

# Trade Creates Geography: The Lesson from BRICS Nations

Dr.Shameem C C<sup>1</sup>,Prof.K Jayaprasad<sup>2</sup><sup>1,2</sup>Department of International Relations and Politics, Central University of Kerala, Kasaragod**Article Info**

Volume 83

Page Number: 9052 - 9066

Publication Issue:

March - April 2020

**Article History**

Article Received: 24 July 2019

Revised: 12 September 2019

Accepted: 15 February 2020

Publication: 09 April 2020

**Abstract**

The BRICS is one the organization exhibits geographical diversities and economical imperativeness. The study is highly relevant in the modern times especially physical and geographical proximity is often seen as a reason for conflict among countries which can be drastically resolved by the formation of economic ties. Strong economic relation among BRICS countries reduces the chance of conflict and non geographical proximities are creating the possibility of a peaceful global atmosphere. This paper will analyses BRICS nations experiences on trade creates geography or space as a concept is used to perceive the existing trends in regionalism. The concept of economic regionalism; trade relations are correlated with each other by creating a favorable space for nation states to function in a group

**Keywords;** JEL Code: F13, F15, and F59

## I. INTRODUCTION

One of the principles contributions by Paul Krugman was his argument that while geography does determine trade, over a period of time, it is also true that trade determines geography. This new dimension of economic regionalism (open regionalism) substantiated the formation of an international institution like BRICS where trade becomes the binding factor for countries located in different continents as opposed to those from a single region. Intra-regional trade relation is used in the study within the context of trade relations within a specific group that is the BRICS. Trade liberalization, globalization, market integration, and transnational activities are widening the scope of intra-regional trade from the existing turmoil of geographical boundaries to a more open space.

This phenomenon explains, for example, how over time some regions (countries) go into decline while new regions (countries) emerge. The true function of geography in trade was well established in the so called Heckscher –Ohlin-Samuelson (HOS) model

of trade. What Krugman suggested is that, in a dynamic setting, it is also possible that trade may determine geography (Krugman, 1991).His argument is very relevant in a globalized era while existing realities of geography, boarder, and territories are still conflicting factors in global affairs. The HOS model indicates that trade is determined by a country's resources. So a country's export must be extensively dependent on its availability of resources. For a country like India with rich labor resources the HOS made laws very much suitable for analyzing developing countries trade. On contrary, the Ricardian model emphases the technology aspects of trade: that what a country exports is a function of what it can produce technologically, at lowest cost compared to other countries.

According to Sir Leon, Europe is constantly evolving towards an institutional structure which reflects more faithfully the will and ambitions of its people. Europe is united on the basis of region identity as European (Thomsen, October, 1994).Richard Baldwin argues that European Union

9052

Published by: The Mattingley Publishing Co., Inc.

**Figure 1****Brazil Merchandise Trade Relations with BRICS**

could perhaps withstand the strain on its budget in terms of Common Agricultural Policy (CAP) and the structural funds to poorer member states, the