

# Regimes, Neo-Regionalism and BRICS: A Conceptual Perspective of the Study

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## ABSTRACT

*This paper tries to revive the debate on 'new regionalism', focusing on the evaluating regional trade agreements (RTAs). Paper also finds that much analytical description using tools from old trade theory in the Viner-Meade tradition, focusing on trade creation, trade diversion and terms-of-trade effects. These tools try to look BRICS in new contemporary scenario. Among the international regimes, BRICS (Brazil, Russia, India, China and South Africa) grouping emerging as the new Centre of power factors in global politics. The five countries created an international regime whose members cooperate in the view of acquiring, collectively and individually, increased influence in international financial and economic institution among the RTAs regimes.*

**KeyWords:** BRICS, RTAs, Regimes, Regionalism, Neo-Regionalism.

The world economy after world war two has been much more integrated and competitive. Many successive

rounds of negotiations under the general agreements on tariffs and trade (GATT) have resulted in significant global trade liberalization, globalization and there has been an accelerating trend towards regional integrating in every corner of the world. Most of the early efforts at regional trade agreements ( RTAs ) in the 1950's and 1960's many of them among developing countries met with little success<sup>1</sup>. BRICS is also a birth of this Neo-Regionalism, in the old decades countries worked on colonialism and imperialism. They fetched countries for their political and economic interests. Regional Hegemony, arms military wars etc. are the common equipment of the each nation<sup>2</sup>.

After the ending of Cold War, New Trade Policy is concerned with a number of issues relevant to Neo-

Regionalism, and is providing new tools; the work is electric and is far from providing a unified framework for empirical and scientific analysis of new regionalism. Under the global free trade, countries would relocate factors of production to achievement structure of trade, production, and employment of primary factors consistent with their comparative advantage, win-win situation, with welfare gains arising from increased efficiency<sup>3</sup>.

There are two theoretical narratives that constantly recur in discussion how the international system influences the foreign policy of Brazil, India China, South Africa and Russia;

The first focus on the distribution of power and on the patterns of power politics that inevitably result. For Neo-Realistic the crucial feature of any system in the distribution of the material power and hence the dominant political reality of the post cold war order is the preponderance of the US. Military power and war are central to understanding how power is distributed and what counts as a

great power. Great are determined on the base of their relative military capabilities. To qualify as a great power, a state must have sufficient military assets to put up a serious fight in an all out conventional war against the powerful states in world. From the prospective, the puzzle of the post cold war period has been the absence of overt balancing behavior against the US<sup>4</sup>.

Before making an understanding attempt the BRICS in international politics as a regime, there is very important to know, what is Regimes actually and what kind of norms they have? The definition of the Regime coined on 1973 by R.O. Koehane, 'Regime can be defined as sets of implicit or explicit principles, norms, rules and decision-making procedures around which actors' expectations in a given area of international relations<sup>5</sup>. According to S.Strange, 'political regimes' is understood to entail the core rules and procedures that determine three key political features<sup>6</sup>;

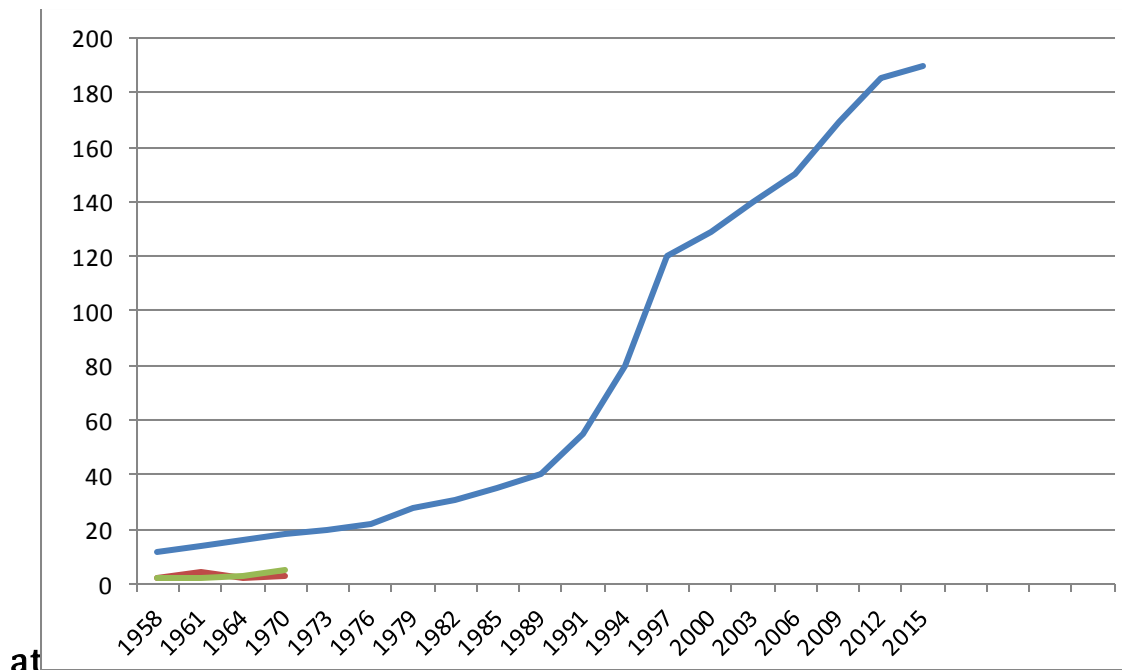
1. The number and type of actors who are allowed to

- gain access to government power.
2. The method to access to such position, and
  3. The rules that are followed in the making of publicly binding decision.

Around this core set of elements, several different typologies of political regimes have emerged that identify a wide range of potential regime types, with the classic categories of democracy,

authoritarianism and totalitarianism being supplemented by an extensive list of alternatives. The first wave of regionalism has been originated by exponential growth in the number of RTAs formed over the past 14 years, as of May 2003, 201 RTAs were in force. Almost every WTO member has joined at least one RTAs and some have entered 20 or more<sup>7</sup>.

**FIGURE 1: RTAs force by year of entry into force.**



**Source: WTO;** vertical line shows the number of RTAs and horizontal line shows years.

A multilateral ties signed under negotiations by individual BRICS countries, as shown in the table suggests that there is considerable asymmetry among them with regard to their sectorial and geographic interests<sup>9</sup>.

**Table: 1 List of RTAs under the negotiations by the BRICS regime**

| <b>RTAs in Force/ Announced</b>  | <b>Status of RTAs(in force/ in discussion)</b>   |
|--|--|
| <b>BRAZIL</b>  |  |
| Global system of trade performing among Developing countries(GSTP)   |  |
| Latin American Integration Association (LAIA)  |  |
| India MERCOSUR PT  | OPERATIONAL SINCE 2009: Agreements covering goods exists   |
| Protocols on trade Negotiations (PTN)  |  |
| Brazil United States Trade and economic cooperation  |  |
| <b>RUSSIA</b>  |  |
| Armenia- Russian Federation FTA  |  |
| Common Economic Zone (CEZ)   |  |
| Commonwealth of Independent States(CIS)  |  |
| Eurasian Economic Community (EAEC)   |  |
| Georgia- Russia FTA  |  |
| Kyrgyz Republic-Russian Federation   |  |
| EFTA Russian Federation/Belarus/Kazakhstan   | Announced  |
| <b>INDIA</b>   |  |
| ASEAN-India free trade agreement   |  |
| Asia Pacific trade agreement(APTA) including china and India in addition to Bangladesh, South Korea and Shri Lanka | Agreement covering goods exit: negotiations underway for significant expansion of coverage to include services and taxes |
| Chile- India Preferential trade Agreement  | Under negotiations   |
| Indi- Afghanistan PTA  |  |
| India-Bhutan free trade agreement  |  |
| India-Nepal Thailand framework agreement   |  |
| India -Singapore comprehensive Economic Partnership Agreement  |  |
| India- MERCOSUR PTA  | Operational since 2011   |

|  |                                |
|--|--------------------------------|
| Bengal Initiative on multispectral technical and economic cooperation(BIMSTEC) |                                |
| SAFTA  | Announced                      |
| SAPTA  | Announced                      |
| SAARC agreement on trade and services  | Under negotiations             |
| <b>CHINA</b>   |                                |
| China Asia free trade agreement  |                                |
| Asia-pacific trade agreement   | Agreement covering goods exits |
| Chili-China FTA  |                                |
| Mainland and Hong KONG Closer economic partnership agreement                   |                                |
| China Morocco CEPA   |                                |
| CHINA Singapore free trade agreement   |                                |
| China –Pakistan free trade agreement   | <b>Under negotiations</b>      |
| China –Peru free trade agreement   |                                |
| Australia China FTA  | Under negotiation              |
| China Norway FTA   | Declared                       |
| Switzerland- China FTA   | Announced                      |
| Costa Rica- Chia FTA   | <b>Announced</b>               |
| <b>SOUTH AFRICA</b>  |                                |
| EC-South Africa trade development and cooperation agreement                    | Under negotiations             |
| EFT-SACU   |                                |
| South African Customs Union  |                                |
| Southern African Development(SADC)   | <b>UNDEER NEGOTIONS</b>        |
| India-SACU PTA   |                                |

Source:WTO RTA Database, <http://rtas.wto.org/UI/PublicMaintainRTAHome.aspx>

Neo-Regionalism can be specified as involving many of the elements found in the horizontal level of integration or the achievements of economic union:

- Fascinating financial an foreign direct investment flows by stabling investment

protocols and protections.

- Liberalizing movement of labor within the RTAs.
- Harmonizing domestic tax and subsidy polices especially those that affect

production and trade incentives.

- Harmonizing macro policies, including fiscal and monetary policy, to achieve a stable macro economic environment within the RTA, including coordination exchange rate policy.
- Establishing institutions to manage and facilitate integration development funds, institutions to set standards, dispute resolution mechanisms improvements of communications and transformation infrastructure to facilitate increased trade and factor mobility.
- Harmonizing legal regulation of product and factor markets (e.g. anti-trust law, commercial law, labor

relations, and financial institutions.)

Monetary union establishment of a common currency and completely integrated monetary and exchange rate policy<sup>9</sup>.

**BRICS have largely endorsing to the traditional approach behind entering RTAs. Most of the initial FTA concluded by BRICS countries have been partners who shares similar geo-political and economic background. Further, BRICS in their own agenda have not addressed the problem arising out of asymmetrical and deep FTAs and their ramifications on the global economy. Therefor the description of the current global phenomenon on the RTAs and description of each of the BRICS countries policy stance on regionalism, gives ample platform for further policy thinking by BRICS<sup>10</sup>.**

On the other hand, After these keen description of Regimes Theory, Regionalism and Neo\_ regionalism, paper through some glimpses on BRICS as a growing new regime in today's neo-regionalism concept. There is an important findouting that BRICS is not developed as EU.

EU is well organized regime which has many factors to show that they are bounding in RTAs<sup>11</sup>. All the countries of EU have common currency, work as a union, fully unbounded with transportation system, direct investment plays huge role for their development due to RTAs. But on the other hand BRICS is still in a naïve age. It is not fully organized. Although last 3 years, it is evaluating itself in a better way. Now BRICS has its head quarters, chairperson, annual meetings and summits and Developing Bank. But still BRICS is not as facilitated as EU, UNASUR, NATO, OEDC, OPEC etc.. But it is not far in the night that when BRICS will complete all norms of Neo-Regionalism.

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