

THE BRICS: A TRAITS OF GLOBAL INTERDEPENDENCE

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ABSTRACT

In an era of regional integration and interdependence, organizations like Brazil, Russia, India, China and South Africa (BRICS) can play a meaningful role in international level as well as regional in years to come. The recent summit of the BRICS reiterates that more cooperation is needed at various levels. It calls for a more representative international financial architecture demanding an increase in the voice and representation of developing countries and the establishment improved international monetary as well as trade systems that can serve the interests of all countries and support developing economies. This paper analyzing the tendency of BRICS is evolving nature in the global political economy both political as well as economic aspects. This evolving nature will lead to global interdependence with regards to maintain global peace and security.

KEYWORDS: *BRICS, International Political Economy, Political Interdependences, and Economic Interdependences, Global Interdependence*

INTRODUCTIONS

The BRICS is a group which promotes the interest of the global South within a multilateral system. It constitutes of the different political system which is authoritarian, totalitarian, democratic and federal in nature. This consensus gives them the ability to influence global decision making and to safeguard developing countries interests and concerns. The BRICS has projected itself as an independent group in a fast-changing world. The BRICS is a relatively new group and its institutional structure is still evolving. A number of cooperation mechanisms have been developed, including the Action Plan and meetings of foreign, finance and trade ministers as well as central banks governors are taking place on a yearly basis to further enhance the working of this institution. The rich flow of FDI within this group, trade flows, and migration flows have substantiated their economic growth and development. These factors are considered to be evolving growth factors of their economic growth and development.

The BRICS does not represent a region (against a well-known gravity model)¹. Moreover mutual concerns and interest forms the core of this group in which regionalism is promoted through economic integration and interdependence among member states. The BRICS is usually referred to as a 'Three trillion dollar trade' club. In fact, the total trade of BRICS is recorded as 3.41 Trillion USD, although it may be a convincing argument to consider the BRICS as a major trading bloc in international trade (IMF report, 2011). Thus trade is one of the integral factors uniting BRICS countries as a group. Moreover BRICS members are continental or subcontinental powers of each of their regions, namely Asia, South Asia, Latin America, Africa, and Eurasia, this peculiarity of BRICS's helps it to influence global decision-making process

in the platforms like UN, IMF, WTO, World Bank and G20 negotiations.

OBJECTIVES OF THE STUDY

This paper analyzing the tendency of BRICS is evolving nature in the global political economy both political as well as economical aspects. The next objectives will deal with BRICS roles and influences on changing global order. The followed by second objectives deals with what are the major challenges facing by BRICS in the recent scenario to achieve an institutional mechanism.

MATERIALS AND METHODS

Owing to the peculiar nature of the topic, the work is interdisciplinary in nature relying on International Trade, International Political Economy and International Relations principles. Descriptive and analytical treatment was used since the study necessitates an analysis of international trade; BRICS summits initiatives, governmental and inter-governmental policies of the BRICS countries. Both primary materials and secondary methods were used to collect data. The secondary data for analysis consists of export, imports, and tariff rates in India and other BRICS countries. Along with that, various Reports of World Bank, WTO, ITC, and BRICS summits, Ministry of Trade and Commerce, Government of India were evaluated. Time series data related to the selected economic and political indicators such as like trade growth, national interests, and developing countries concerns on common issues were used by the investigator to study the impact of the evolution of BRICS in International Political Economy. Since the study is analytical in nature it used descriptive analysis techniques, the measures of central tendencies, and growth analysis techniques appropriated to analyze the data to draw meaningful inferences.

BRICS and Economic Growth

The BRICS grouping is a new emerging group within the international political economy which has the power to resist the Western hegemony in the global level. The post-financial crisis onwards BRICS economies are gaining power because of the strong financial and centralized banking system to protect them from financial hurdles. This reality is emphasized to increase economic growth in their region.

The BRICS grouping is not a natural, historical, cultural, political or linguistic coalition. It is entirely an economic group, first popularized in an economic paper from Goldman Sach. In retrospect, the choice of Brazil, Russia, India, China, and South Africa is nothing but 'a focuses on the emerging markets with the largest GDP (in terms of PPP), and on their out big populations becoming more productive. Indeed, the father of the concept, Goldman Sach's Jim 'O' Neill writes in the growth map (2011), his latest reflection on the origin and evolution of BRIC (later South Africa joined), that the two most important determinates of GDP are demographics, and productivity. In terms of demography, 'more working people make an economy easier to grow unless of course, they are extremely unproductive. More people produce more output; more people earn wages and income,² which is basis for their consumption. As for productivity, the more a group of workers can produce with given set of outputs, from time to materials, the faster their economy will grow. In the year 2000, the GDP, in terms of PPP (see figure 1) of the US was at 22 percent in the world while GDP was slightly larger than 21.4 percent of combined BRICs.

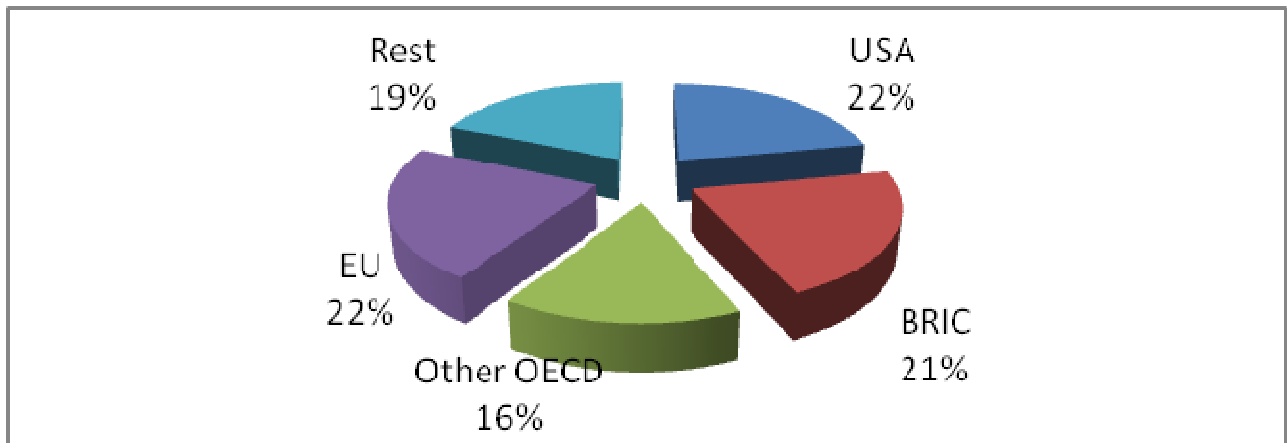


Figure 1: Percentage Share of Global GDP at PPP in USD, 2000

Source: IMF, World Economic Outlook, May 2001.³

Ten years later, the combined GDP of BRIC's was (see figure 2) 12 Trillion USD, or approximately 25 percent of world GDP, larger than US contribution of 20 percent. These changes in the BRIC's contribution to world GDP was accomplished by consistently high growth rates in the BRIC's, particularly in China and, to a lesser extent India. This dramatic change is the evidence that BRICS countries have influenced international economic growth which overtake EU and the USA. In this context financial crisis made an apparent change in BRICS economies for less effective rather than the EU and USA. This was one of the reasons BRICS is one of the largest credential factors of the global economy.

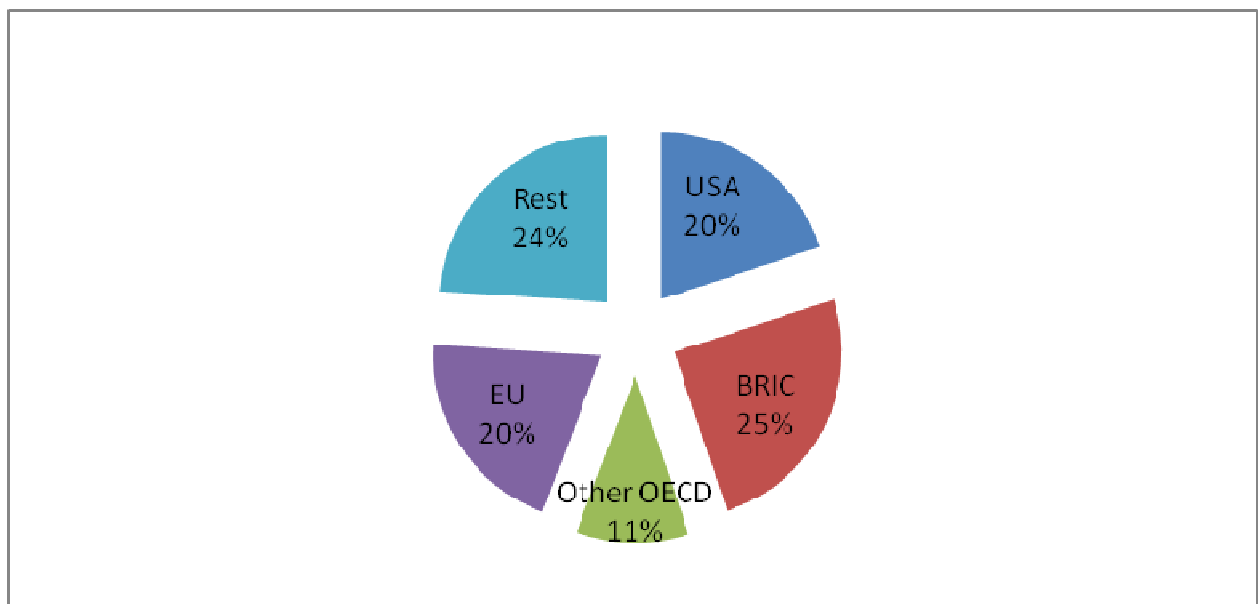


Figure 2: Percentage Share of Global GDP at PPP in USD 2011

Source: IMF, World Economic Outlook, October, 2011.

Table 1: Foreign Exchange Reserve (Billion USD)

Country	2000	2005	2010	2011	2012	2013	2014	2015
Brazil	33	53.7	288.5	352	373	358.8	363.5	356.4
Russia	24.2	175.6	432.9	441.1	473.1	456.4	327.7	309.3
India	38.	141.5	279	304.8	294.3	292	304.2	341.6
China	165.5	818.8	2847.3	3181.1	3311.5	3821.3	3843	3330.3
South Africa	7.5	20.6	43.8	48.8	50.7	49.5	49.1	45.7
BRICS	268.4	1210.5	3891.7	4328	4502.9	4978.2	4887.6	4383.6

Source: BRICS Joint Statistical Report 2016.⁴

The above (table 1) discusses the matter of foreign currency reserves, BRICS's foreign currency reserves were enlarged from 268418 to 4383633 Million USD in 2000 and 2015. These foreign currency reserves are the main backbone of their economy which maintained financial and macroeconomic stability. China's economic power also seems to ground on the scale of its foreign currency reserves. At 3330362 Million USD, Chinese reserves, Brazil 356464 Million USD, India's 341638 Million USD and even Russia's 309382 Million USD, and South Africa's 45787 Million USD in 2015. The importance of this factor is illustrated by the widespread expectations in October 2011 of a Chinese contribution to Eurozone bailout fund. Another way to see the dominance of China within the BRICS is to observe the exponential growth trajectory of the Chinese economy with a relative slower pace of the other BRICS economy, especially Brazil and Russia.

BRICS and Multilateral Merchandise Trade System

The BRICS have a prominent role in the multilateral trade system, especially in merchandise trade. The BRICS function as a good exports destination and provides market access for all economies connected to the multilateral trade system. In accordance with other regional organizations like EU, ASEAN, and NAFTA, BRICS have an evolving nature in international trade. The comparisons with other regional organizations help to understand BRICS's influences in global trade. The details are discussed below;

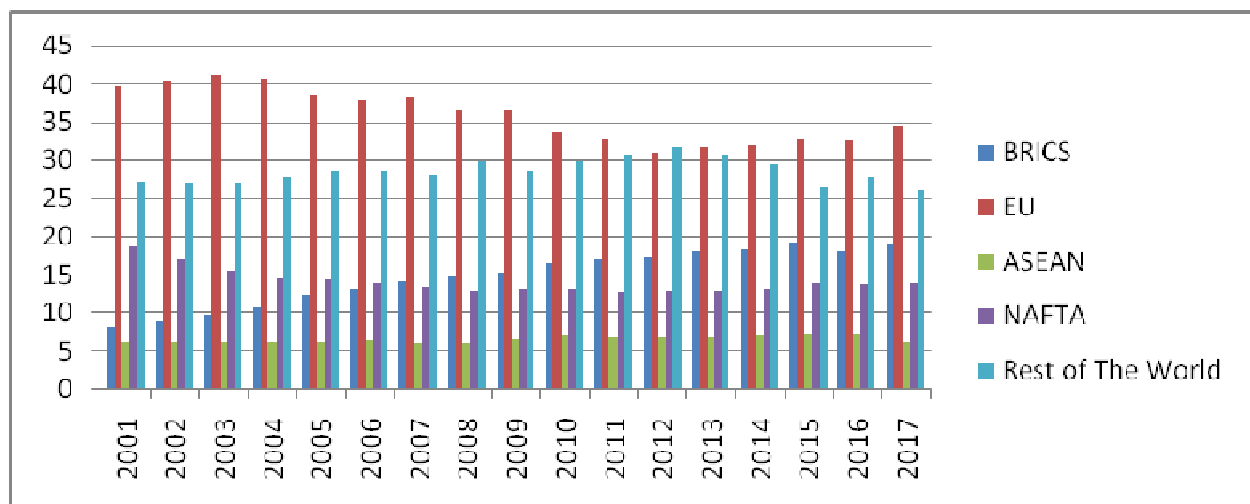


Figure 3: World Merchandise Exports Share in Percentage

Source: ITC calculation based on UN COMTRADE Statistics,

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The above-given figure 3 gives a detailed picture of the share of contributions with regard to merchandise world exports and data from four major regional groups are included for comparative analysis. During the period 2001-08 European Union's share of contribution reached from 38 to 37 percent in world exports. The BRICS share of contribution increased in double from 7 to 15 percent in world exports. This tendency paved a growth path of BRICS economies towards future development and to overcome hurdles of the financial crisis. In the case of ASEAN, it maintained stable share contributions (6 percent) in world exports. The NAFTA is the only regional group that showed a declining share of contribution (from 18 to 8 percent) in world exports. The rest of the world share was almost stable contributing to 29 percent of world exports. In the period, 2009-17, The European Union's share of contribution declined periodically from 38 to 34 percent. The BRICS contribution eventually increased from 16 to 19 percent in world exports. ASEAN showed stable performance, and NAFTA showed a declining tendency during this period. While evaluating the overall performance of BRICS group, it has been observed that they performed well even in a constrained global trade environment while the global crisis had much impact on NAFTA, EU, and ASEAN countries. Share from the rest of the world decreased from 29 to 26 percent in world exports.

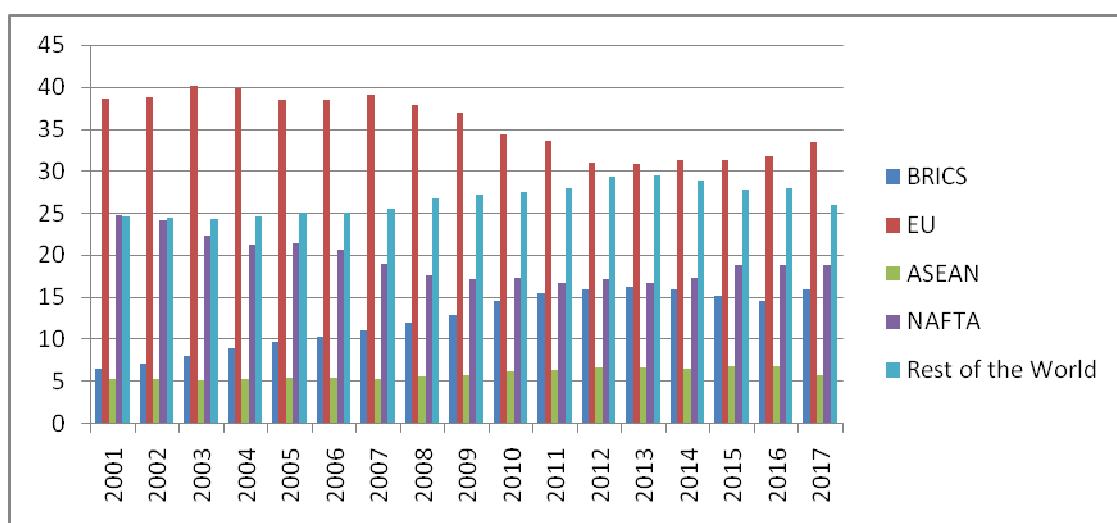


Figure 4: World Merchandise Imports Share in Percentage

Source: ITC calculation based on UN COMTRADE Statistics, http://www.trademap.org/Country_SelProduct_TS.aspx.

Figure 4 illustrates the share contribution of world imports from regional organizations like EU, ASEAN, NAFTA, and BRICS. From 2001 to 2008, The EU's contribution significantly enlarged from 37 to 38 percent of world imports. Trade from the rest of the world increased from 24 to 27 percent of world imports. In the case of BRICS and NAFTA, not much difference was made as they showed a decreasing tendency from 25 to 17 percent (NAFTA) of world imports. But in the case of BRICS, it touched from 6 to 12 percent of world imports contribution. The ASEAN share is more stable 6 percent of global trade, which shows that it has a stable influence on global trade.

The period of 2009-17 witnessed the EU's decreasing tendency from 37 to 33 percent of world imports contribution. The global financial crisis and Euro-zone crisis were major obstacles for their growth parameters which negatively affected their contribution in world imports. Trade among the rest of the world remained stable at 26 percent, and BRICS maintained 16 percent of imports share in global trade. The NAFTA and ASEAN share of contribution was 18 and 6 percent respectively on world imports.

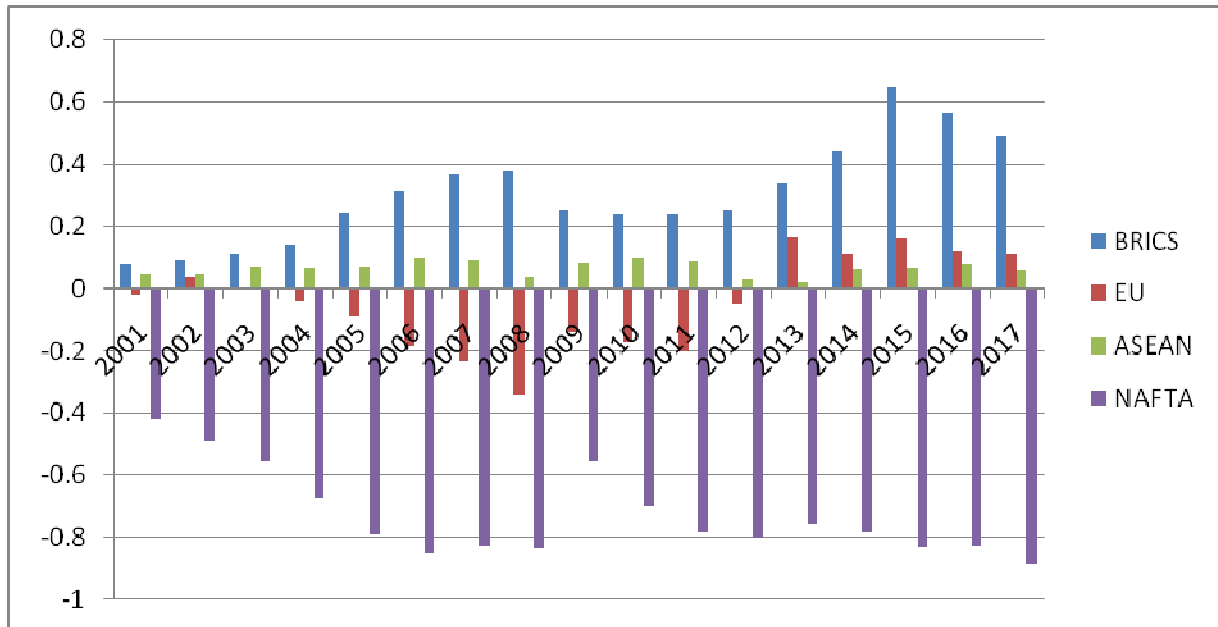


Figure 5: World Merchandise Trade Balance (Values in Trillion USD)

Source: ITC calculation based on UN COMTRADE Statistics, http://www.trademap.org/Country_SelProduct_TS.aspx.

In figure 5 gives a graphical representation of world trade balance with regard to merchandise trade. The rest of the world, EU, ASEAN, and BRICS enjoyed the camp of trade surplus whereas others fell into the deficit camp. The BRICS increased its surplus from 0.3 to 0.5 Trillion USD (2001-17). This is where we can see BRICS planned economic activities influencing more on their trade surpluses along with the BRICS intra-regional trade which reduced the trade deficits. The biggest importer and exporter of world trade, the EU faced trade deficits in the last consecutive years. In the case of rest of the world, it marked trade surpluses from -1 to 0.1 Trillion USD. This data details on the picture of the flowing tendency of exports from lower developed countries to developed countries. In this context South-North trade relations are more significant in world trade. It was also found that northern countries more depended on Southern countries cheaper products.

BRICS and Multilateral Service Trade

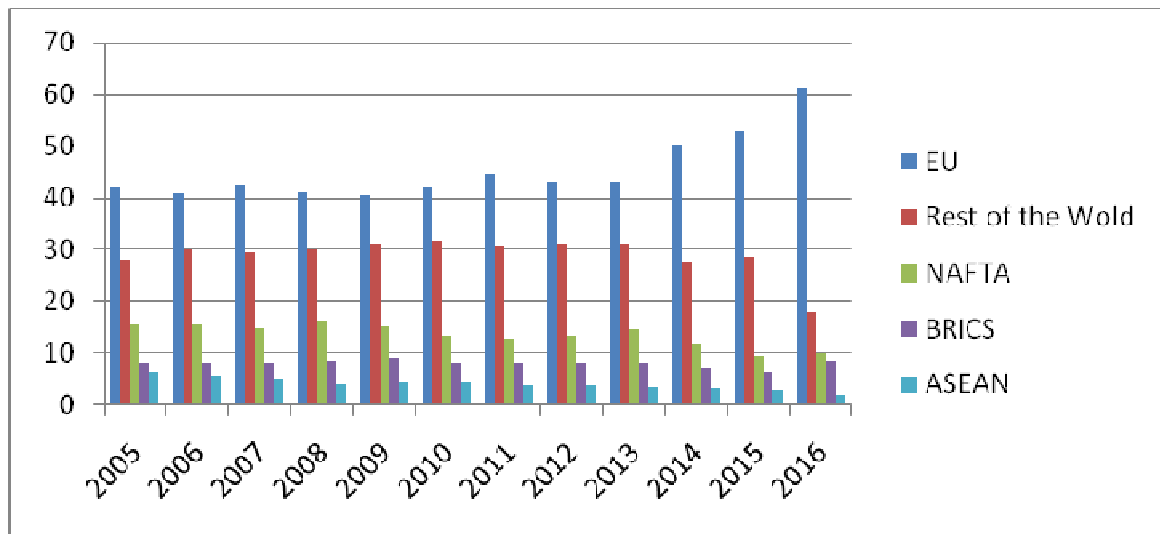


Figure 6: World Service Exports Share in Percentage

Source: ITC, WTO, UNCTAD trade-in service data based on Euro stat IMF, OECD and relevant national statistical authorities statistics, http://www.trademap.org/Country_SelService_TS.aspx.

In the above figure 6, the global service trade picture is illustrated in aggregate level. During the period 2005 to 2010, the global service trade trend is shown to be increasing. The EU dominates world service exports by contributing almost half portion of world service trade, but the contribution share decreased during from 47 to 44 percent of share during this period. The next position holding by Rest of the world, a share is increased from 23 to 24 percent of world service trade. The third position covered by NAFTA show steady and increasing tendency from 17 to 18 percent of world share. The BRICS in the initial stage of its institution building, but its contribution share increased from 7 to 9 percent of the world trade. In the case of ASEAN, the share of contribution has been maintained more stable at the level of 5 percent.

During the period 2011 to 16, the EU (63 percent), Rest of the world (18 percent), NAFTA (10 percent), BRICS (9 percent), and ASEAN (3 percent) contributed simultaneously to service exports in 2016. This data proves that the global financial crisis has had less implication on world service exports. The BRICS and ASEAN groups are in an advanced position in world service trade, showing an upward trend. But in the case of the EU, Rest of the world and NAFTA are in hurdles of downward tendencies in global trade due to Euro-zone crisis, global financial crisis, and low demand for their service products in world markets.

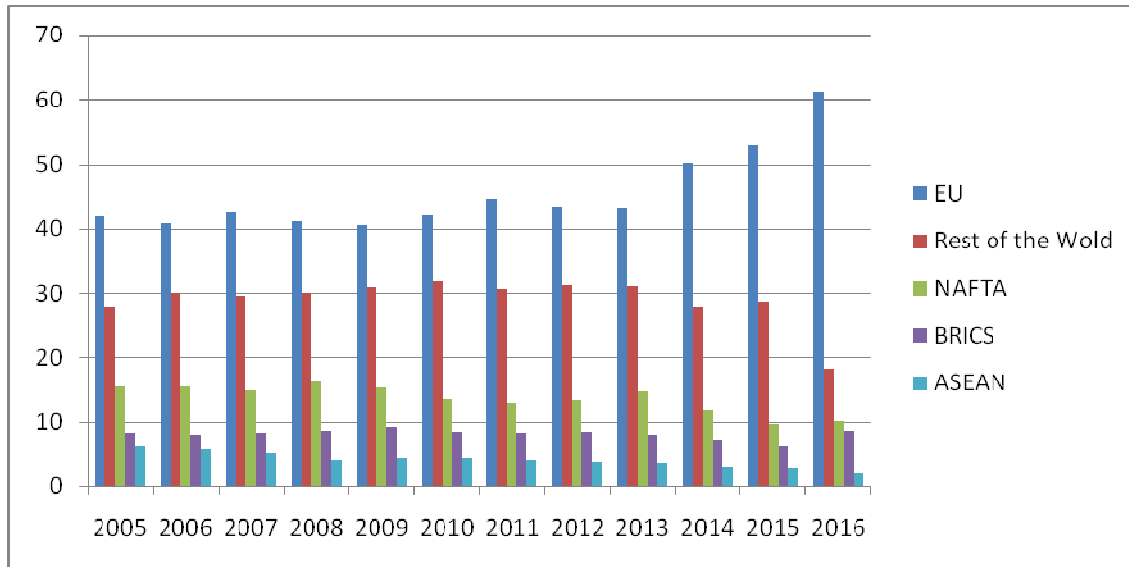


Figure 7: World Service Imports in Percentage

Source: ITC, WTO, UNCTAD trade -in service data based on Euro stat IMF, OECD and relevant national statistical authorities statistics, http://www.trademap.org/Country_SelService_TS.aspx.

In the above figure 7, the global service trade is illustrated in aggregate level. During the period from 2005 to 2010, the global service imports trade trend is shown to be increasing. In the case of EU, it dominates world service imports by contributing to half portion of world service trade, but recent data shows this contribution share has decreasing from 43 to 39 percent share during this period. The next position holding by Rest of the world, a share is increased from 26 to 28 percent of world service trade. The third position covered by NAFTA show steady and increasing tendency from 16 to 13 percent of world share. The BRICS in the initial stage of its institution building, but contribution share increased from 8 to 12 percent of the world trade. In the case of ASEAN's share of contribution is maintained more stable at the level of 5 percent.

In the period of 2011 to 16, the share of contribution service imports is respectively, EU (62 percent), Rest of the world (17 percent), NAFTA (10 percent), BRICS (8 percent), and ASEAN (2 percent). This data states that the global financial crisis had less impact on world service imports. The BRICS and ASEAN groups are in an advanced position in world service trade, showing an upward trend. But in the case of the EU, rest of the world and NAFTA are showing downward tendencies in global trade due to Euro-zone crisis, global financial crisis, and low demand of their service products in world markets.

Table 2: World Service Trade Balance (Values in Trillion USD)

Year	BRICS	ASEAN	EU	NAFTA	World
2005	-0.02047	-0.02613	0.117677	0.056554	0.057177
2006	-0.01714	-0.02328	0.161507	0.061223	0.084525
2007	-0.01864	-0.01656	0.20957	0.096687	0.141959
2008	-0.03286	-0.02584	0.218655	0.10154	0.095376
2009	-0.04992	-0.01484	0.190806	0.10138	0.090807
2010	-0.08576	-0.01524	0.223352	0.121954	0.1013
2011	-0.10733	-0.01578	0.296548	0.155199	0.153526
2012	-0.15157	-0.01587	0.310187	0.167754	0.131639
2013	-0.20694	-0.01351	0.33931	0.190703	0.145768
2014	-0.24736	-0.0128	0.353661	0.199525	0.114214
2015	-0.22369	-0.00711	0.306232	0.191378	0.152416
2016	-0.271309	0.007716192	0.243805	0.225079	0.13

Source: ITC,WTO, UNCTAD trade in service data based on Euro stat IMF, OECD and relevant national statistical authorities statistics, http://www.trademap.org/Country_SelService_TS.aspx.

In the above table 2, illustrates the global service trade balance in the aggregate level. From the period of 2005 to 2010, the global service trade trend has been increasing steadily. In the case of the EU, which dominates world service trade balance, an increase from 0.11 to 0.22 Trillion USD is shown during this period. The position covered by NAFTA show steady and increasing tendency from 0.05 to 0.12 Trillion USD of world trade. The BRICS in the initial stage of its institution building, but contribution share decreased from -0.02 to -0.08 Trillion USD in the world trade balance. ASEAN's share of contribution is maintained more or less stable at the level of -0.02 Trillion USD.

Data from the period of 2011-16 shows that the EU (0.24), Rest of the world (0.13), NAFTA (0.22), BRICS (-0.27), and ASEAN (0.0) had their share of contribution in service trade balance respectively. This data supports the proposition that the global financial crisis had a minimal impact on world service trade balance. The EU and NAFTA groups share a dominant position in world service trade and have been sharing an upward trend. But the BRICS and ASEAN are in hurdles and have been showing downward tendencies in global trade due to lowest demand of their service products in world markets. So that BRICS and ASEAN in the seashore of trade deficit and rest of the remaining like the EU and NAFTA are the well advance position of trade surpluses in global service trade.

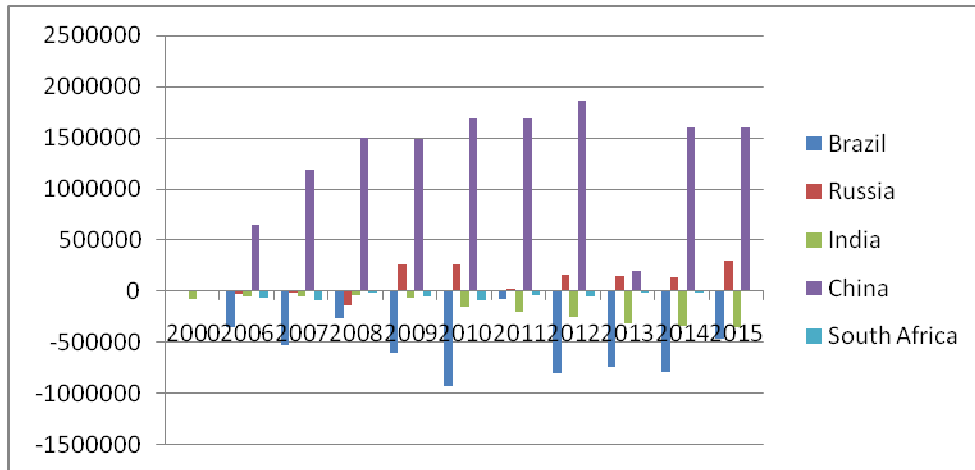


Figure 8: International investment position (Million USD)

Source: BRICS Joint Statistical Report 2016.

The above figure (8) shows that Russia and China are the investment jargon among the BRICS group. India, Brazil, and South Africa are major recipients from the rest of the world. India, Brazil and South Africa have deficiencies in infrastructural development so that they are major recipients of global investment. Russian and Chinese multinational companies invested all over the world especially in the continents of Africa, Latin America, Asia, and the Middle East. This is one of the reasons behind their increasing investment position globally.

Table 3: Inflows of FDI (Million USD)

	2000	2005	2010	2011	2012	2013	2014	2015
Brazil	32779	15066	48506	66660	65271	63996	62495	75075
Russia	4429	13072	13810	18415	18666	26118	.....	.....
India	4029	8961	34847	46556	34298	36046	37758	55457
China	40715	60325	105735	116011	111716	117586	119562	126267
South Africa	888	6644	3635	6248	4559	8304	5717	1774

Source: BRICS Joint Statistical Report 2016.

The above table (3) shows China as the leading country among the BRICS with regard to FDI inflow. The second position is held by Brazil, then India, Russia and followed by South Africa. In this context, China actively plays the role of an investor in supporting the interests of the BRICS along with the support of developing countries interests. China can at this point effectively use BRICS as a platform to resist Western countries interest and hegemony, because of which China invested more into BRICS. BRICS nations received a total of 258.57 Billion USD FDI inflows into their group in 2015. It shows the increasing economic interdependence among the BRICS countries, which boosted their economic growth and development.

Table 4: Outflows of FDI (Million USD)

	2000	2005	2010	2011	2012	2013	2014	2015
Brazil	2286	-2517	-17588	1029	2821	3495	3540	13498
Russia	382	588	10271	19040	17426	76265	.....	....
India	756	5867	17195	10892	7136	9199	.....	.....
China	....	12261	68811	74605	87804	107844	....	.....
South Africa	-271	930	76	257	2988	-6652	-6493	-5352
BRICS	3153	17129	78765	105823	118175	190151	-2953	8146

Source: BRICS Joint Statistical Report 2016.

The above table (4) shows that China is the leading state among the BRICS with regards to FDI outflow. Second position held by Russia, then India, Brazil and followed by South Africa. In this context, India and China compete on the African markets on the basis of FDI outflows. Brazil has tremendous of foreign currency reserves which have influenced their Foreign Development Investment (FDI) abroad. China and India actively played a pivotal role in Africa and its infrastructural development, resulting in total BRICS FDI outflow of 190 Billion USD in 2013. This was one of the major evidence of their active involvement in global affairs for promoting developing countries interests and concerns.

To conclude with, we can see that the above data shows greater evidence for BRICS economic growth through FDI and trade. The similarities within BRICS economies play a significant role in their growth such as like rich contribution of labor and materials resources, educated youths, developed financial and banking system and macroeconomic stabilities have influenced their economic growth. Within all this, trade is considered as an integral part in strengthening their relationship.

As the BRICS countries increasingly integrated their national economies into the global economic system, their economic wealth started to grow, due to cheap labor costs, and their relatively well educated middle class that thrived in the new information economy. For most of the BRICS, this resulted in rapid industrialization as market economic dynamics shifted manufacturing to the location where goods were cheaper to produce.⁵

The BRICS thrived because of their natural resources, high education level and its countries becoming gateways into their regions. The countries, in order to attract more Foreign Direct Investment, started to transform their domestic economic structures to capitalize from export -led growth. It is thus somewhat ironic that whilst their rapid growth and growing economic influence is derived from the degree to which they become more integrated into the global free market economy; their political power is symbolized by the degree to which they are able to suggest an alternative to the current global order.

Most of the analysis reflects the argument that while many emerging powers may be dissatisfied with significant characteristics of current world order, they do not offer a clear alternative to existing global order. As a consequence we are not witnessing the demise of United States great power status, but the emergence of chaotic world order with numerous rising powers and with unclear principles and drivers of the world order.

The political emergence of the BRICS group in the international system will lead to a dynamic reform in international economic order as well. This prominence in international political economy is what the BRICS members seek to achieve as a group.

BRICS's Engagement in Global Environment

The first meeting of the BRICS grouping place between leaders from Brazil, Russia, India, and China, in Yekaterinburg, Russia on 16 June 2009. At the first meeting, the BRIC countries discussed the situation of the global economy and other pressing issues of global development, and also prospects for further strengthening the BRIC group.

The first meeting took place in the context of the emerging global financial crisis, and in the first summit communiqué released after the summit, the BRIC leaders stressed the central role played by the G20 summits in dealing with a financial crisis. In so doing they emphasized that financial crisis had brought about a recognition that global economy could no longer be managed by the G8⁶ alone, but that a wider grouping of states, including the BRIC countries was now critical to co-managing the global economy, and especially the global financial system.

The third summit took place in Sanya, China on 14 April 2011, and at this meeting, the Republic of South Africa joined this group and it was renamed the BRICS group.

The fourth summit of the BRICS countries took place in the capital of India, New Delhi; on 29 March 2012. The above summits are giving a clear cut picture of BRICS protecting and promoting developing countries concerns and interests.

Moreover this reflected a gradual shift in the focus of the BRICS, away from its origin as an aspiring group that had in common an alternative vision for the future, to a group that was more present in current international affairs, and that actively cooperated to pursue common interests in a broad range of international forums in multilateral system.

The fifth summit of BRICS leaders was held in Durban, South Africa, on 27 March 2013. The summit communiqué stated that the discussion at the fifth summit reflected the growing intra BRICS solidarity as well as its shared goal to contribute positively to global peace, stability, development, and cooperation. Moreover, the summit communiqué also stated the BRICS aim to develop itself progressively into a fully-fledged mechanism of current and long term coordination on wide range key issues of the world economy and politics.

The last summit (8th) held at Goa, they strongly condemn several terrorist attacks, against some BRICS countries, including that in India. They strongly condemned on terrorism in all its forms and manifestations and stressed that there can be no justification whatsoever for any acts of terrorism, whether based upon ideological, religious, political, racial, ethnic or any other reasons. They agreed to strengthen cooperation in combating international terrorism both at the bilateral level and at international forums⁷ (8thBRICS Summit Reports, 2016, p. 12). To address the threat of chemical and biological terrorism, they supported and emphasized the need for launching multilateral negotiations on an international convention for the suppression of acts of chemical and biological terrorism, including at the Conference on Disarmament. In this context, they welcomed India's offer to host a Conference in 2018 aimed at strengthening international resolve in facing the challenge of the WMD-Terrorism nexus.⁸This will emancipate BRICS role in counter-terrorism, which aimed to seek demoralizing terrorist activities in a global level. They acknowledged the recent meeting of the BRICS High Representatives on National Security and, in this context, welcomed the setting up and organizing the first meeting of the BRICS Joint Working Group on Counter-Terrorism on 14 September 2016 in New Delhi.

The conclude that the communiqués released after first eight summits of the BRICS countries articulate an alternative vision for a new global order that is more democratic, just, fair, rule -based, and which requires the collective decision making and co-management of all states, both when it comes to the specifics of the international financial system and its institutions, but also more broadly as it pertains to international trade and the political system, including global institutions like the UN.

With concepts like democracy, fairness and rule-governed behavior, the BRICS countries are signaling that they perceive that current global order to be undemocratic, unjust and arbitrarily manipulated by a dominant superpower supported by an alliance of developed countries in the North. The BRICS hold that the existing global governance architecture is regulated by institutions that were developed to deal with a very different set of challenges and opportunities. As the global economy is being reshaped, the BRICS should explore new models and approaches to global governance which strives for more equitable development and inclusive growth.⁹

Global threats and Challenges: The Political Perspective of BRICS

BRICS has a political aim namely to redefine global inequality at the level of the International political economy. The BRIC leaders went on to express their strong commitment to multilateral diplomacy and they recognize the central role played by the UN in dealing with global challenges and threats. At the same time, they also affirm the need for a comprehensive reform of the UN with a view to making it more efficient. Two of the BRIC countries China and Russia, are permanent members of Security Council, and other two Brazil and India have been strong advocates for the reform of the Security Council, and have at times expressed an interest in serving on such a revised security council. China and Russia, although in favor of Security Council reform, also have a vested interest in maintaining their current privileged position.

The communiqué released after the second summit express the strong commitment of the BRIC countries to multilateral diplomacy, with the UN playing the central role in dealing with global challenges and threats.¹⁰ The BRIC countries again reaffirm their support for comprehensive reform of the UN, with view to making it more effective, efficient and representation.¹¹

In the communiqué released after the third summit, the BRICS again expressed its strong commitment to multilateral diplomacy with the UN playing the role in dealing with global challenges and threats.¹²¹³ The third summit communiqué again reaffirmed this need by mentioning about the Security Council. However, it does not mention anything specific on Security Council reform other than the present standards sentence within the existing permanent members of the Security Council. China and Russia acknowledged the important role of Brazil, India and South Africa and their aspirations to play a greater role in international affairs.¹⁴

The BRICS countries insisted that the political future of the country needs to come about through negotiations among the different Syrian political functions and rejected foreign enforced regime change by effectively blocking the Western policy on Syria. The BRICS have signaled that a shift has occurred in the existing global order, namely that the West could no longer act unilaterally and implement solutions to a global crisis of this scale on their own. The BRICS have to develop the diplomatic clout –the ability to generate common positions and to cooperate on maintaining and explaining those positions to the global policy under pressure to block the West from manipulating the UN Security Council and other forums where these decisions are made.

On the Israeli- Palestinian conflict, the communiqué welcomes the admission of Palestine as an observer states to the UN, but express concern at the lack of progress in the Middle East peace process and calls on the international community to assist both Israel and Palestine to work towards a two-state solution. The BRICS support a contiguous existing side by side in peace with Israel, within internationally recognized borders, based on those existing on 04 June 1967, with East Jerusalem as its capital. The BRICS leaders expressed concern about the construction of Israeli settlements in the occupied Palestinian territories,¹⁵ which they note are in violation of International Law and harmful to the peace process.

On the Iran issue, the BRICS leaders state that they believe there is no alternative to a negotiated solution to the Iranian nuclear issue. They recognize Iran's right to peaceful use of nuclear energy in accordance with international obligations,¹⁶ and they support resolution of the issues involved through political and diplomatic means and dialogue, including between IAEA and Iran, and in accordance with the provisions of the relevant UNSC resolutions and consistent with Iran's obligations under the treaty on the Non –Proliferation of Nuclear Weapons (NPT).¹⁷ The BRICS leaders are express concern about threats of military action as well as unilateral sanctions, and the hope that all outstanding issues relating to Iran's nuclear program will be resolved through discussions and diplomatic means.¹⁸

On Afghanistan, the BRICS leaders state that the country needs time, development assistance and cooperation, preferential access to world markets, foreign investments and stability. The communiqué reaffirms the commitment of the BRICS to support Afghanistan's emergence as a peaceful, stable and democratic state, free of terrorism and extremism, and underscores, the need for more effective regional and international cooperation for the stabilization of the country, including by combating terrorism.¹⁹

The BRICS leaders support the civilian efforts of the Mali government and its international community partners in realizing the transnational programme leading up to the presidential and legislative elections. The BRICS leadersemphasize the importance of political inclusiveness, economic and social development in order for Mali to achieve sustainable peace and stability.²⁰

The communiqué reflects a grave concern with the detritions in the situation within the Central African Republic (CAR), and deplores the loss of life. The BRICS strongly concern the abuses and acts of violence against the civilian population and urge all parties to the conflict immediately to lease hostilities and return to negotiations.²¹

The communiqué also expressed grave concern about the on-going instability in the Democratic Republic of the Congo (DRC). The BRICS welcome the signing in Addis Ababa on 24th February 2013 of the peace, security and cooperation framework for the DRC and the region. The BRICS leaders support the efforts of the UN, African Union, and sub-regional organizations to bring about peace, security and stability in the country. In the case of Mali and the DRC, several of the BRICS countries have contributed peacekeeper to UN peace-keeping millions with an enforcement mandate. This example shows that BRICS is not opposed to the use of force, as long as it has been agreed within the framework of agreed norms and rules, which in these two cases include UN Security Council approved mandates and oversight.

During the last summit held at Goa, they recalled the 2005 World Summit Outcome document. They reaffirmed the need for a comprehensive reform of the UN, including its Security Council, with a view to adding more representatives, it's effective and efficient working, and to increase the representation of the developing countries so that it can adequately respond to global challenges.²² China and Russia reiterated the importance they attach to the status and role of Brazil, India

and South Africa in international affairs and support their aspiration to play a greater role in the UN. They welcomed the substantive measures undertaken by the UN membership to make the process of selecting and appointing the UN Secretary-General more transparent and inclusive.²³

They emphasized in Goa, the importance of implementing the decisions taken at the Bali and Nairobi Ministerial Conferences. They stressed the need to advance negotiations on the remaining Doha Development Agenda (DDA) issues as a matter of priority.²⁴ Under the Doha Development Round negotiation, they pertinent to advocated strong environmental protections which need to build the future world is safe. The BRICS leaders have expressed their concerns in Goa which elaborately focusing on developing countries interests and concern in environmental protections.

Taken together, the communiqués released after first five BRICS summits reflect a growing convergence around a set of common positions in specific political issues which represents an operation of the norms and principles for new global order, It reflects BRICS position on mutual respects for sovereignty and territorial integrity and it makes the case for seeking negotiated diplomatic and political solutions. The BRICS statements reaffirm that interferences in internal affairs of other states should only occur within the framework of multilaterally agreed upon norms and rules, and their opposition to using armed intervention to change the political order in a given state. Their position, based on the principle of sovereignty and self-determination, is that such changes need to come from within.

BRICS and Post Financial Crisis

In the communiqué released after the first summit, it is stressed that BRICS countries are committed to advance reform of international financial institutions so as to reflect changes in the world economy. The summit communiqué states that emerging and developing economies must have a greater voice and representation in international financial institutions, and that their heads and senior leadership should be appointed through an open, transparent and merit-based selection process.²⁵

In addition they strongly emphasised the importance of enhancing intra-BRICS cooperation in the industrial sector, including through the BRICS Industry Ministers Meetings, in order to contribute to the accelerated and sustainable economic growth, the strengthening of comprehensive industrial ties, the promotion of innovation as well as job creation, and improvement of the quality of life of people in BRICS countries.²⁶ These made the peculiar initiative for job seekers and fulfill their dreams within the BRICS countries through industrial cooperation between themselves.

They commended during the Goa summit that their Customs administrations on the establishment of the Customs Cooperation Committee of BRICS and on exploring means of further enhancing collaboration in the future, including those aimed at creating a legal basis for customs cooperation and facilitating procedures of customs control.²⁷ They noted the signing of the Regulations on Customs Cooperation Committee of the BRICS in line with the undertaking in the Strategy for BRICS Economic Partnership to strengthen interaction among Customs Administrations.²⁸ This initiative will enhance simplifying customs rules and regulations related to trade which leads to reduce tariff and non-tariff issues between BRICS member states.

With an evaluation of the above given facts, it can be said that the macroeconomic, financial, energy, climate change and development policies of the BRICs countries, as reflected in the outcomes of the eight summits held between 2009 and 2016, thus clearly reflects a strategy aimed at bringing about a world order that will reflect a new system that is

no longer central around serving the interests of the Western developed world, but instead seeks to find a balance between North and South. The vision of BRICS for economic, financial and development dimensions towards a new global order is thus closely aligned with the goals it seek to achieve.

Major Challenges of BRICS

The BRICS itself identified the major challenges to be bilateral trade issues, environmental degradation, and climate change, intellectual property issues, discrimination nature of IMF quota reforms, nuclear issues, etc. The BRICS maintained developing countries interests and concerns of above-mentioned challenges which nurture the wider prospects of BRICS in a global level. Bilateral trade issues form an important source of concern among the BRICS countries, which illustrated the main setback of their relations. The major Summits held have discussed reducing bilateral trade issues among this group, which makes this a fine platform for expressing their concerns and prospects. The lack of strong institutional architecture has had adverse effects on the BRICS platform and it should be overcome by highest level diplomatic tie-ups and leader's meet among the BRICS community.

Another major challenge on the BRICS countries' economies is the drastic change in national policies of these countries. The swap currency arrangement (Contingent Reserve Arrangements) on trade transaction will help in resolving technical challenges faced by these economies with regard of point level transaction on trade. The currency convertibility is another hurdle for their transaction which creates a large setback in their financial and currency exchange cooperation.

Moreover, the geopolitical interests of each member nations are also a major challenge within the group. For the time being, China – India relations are affected by Pakistan with Chinese interest in Pakistan as a geopolitical strategic location adversely affects India's interests in South Asia. The recent initiative like Chinese One Belt One Road, the CPEC (China-Pakistan Economic Corridor) negatively targets on Indian interests on the Arabian ocean. Similarly, China is suspicious on India's geopolitical interests on the South China Sea which creates mutual distrust and tension in their bilateral relation. In the same way, Russia –China's relations, both countries geopolitical interests on oil will be decided on their synergies and cooperation. The other two members (Brazil and South Africa) are geographically at a distance from India. These countries are situated in different continents, Latin America and Africa. This is a positive aspect for BRICS as they are less in conflict with the other partners like China, India, and Russia. This logical narrative illustration states that a group of countries identical geographical location creates more conflicts and tension rather than those from non-geographical relations.

CONCLUSIONS AND RECOMMENDATIONS

To conclude that the economic growth of BRICS is unquestionably the stepping stone to its development, which is going to benefit around 43 percent of world population dwelling in the five member countries. One of the major objectives of the group is the development of a multilateral system which supports developing countries interests and concern in a global level. It can be seen that regarding certain issues, the BRICS act as coalition block within a multilateral system on issues related to IPR, antidumping, environment, food subsidies and IMF quota reform. Another important power orientation of BRICS is that the memberships of countries like Russia and China had veto power (permanent members) and rest of the countries as non-permanent members in the United Nation Security Council, having a say on global security issues. This is the one of the aspect BRICS should promote shared democratic values in multilateral

institutions. Moreover, the BRICS nations are members of a major international institution like WTO, IMF, World Bank, G20, and UN which also influences the group on having the power to determine and negotiate on matters of international importance. The continental accessibility of countries such as in Latin America, Africa, South Asia, Asia, and Eurasia enhances the increases the role BRICS's in a global trade system and global politics. Moreover, the authoritarian, totalitarian, democratic and federal interests working towards common concerns and interest makes it a unique group. In this context, BRICS's intra-regional trade relations have made it possible to achieve trust and cooperation among the member states especially through the promotion of economic interdependence. As well defined institutional mechanism needs to build in order to better evaluate and manage strong economic ties among the member states.

The geographical and political supremacy of the constituent countries in their own region should be used to further assert the role of BRICS, thereby giving it a strong voice in global politics. The BRICS Summits could be effectively used as a platform to promote bilateral discussions among other regional or non-regional groupings to which the constituent countries are part of. The new trend which can be noticed in the last few BRICS summits is the inclusion of neighboring states of the member countries as partial stakeholders. These relations are visible in various summits held on Fortaleza (Mercosur countries), Durban (African countries), Goa (South Asian countries), and Ufa (Shanghai Cooperation members). This will further enhance the possibility of cooperation through bilateral and multilateral engagements and can be used to reinstate the BRICS identity in a complex and highly interdependent global arena. The BRICS association will become more transparent and division of powers within the institution will be ensured with by constituent bodies such as like New Development Bank, Contingent Reserve Arrangements, Business Forum, and Trade Union. It will help foster greater intra-regional trade among BRICS countries and in the setting up of a strong institutional architecture. This will help BRICS to solve and effectively negotiate political tensions among member states, thereby giving it legitimacy and a strong voice in multilateral world order.

The BRICS's evolution on the multilateral trade system is that it protects developing countries interests in multilateral forums like UN, IMF, WTO and G20 summits. The BRICS act as a bargaining coalition bloc for various causes like IPR, environmental issues, anti-dumping issues, labor standardization, and tariff issues. It aims at protecting developing countries interests and concerns against Western dominations in above mentioned multilateral forums. The countries like India and Brazil alone can't influence multilateral forums for which this organization gives them a reasonable negotiating space in a multilateral system. So that major international institutions are like IMF, WTO is compelled to admit BRICS suggestions in their negotiations. The BRICS nations act as a bargaining coalition bloc in IMF meetings with regard to quota reforms. The next example is in the matter of Intellectual Property Rights issue (IPR), the BRICS nations consider it as a common issue which generated developing countries interests and concerns in IPR issues. At the first meeting itself, the BRIC countries discussed the situation of the global economy and other pressing issues of global development and strengthening collaboration within the BRIC group. This results in BRICS synergies and complements with each other in terms of their economic cooperation. The concludes of the various communiqués released after first five summits of the BRICS countries articulate an alternative vision for a new global order that is more democratic, just, fair, rule-based, and which requires the collective decision making and co-management of all states, both when it comes to the specifics of the international financial system and its institutions, but also more broadly as it pertains to international trade and the political system, including global institutions like the UN. The macroeconomic, financial, energy, climate change and development policies of the BRICs countries as reflected in the outcomes of the eight summits

held between 2009 and 2016 clearly reflect a strategy aimed at bringing about a world order that will reflect a new political economy that is no longer central around serving the interests of the Western developed world, but instead seeks to find a balance between North and South in global politics. The vision of BRICS for economic, financial and development dimensions of a new global order is thus closely aligned with their vision for the political dimension. In this context, BRICS summits and released communiqués are referred to as an integral part of their integration not in terms of economic dimension but in terms of political dimension. While considering the overall economic dimension of BRICS, its economic growth that is the stepping stone of its development. It gives the organization power over multilateral power which supported developing countries interests and concern in a global level.

Another evolution factor is that the BRICS Business council coordinates multinational companies from BRICS countries for the adherence of deep integration among the group. Countries like India, Brazil, and South Africa might give a good platform for receiving strong investment from China and Russia. The linkages between multinational companies and BRICS countries help in reducing tension and fostering deep cooperation among them.

The country like India, BRICS initiatives help in resolving bilateral issues with China in terms of border conflicts. The Chinese initiatives like One Belt One Road (OBOR) programme help to resolve the border conflict with India and supports India –China economic relationship. China is willing to start student exchange programmes with India which will take the sophisticated Sino-Indian relationship to a new dimension. The Sino-Indian relationship should be viewed more in economic rather than military and social terms. Here economic relationship becoming mutually benefiting for each other reduces conflict and finally leads to synergetic cooperation with two rich civilizations.

The Sikkim border between China and India has been a source of diplomatic and military tensions in bilateral relations since decades but India and China have grabbed international attention lately, as tensions escalated over Doklam border issue. The growing tension between these emerging powers is a threat to the entire region and might have negative implications on the global economy since it is highly interdependent. By evaluating the occurrence of events in the current scenario, it can be said that BRICS is the most effective forum for discussing and negotiating this issue. On the backdrop of accumulated tension between both countries, it is the responsibility of BRICS, as a political and economic alliance to retain its legitimacy and safeguard its member's interests.

The Chinese President Xi Jinping during the Seventh meeting of BRICS senior representatives on security issues in Beijing called for more cooperation among the BRICS countries on economics, finance and security. The security heads of the five-nation grouping, including India's national security adviser Ajit Doval, was present there. With a military standoff on the Sino-India border, such bilateral negotiating forums can be opened up only through an organization like BRICS. Discussions were also made on this occasion between National Security Advisor Ajit Doval and his Chinese counterpart Yang Jiechi to discuss a way forward in resolving the dispute between two countries and promoting peace. It is to be noted that even during previous BRICS meetings, the host country encourages the heads of the delegations to hold bilateral meetings in which they exchange views on bilateral relations, BRICS cooperation, and multilateral affairs. Hence the BRICS meetings should be strategically seen as a platform to discuss political and security cooperation among nations, especially India and China.

The 9th BRICS Annual Summit will be taking place at China, Xiamen in September 2017. Considering the changing dynamics of international relations, the summit has adopted a global approach this time and invited five non-member states. However, it will be a challenge for the group to safeguard the multilateral trade system and oppose protectionist policies that will have an adverse effect on developing economies. It is under these circumstances that the BRICS group becomes of importance in the current global scenario. In order to safeguard the interests of developing countries, the members should be able to resolve bilateral issues within the framework of the group and stand united in the forefront against various international issues. The withdrawal of troops by China and India prior to the 9th BRICS Summit gives green signal to this trend, providing a temporary resolution to Doklam issue.

The Contingent Reserve Arrangement (CRA) is another millstone initiative from BRICS summit which emphasized financial stability among the member states. Under this initiative trade transaction is calculated through their own currencies, for example, India can import from BRICS countries using Indian currency which makes appreciation tendency of Indian currency. Moreover, India can import largely manufacturing products from China using Indian currency which satisfies our large domestic demand. The same way India can largely import crude oil from Russia to satisfy our domestic consumption through the medium of Indian currency. In another way, India can import Brazilian minerals and metals to reduce raw material scarcity in our industrial sector using Indian currency. The same way India can largely import South African gold for maintaining financial stability using Indian currency. The CRA helps BRICS member states to reduce the use of the US dollar in their trade transaction, which is good for their economy to reduce financial and macroeconomic instability. The CRA is a positive influential factor in BRICS intra-regional trade. It is these facts that make the CRA an integral part of regional integration in the BRICS group which promote economic regionalism. This is a new dimension of regional integration in the international political economy which does not emphasize geographical proximity. The BRICS is on an ongoing process of a new dimension of regional integration, becoming possible through mutual interests and concerns. The BRICS intra-regional trade facilitates the member countries national interests into mutual interest. These factors play a vital role in BRICS regional integration process in the backdrop of the concept of economic regionalism. Moreover, CRA becomes an important trade creation factor of BRICS regarding intra-regional trade, which results in member states becoming further economically interdependent.

The next major initiative from BRICS is an export credit arrangement which gives a favorable platform for trade to take place. For a country like India with the balance of payments not favorable, this initiative greatly benefits exports growth and reduces the burden of trade deficit. The world trade depends on dollar terms trade so that we can access anything from BRICS through credit bases. It is also an influential factor in India's foreign trade with regard to BRICS. This may favourer in the initiation of trade relations for BRICS member like Brazil, South Africa, and India along with Russia and China. This initiative will facilitate by reducing the trade gap between India and China, Brazil and China, South Africa and China, India, and Russia, Brazil and Russia, and South Africa and Russia.

To overall conclude, the BRICS countries are home to 42 per cent of the world's population. Their total share in the global economy has risen from 12 per cent to 23 per cent in the past decade while contributing more than half of global growth with a strong international voice on power politics which made a good pathway of BRICS's evolution on international political economy. The BRICS continental accessibility also influenced to maintained global peace indifferent continent such as like Latin America, Africa, South Asia, Eurasia, and East Asia. Another aspects of BRICS members countries like Russia, and China are Permanent members of the UN Security Council; tend to block Western interests on

global peace and security matters. This was more visible in the case of Syria, Libya, and Iran, to resist Western hegemony. The BRICS keep positive multi-polarity in global order to maintain peace and security within the framework of global interdependence.

APENDIX

Table 5: World Merchandise Exports (Values in Trillion USD)

Year	BRICS	EU	ASEAN	NAFTA	World
2001	0.494129	2.426949	0.383515	1.150451	6.114486
2002	0.565889	2.59539	0.402244	1.106557	6.403653
2003	0.736083	3.081433	0.469064	1.160745	7.463424
2004	0.987771	3.692573	0.567577	1.323047	9.087575
2005	1.269277	3.986764	0.650689	1.479099	10.34232
2006	1.582095	4.530026	0.763382	1.675168	11.95214
2007	1.9429	5.268905	0.846653	1.854241	13.77439
2008	2.352456	5.846323	0.967338	2.046796	15.97221
2009	1.887067	4.514066	0.805253	1.601601	12.31324
2010	2.475222	5.078444	1.051784	1.962984	15.05876
2011	3.080849	5.942526	1.244583	2.281439	18.07975
2012	3.204565	5.691217	1.254588	2.369738	18.3534
2013	3.410174	5.999563	1.273908	2.414142	18.85539
2014	3.473432	6.027202	1.30956	2.490398	18.86388
2015	3.150903	5.34996	1.189765	2.29176	16.30407
2016	2.902801	5.228048	1.183047	2.213421	15.952215
2017	3.231982	5.887453	1.059161	2.376782	16.97222

Source: ITC calculation based on UN COMTRADE Statistics,

Table 6: World Merchandise Imports (Values in Trillion USD)

Year	BRICS	EU	ASEAN	NAFTA	World
2001	0.417286	2.444559	0.336422	1.570074	6.324503
2002	0.472264	2.557585	0.355694	1.593375	6.587173
2003	0.625276	3.080055	0.398654	1.716014	7.684421
2004	0.846218	3.73456	0.5022	1.995951	9.384381
2005	1.028155	4.07818	0.581604	2.268584	10.60826
2006	1.267296	4.713451	0.664601	2.52534	12.24617
2007	1.57498	5.503844	0.753696	2.679694	14.10564
2008	1.976115	6.189033	0.931381	2.882179	16.35372
2009	1.634197	4.652778	0.724735	2.157508	12.60265
2010	2.23835	5.251527	0.951643	2.66185	15.31293
2011	2.840831	6.146122	1.1562	3.065041	18.32194
2012	2.950662	5.741646	1.226293	3.167795	18.51137
2013	3.074045	5.838796	1.252221	3.169564	18.89243
2014	3.032992	5.916866	1.248952	3.273862	18.93331
2015	2.506235	5.193273	1.124252	3.120855	16.54805

Table 6 Contd.,					
2016	2.339183	5.093899	1.105074	3.038239	16.05362
2017	2.745947	5.760354	1.003411	3.262191	

Source: ITC calculation based on UN COMTRADE Statistics,

Table 7: World Service Exports (Values Trillion USD)

Year	BRICS	ASEAN	EU	NAFTA	World
2005	0.186763	0.114192	1.160027	0.448966	2.474783
2006	0.230783	0.135251	1.317312	0.498954	2.862152
2007	0.294654	0.168781	1.580952	0.576422	3.426299
2008	0.352982	0.192149	1.761451	0.625534	3.855652
2009	0.302178	0.176827	1.526028	0.596203	3.433393
2010	0.367651	0.215334	1.729993	0.655494	3.913432
2011	0.452066	0.253338	1.956108	0.728611	4.429896
2012	0.466217	0.277191	1.946481	0.761853	4.54372
2013	0.480743	0.305494	2.093304	0.798204	4.80855
2014	0.559276	0.317389	2.238395	0.818211	5.122289
2015	0.543001	0.301687	2.02658	0.81032	4.779473
2016	0.468497	0.322397	2.049359	0.857436	4.80

Source: ITC, WTO, UNCTAD trade in service data based on Euro stat IMF, OECD and relevant national statistical authorities statistics

Table 8: World Service Imports (Values in Trillion USD)

	BRICS	ASEAN	EU	NAFTA	World
2005	0.20723	0.140321	1.042351	0.392412	2.417606
2006	0.247919	0.15853	1.155805	0.437732	2.777627
2007	0.313297	0.185346	1.371381	0.479735	3.28434
2008	0.385845	0.217992	1.542796	0.523994	3.760277
2009	0.352097	0.191664	1.335222	0.494822	3.342586
2010	0.453408	0.230576	1.506641	0.53354	3.812132
2011	0.559395	0.269113	1.65956	0.573412	4.27637
2012	0.617784	0.293066	1.636294	0.594099	4.412081
2013	0.687683	0.319008	1.753994	0.607501	4.662782
2014	0.806637	0.330186	1.884734	0.618686	5.008075
2015	0.766695	0.308799	1.720348	0.618942	4.627057
2016	0.739806	0.314681	1.805555	0.632356	4.77

Source: ITC, WTO, UNCTAD trade in service data based on Euro stat IMF, OECD and relevant national statistical authorities statistics.

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¹The gravity model of international trade in international economics, similar to other gravity models in social science, predicts bilateral trade flows based on the economic sizes (often using GDP measurements) and distance between two units.

²www.springer.com/brics

³Accessed data from <http://www.imf.org/external/pubs/ft/weo/2001/01/>.

⁴Data accessed from www.gks.ru/free_doc/doc_2015/BRICS_ENG.pdf

⁵De Coning, Mandrup, and Odgaard. *op.cit.*

⁶G8 became G7 in March 2014 when Russia was excluded due to its annexation of Crimea.

⁷www.netindian.in

⁸th BRICS Summit reports. *op. cit.*

⁹*Ibid.*,

¹⁰*Ibid.*,

¹¹*Ibid.*,

¹²www.dfa.gov.za

¹³Joint statement by the BRICS Countries leaders. Yekaterinburg. *op. cit.*, Paragraph 14.

¹⁴Information gathered from Department of International Relations and Cooperation, Republic of South Africa, <http://www.dfa.gov.za/docs/2012/brics0329.html>

¹⁵www.itmaraty.gov.br

¹⁶Information gathered from <http://www.dfa.gov.za/docs/2012/brics0329.html>.

¹⁷www.tehrantimes.com

¹⁸*Ibid.*,

¹⁹www.sardc.net

²⁰www.indianexpress.com

²¹*Ibid.*,

²²th BRICS Summit reports. *op. cit.*

²³www.strateskealternative.rs

²⁴www.netindian.in

²⁵www.sonsofmalcom.blogspot.com

²⁶www.netindian.in

²⁷*Ibid.*,

²⁸*Ibid.*, p. 9.