

Policy Pennings by Dr. Daryll E. Ray

BRICs: A "game changing" group of developing countries?

Usually, reports from meetings of a group of country leaders don't attract our attention all that much, but articles written after a recent meeting of leaders from a handful of developing countries made us sit up and take notice. The event was a joint meeting of two overlapping groups of developing countries: BRIC (Brazil, Russia, India, and China) and IBSA (India, Brazil, and South Africa) or as some have dubbed the combination BRICs.

These nations represent 42 percent of the world's population, 32 percent of the world's arable land mass, and 22 percent of the global GDP. They have been important in leading the global recovery following the recent economic crisis. They also see themselves as growing faster in the future than the US, the European Union, and Japan. And they want to use their new-found economic clout.

In fact, they see their group of countries as potentially providing a counter balance to the global power of the US and the West. They are reportedly seeking influence in world venues on par with the likes of the World Bank, The International Monetary Fund and the United Nations (UN). As a report in *The Economic Times* (India) said, "[Indian Prime Minister] Manmohan Singh made a vigorous case for a 'multipolar, equitable, democratic, and just world order.'" Part of the rationale behind the April Brasilia meeting was to give BRICs the opportunity to develop a unified strategy before meetings of the G-8 and G-20 nations.

A second set of issues touches closer to home and is of importance to US farmers. As Aleksandras Budrys wrote in a Reuters article, "Agriculture ministers from Brazil, Russia, India and China, which together have a third of the world's arable land, agreed on Friday [March 25, 2010] to pool resources to combat famine that affects more than 1 billion people globally. The ministers from the countries collectively known as BRIC signed a pact to create a joint agricultural information base that will help each country to calculate production and consumption balances and establish national grain reserves."

Having been affected by the 2006-2008 run-up in grain prices, they want to make sure that they are not at the mercy of other nations when it comes to their own food security. They are looking at ways to safeguard

food security by coordinating trade within the group.

As was noted in a Reuters article, "The emerging BRIC economies produce 40 percent of the world's wheat, half of its pork and a third of its poultry and beef; [and] Russia...is positioning itself as a major supplier of grains to the world market. It plans to double grain exports within 15 years and to raise its harvests by 50 percent."

Although, up to now, China has been only a sporadic net importer of grain, China's rapidly expanding livestock industry could mean it will be a sizable fill-in importer of grains in the future. In addition to securing the use of land resources outside of the country to augment domestic grain supplies, China can use the "BRIC arrangement" to help cover future feed grain needs. Brazil is already a dominant-growth source of soybeans for the protein portion of feed rations.

With regard to meat, Brazil currently supplies Russia with 65 percent of its meat imports. At present, Russia says it wants to limit its meat imports to 15 percent of its total meat consumption, so if Brazil gets 65 percent of the 15 percent (9.75%), there is not a lot of room left for others (5.25%). But over time-read 3 to 5 years-Russia has a stated goal of joining China as virtually being self-sufficient in the production of pork and poultry.

The BRICs coalition does not bode well for the portion of the US export-centric farm policy narrative that is premised on ever-expanding growth in grain exports due to accelerating demand for livestock feed in China. It increases the odds that we will find ourselves awash in grains and oilseeds and be subject to drowning in the teacupful of low prices.

The larger question is will BRICs achieve its desired "game changer" role in the areas of international agricultural development and trade.

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