. Imports dropped from 10% in 2010 to around 6% in 2022. Exports fell from nearly 25% to 17% in the same period, despite a jump in the late 2010s. (Figure 36).

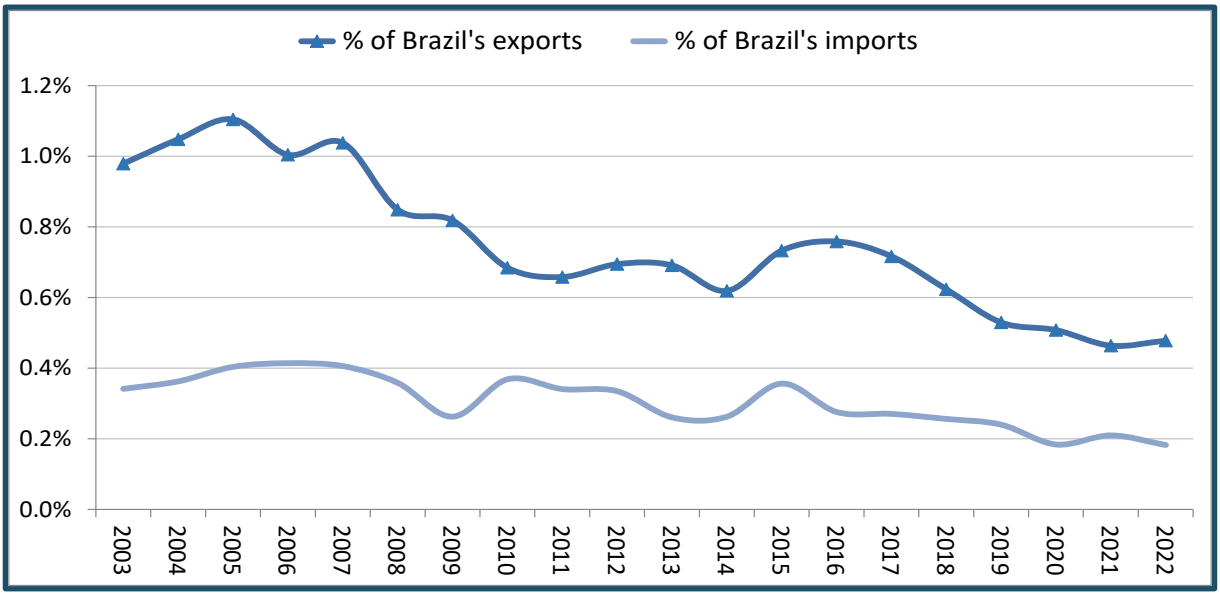
Figure 36. South African merchandise trade with Brazil in billions of constant (2022) rand (a) and as a share of total South African merchandise exports and imports, 2003 to 2022



Note: Reflated with CPI rebased to 2022. Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

The importance of South Africa's trade for Brazil has shrunk over the past 20 years. Exports to South Africa fell from over 1% of Brazil's total in 2005 to 0,5% in 2022. Imports from South Africa dropped from 0,4% to 0,2%. (Figure 37).

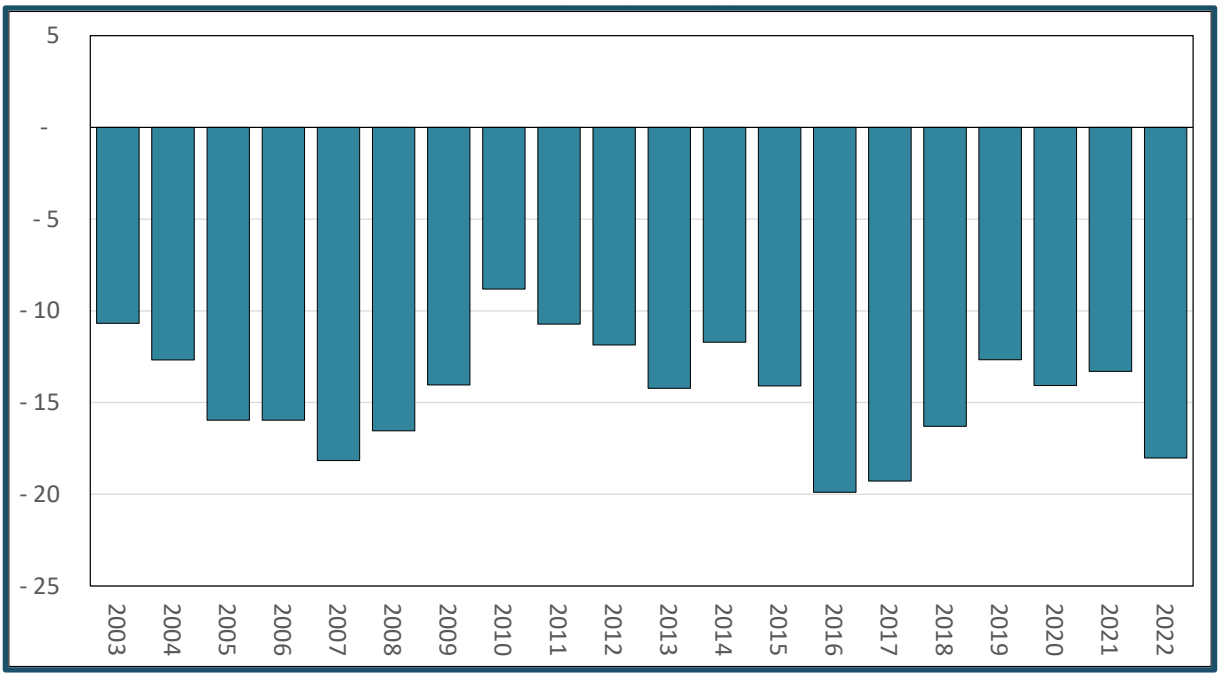
Figure 37. Trade with South Africa as a percentage of total Brazilian exports and imports,2003 to 2022



Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

South Africa has run a consistent deficit on the merchandise balance of trade with Brazil. Because the trade is relatively small, however, the deficit is also comparatively small in real terms, at under R20 billion in 2022. South Africa ran a surplus with the world as a whole of R190 billion, and a deficit with China of R180 billion.

Figure 38. South African balance of merchandise trade with Brazil in billions of constant (2022) rand (a), 2003 to 2022



Note: Reflated with CPI rebased to 2022. Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

Table 3 shows the main goods traded between South Africa and Brazil. The trade was diverse compared to India and China, with the top 20 products contributing under three quarters of both exports and imports. Because the amounts involved were fairly small, the sales of individual products often varied significantly year on year.

Table 3. South Africa's largest imports to and exports from Brazil in 2022

IMPORTS	ZAR BNS	% OF TOTAL	EXPORTS	ZAR BNS	% OF TOTAL
All products	26	100%	All products	8	100%
Total, top 20 products	16	61%	Total, top 20 products	6	74%
Poultry meat	3.3	13%	Centrifuges (mostly catalytic converters)	1.3	16%
Zinc	2.1	8%	Coal	1.2	15%
Wood pulp	1.5	6%	Zirconium	0.6	8%
Wheat	1.4	5%	Cars	0.5	6%
Ferro-alloys	1.0	4%	Aluminium	0.3	4%
Petroleum residues	0.8	3%	Aluminium waste and scrap	0.3	3%
Ammonia	0.7	3%	Acyclic hydrocarbons	0.2	2%
Medicaments	0.6	2%	Ferro-alloys	0.2	2%
Electric motors and generators (excl. generating sets)	0.6	2%	Aircraft	0.2	2%
Construction equipment	0.6	2%	Granulated slag from steel production	0.2	2%
Spraying equipment	0.5	2%	Wire cable and ropes	0.1	2%
Plywood	0.5	1.9%	Titanium ores	0.1	2%

IMPORTS	ZAR BNS	% OF TOTAL	EXPORTS	ZAR BNS	% OF TOTAL
Harvesting or threshing machinery	0.4	1.7%	Synthetic tanning	0.1	2%
Paper and paperboard	0.3	1.2%	Lead	0.1	2%
Pork	0.3	1.1%	Insecticides and herbicides	0.1	1%
Offal	0.3	1.1%	Chromium ores	0.1	1%
Uncoated kraft paper rolls	0.3	1.1%	Radioactive isotopes	0.1	1%
Vehicle components	0.3	1.0%	Manganese ores	0.1	1%
Electric motor and generator components	0.2	0.9%	Steel coils	0.1	1%
Polymers of styrene	0.2	0.9%	Aluminium tubes and pipes	0.1	1%

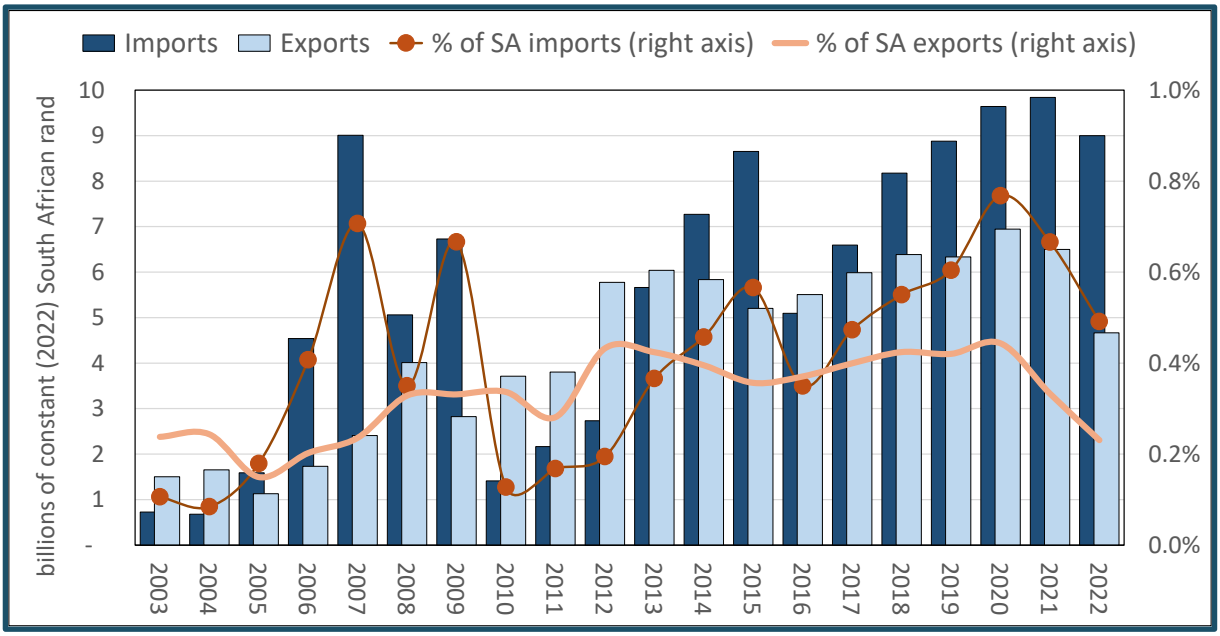
Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

Exports of catalytic converters to Brazil – essentially a platinum product – climbed from under 10 000 units in 2016 to 220 000 units in 2022, when they were worth R1,3 billion. That represented just 4% of South African exports of catalytic converters.

4.3.4 Russia

Trade between Russia and South Africa was small, at under 0,4% of the total for South Africa and less than 0,2% for Russia. It has generally grown in the past 20 years, although it declined in 2022. In that year, South African merchandise imports from Russia were under R10 billion, and its exports to Russia were less than R5 billion. The figures for imports exclude re-exports of Russian petroleum from India in 2022.

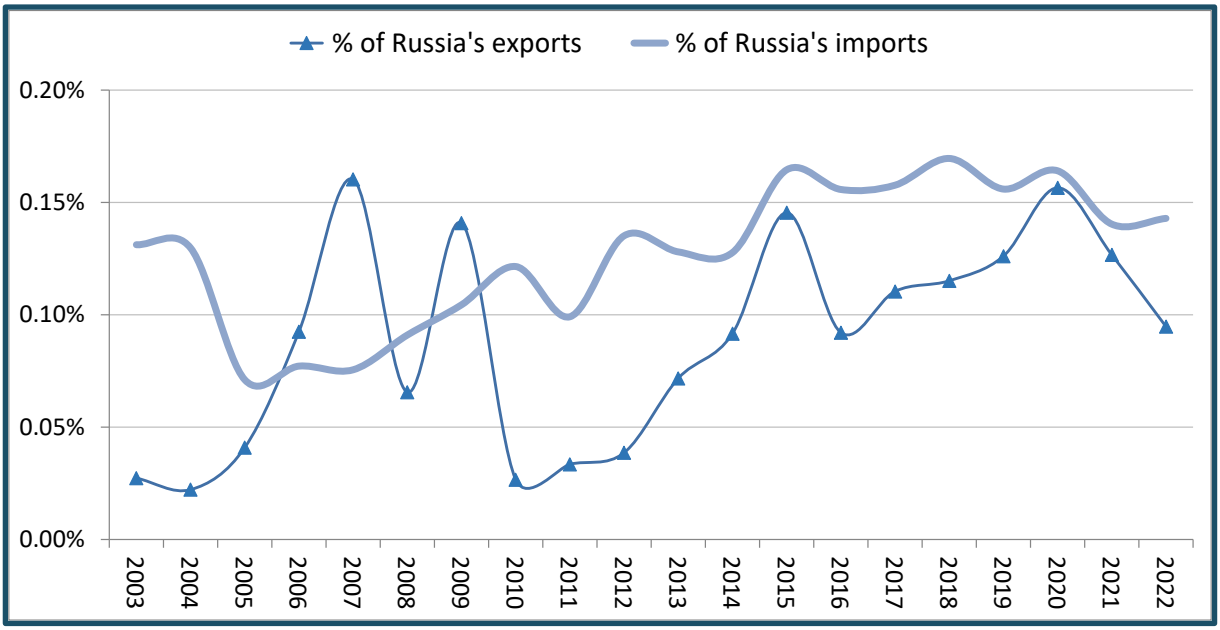
Figure 39. South African merchandise trade with Russia in billions of constant (2022) rand (a) and as a share of total South African merchandise exports and imports, 2003 to 2022



Note: Reflated with CPI rebased to 2022. Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

As a share of Russian trade, exports to and imports from South Africa have fluctuated substantially, reflecting their relatively small value. (Figure 40).

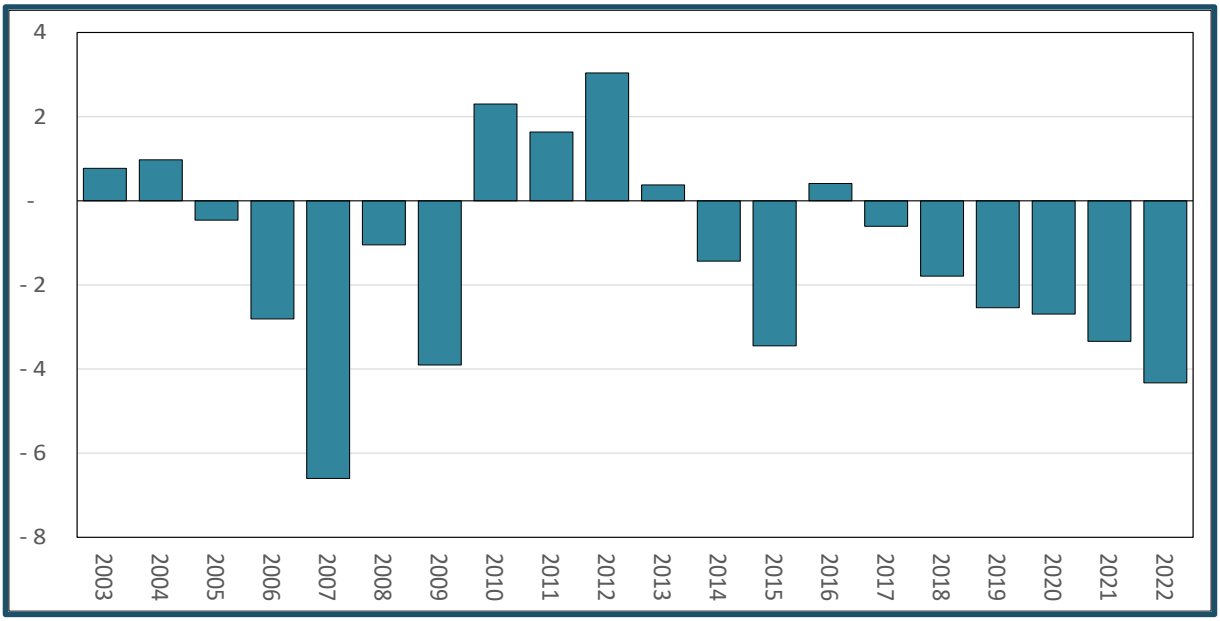
Figure 40. Trade with South Africa as a percentage of total Russian exports and imports, 2003 to 2022



Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

In most years, South Africa runs a merchandise balance of trade deficit with Russia. It worsened steadily from 2018 to 2022, but even in 2022 it was less than R5 billion.

Figure 41. South African balance of merchandise trade with Russia in billions of constant (2022) rand (a), 2003 to 2022



Note: Reflated with CPI rebased to 2022. Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

In 2022, over half of Russian exports to South Africa were fertilisers, based on petrochemicals, as well as copper wire and coal. Half of South African exports to Russia were citrus fruit, and another fifth was apples and pears. (Table 4).

Table 4. South Africa's largest imports to and exports from Russia in 2022

IMPORTS	ZAR BNS	% OF TOTAL	EXPORTS	ZAR BNS	% OF TOTAL
All products	9	100%	All products	5	100%
Total, top 20 products	*8*	*92%*	*Total, top 20 products*	*4*	*96%*
Multi-product fertilisers	2.3	26%	Citrus	2.3	49%
Nitrogenous fertilisers	1.4	16%	Apples and pears	1.0	22%
Copper wire	1.1	13%	Nuts	0.22	5%
Coal	0.8	9%	Manganese ores	0.18	4%
Potassic fertilisers	0.5	5%	Grapes	0.13	3%
Frozen fish	0.4	4%	Wine	0.12	3%
Phosphonates	0.3	3%	Fruit conserves	0.10	2%
Wheat	0.3	3%	Peaches, apricots, cherries	0.08	2%
Flat-rolled steel > 600 mm	0.2	2%	Preserved fruit and nuts	0.07	2%
Uncoated kraft paper	0.2	2%	Ferro-alloys	0.06	1%
Newsprint	0.1	2%	Tropical fruit	0.05	1%
Ferro-alloys	0.1	1.3%	Fruit juices	0.04	1%
Binoculars and telescopes	0.1	0.9%	Screening and crushing machinery	0.04	1%
Synthetic rubber	0.1	0.9%	Refrigeration equipment	0.03	1%
Wood pulp	0.1	0.9%	Orthopaedic appliances	0.02	0.4%
Polymers of ethylene	0.1	0.9%	Pulley tackle and hoists	0.01	0.3%
Petroleum oils	0.1	0.8%	Reaction initiators	0.01	0.3%
Screening and crushing machinery	0.1	0.7%	Components for lifting machinery	0.01	0.2%
Sulphates	0.1	0.6%	Pumps for liquids	0.01	0.2%
Lead	0.05	0.5%	Chromium ores	0.01	0.2%

Source: Calculated from ITC. Trade Map. Interactive dataset. Accessed at www.trademap.org in January 2024.

As with China and India, horticultural exports to Russia have grown steadily. No other products have seen sustained expansion.

South African imports of fertilisers from Russia surged in the past 10 years. They rose from around 100 000 tonnes in the early 2010s to 227 000 tonnes in 2019 and 393 000 tonnes in 2022. That means they increased from close to R750 million in 2019 to R2,3 billion in 2022. Imports from Russia climbed from around 10% of South African fertiliser imports in the early 2010s to over 15% in 2022. Still, they remained under 1% of Russia's total fertiliser exports.

South African imports of copper wire climbed from 1 500 tonnes in 2011 to almost 30 000 tonnes in 2019, then fell back to 10 000 tonnes in 2022. That equalled around 10% of Russian exports of copper wire, and a fifth of South African imports of the product. In 2022, copper wire imports from Russia cost South Africa R1,1 billion, down from R2,8 billion in 2020.

5. INTRA-BRICS INVESTMENT

Over the past four years, BRICS companies have made significant investments in the partner countries, mostly in commodity production, followed by manufacturing. The largest greenfield investments are listed in Table 5. Most were made by China and India, although some were recorded by Brazilian and Russian firms. Russia received the highest investments from Chinese companies, with Sirius Holding and China Chengtong Holding making significant investments in the natural, liquefied, and compressed gas sectors, as well as the pulp, paper, and paperboard sectors in 2019 and 2017, respectively.

Table 5: The 20 largest intra-BRICS greenfield investments between 2017 and 2021.

Year	Investor	Source country	Destination country	Investment ($ million)	Sector	Business activity
2019	Sirius Holding	China	Russia	11100	Natural, liquefied and compressed gas	Manufacturing
2017	China Chengtong Holding	China	Russia	1500	Pulp, paper, & paperboard	Manufacturing
2019	Great Wall Motors (GWM)	China	India	975	Light trucks & utility vehicles	Manufacturing
2018	Tsingshan Holding	China	India	926	Iron & steel mills & ferroalloy	Manufacturing
2019	Rosneft	Russia	India	850	Other petroleum & coal products	Manufacturing
2019	Huawei Technologies	China	Brazil	800	Communications equipment	Manufacturing
2021	Jingan	China	Russia	769	Other petroleum & coal products	Manufacturing
2017	Zhongding Dairy Farming	China	Russia	750	Animal production	Manufacturing
2018	Gazprom	Russia	China	740	Fossil fuel electric power	Electricity
2018	Sberbank	Russia	China	730	Commercial & institutional building construction	Construction
2018	Tata Group	India	China	700	Automobiles	Manufacturing
2019	Great Wall Motors (GWM)	China	Russia	656	Automobiles	Manufacturing
2018	Marcopolo	Brazil	China	615	Heavy duty trucks	Manufacturing
2018	Haier Group	China	India	427	Household appliances	Manufacturing
2019	Shanghai Automotive Industry Corporation (SAIC)	China	India	418	Motor vehicle & parts dealers (Automotive OEM)	Maintenance & Servicing
2021	Aditya Birla	India	China	375	Alumina & aluminum production and processing	Manufacturing
2019	China Communications Construction Company	China	Brazil	371	Iron & steel mills & ferroalloy	Manufacturing
2019	Tsaishen	China	Russia	357	Wood products	Manufacturing
2020	Liwei	China	Russia	335	Crop production	Manufacturing
2019	Xiaomi (Beijing Xiaomi Technology)	China	India	332	Communications equipment	Manufacturing

Source: United Nations Conference on Trade and Development (UNCTAD), BRICS Investment Report 2023, www.unctad.org/publication/brics-investment-report, November 2023.

6. CONCLUSIONS

The BRICS relationship emerged initially as a way for regional powers in the Global South to co-ordinate engagements on trade and geopolitical issues. Still, from an economic perspective it could in theory provide important opportunities to expand trade and investment. Taken together, the historic BRICS members hold almost half of the world's population. China is one of the world's largest sources of new investments and loans, including for infrastructure. In addition, the BRICS Bank provides an important new source of capital. The BRICS framework offers the possibility of engagements to take advantage of these opportunities.

In practice, however, it has proven difficult to build on the BRICS relationship to diversify the economy or expand exports of manufactures and high-end services. Among the historic BRICS members, South Africa, Russia and Brazil have not reduced their dependence on commodity exports in trade either inside or outside of BRICS. Indeed, manufactures comprise a smaller share of South African exports to BRICS partners than its sales to other countries.

This situation essentially follows because South Africa is competing for the same manufacturing space as the BRICS partner economies, and especially China. It faces longer established producers especially in China, while its comparatively small domestic market limits its leverage and ability to scale up production. Moreover, both the public and private sector have far less capacity to manage economic relationships than China, as well as weaker economic leverage.

This situation will change only modestly with the inclusion of new BRICS members. Saudi Arabia, the UAE and Iran all depend on petroleum exports and have authoritarian governments that are currently

engaged in various conflicts. Egypt and Ethiopia are more likely to provide opportunities for manufactured exports. Both also face substantial domestic and external conflicts, however, which may slow their growth and consequently limit opportunities for South African exporters and investors.

The position can be summed up in the form of a SWOT analysis, as shown in Table 6. The table focuses on issues that are unique to the BRICS.

Table 6. SWOT analysis of South African economic opportunities from BRICS

Strengths	**Weaknesses**
BRICS relationships enable more extensive and constructive engagements. BRICS economies, especially China and India, have very large populations, financial resources and opportunities for investment. SA has significant capacity in some mining-related capital goods, protective clothing and other equipment; catalytic converters; food processing; professional business services (such as engineering, legal, digital); and construction services.	SA has substantially less capacity and leverage in negotiations, especially relative to China. SA is competing with very large, established and comparatively low-wage manufacturing in China and to a lesser extent India; and with heavily state-supported commercial agriculture in Brazil Russia, and all of the new BRICS members are involved in various conflicts and sanction regimes, which may slow their long-run growth. Chinese companies have historically viewed SA as a source of commodities and a market for manufactures and infrastructure inputs, rather than a location for new manufacturing projects.
Opportunities	**Threats**
Leverage BRICS relationships to expand exports of manufactures and high-end services, and to increase FDI financing for infrastructure projects. If SA pursues a consistent strategy that takes account of its specific comparative advantages relative to other BRICS partners, exports of manufactures and high-end services may increase. BRICS Bank financing may reduce the cost of new infrastructure.	Competition with SA producers from low-cost manufactures and high-end services from China and increasingly also from India, as well as from Brazilian agriculture, making economic diversification more difficult. Tariffs to protect against food imports from Brazil and basic consumer goods from China raise the cost of living for working people. Companies take advantage of BRICS relations to engage in corrupt or criminal behaviour or to shift “dirty” industries to SA, e.g. coal-based refineries. Economic slowdown in China leads to lower world commodity prices and lower export demand for SA products.