

HMUN 2025

Discussing the influence of conflicts between member states on the effectiveness of a united trading front

BRICS

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Forum: Brazil, Russia, India, China, South Africa

Issue: Discussing the influence of conflicts between member states on the effectiveness of a united trading front

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Introduction

Trading relies on the foundation of trust and effective collaboration between nations and the governing bodies interacting with them. As the world's population increases at a rate often exceeding the capacity of individual countries to manage, the demand for supplies continues to surge as well. With the BRICS nations comprising over 40% of the world's population means that it is essential to address these demands so as to ensure that the supplies are adequately met and that the communities are able to thrive in this ever-growing world.

Historically, It has always been evident that a good relationship between nations results in a positive growth of resources and population, as effective trading and mutualistic aid can be constantly offered to one another. The BRICS committee, consisting of non-westernized nations all around the world, share one thing in common: their goal is to reduce the influence of Westernization and reliance on Western nations. However, despite this goal, they still suffer from their vast political differences, often expressing a contrasting view from another. This factor contributing to the lives of billions is often challenging to manage and makes it even more difficult for countries to cooperate effectively despite their differences in opinion, laws, and policies.

The BRICS Committee is about ensuring that they are able to effectively trade and aid one another throughout times of distress. Whether it be the border conflict between India and China, the uneven trade dynamic between China and South Africa, or the clear economic competition between Brazil and Russia, these internal conflicts exemplify how it is a factor unavoidable for many and that despite these situations member states are urged to investigate and discover new ways to cooperate and trade effectively establishing a strong mutualistic relationship.

Ultimately, by addressing internal conflicts, establishing effective trading mechanisms, and leveraging the shared strengths of each member state, this bloc has the potential to truly redefine trade and, hence, generate a more balanced and equitable economic order.

Definition of Key Terms

South-South cooperation

Development cooperation between developing countries in the Global South.

Trade Imbalance

A situation where the value of imports exceeds exports (or vice versa) between countries, often leading to tensions in economic partnerships.

Sanctions

Restrictions limiting the freedom of a state, a group, or individuals are imposed through a unilateral decision by a state or a collective decision by several states. For example, Western sanctions on Russia have driven its deeper engagement with BRICS but also caused divisions among its members.

Energy Security

A sustainable and resourceful availability of energy resources at affordable prices. For BRICS, energy exports (e.g., Russia to China and India) play a central role in their overall trading relationships.

Resource Dependency

A condition where one country relies heavily on another for essential imports or investments, such as South Africa's dependence on Chinese goods.

General Overview

Economic growth and cooperation among countries are based on international trade. It is important to create a united trading front aiming to promote free trade and reduce trade barriers. However, it isn't always that easy. With today's deep-rooted conflicts between the member states, which undermine the effectiveness of the already existing trading fronts, it can be a challenge to enforce collective trading. The United Nations promotes global trade, and it is high up the UN's agenda to ensure that developing countries can also benefit from a globalized economy.

Organizations and history

In the mid-20th century, the concept of the united trade front grew, with the motive of the growing international organizations that aimed to develop better economic cooperation, especially after the Second World War. In 1947, the General Agreement on Tariffs and Trade (GATT) was established, which grew into the World Trade Organization (WTO) in 1995 and became the biggest UN body responsible for setting up and monitoring international trade agreements.

Another great example of a united trade front is the European Union. It was originally founded as the European Economic Community (EEC) in 1957. It was first created in order to improve the market between the member states, aiming to create free movement of goods, services, labour, and capital. Over time, the European Union also became a political and social organisation as we know it now.

However, trading has remained an essential part of the organisation.

The Schengen Area also contributes to the creation of a great united trading front. It was established in 1995 in 29 countries that have abolished border controls for trade. This policy plays a crucial role in strengthening the EU's trading front as it reduces logistical barriers and enhances economic cooperation among the member states. The Schengen Agreement removes checks and border delays, which also reduces transportation costs. Companies can now deliver products way quickly and meet consumer's demands, which further contributes to the competitiveness of the EU's businesses in the global market, thus strengthening the EU's position. It further supports industries and gives easy access to employment across countries, where the workers don't need visas in order to move from one place to another, supporting cross-border collaborations. In the end, it also supports the tourism sector, which naturally boosts trade as well.

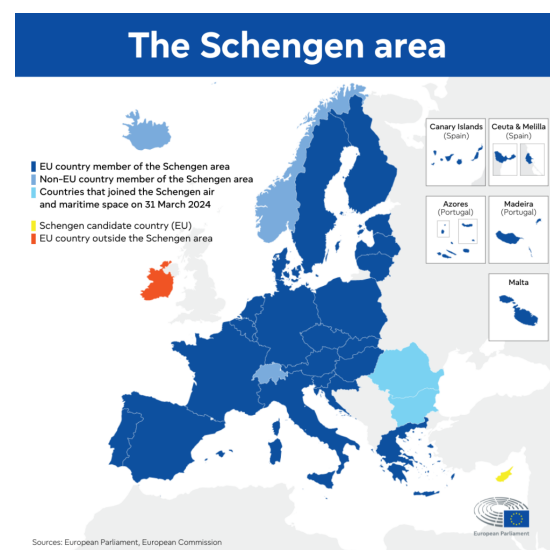


Figure 1 - The countries belonging to the Schengen area

Challenges

The border controls, which conflict with the Schengen Agreement and create a lot of debate, have been the most recent obstacle to the United Trading Front in the EU, despite the Schengen Area and other agreements that appear to strengthen and improve it. Although it is debatable if it does not contravene the Schengen Agreement, these regulations may resurface in response to public health emergencies, immigration concerns, or security concerns in a particular nation. Last

year, in September 2024, Germany implied border controls to reduce illegal migration. These checks are effective for 6 months since the day of implementation, including both stationary and mobile policing checks, granting authorities the capability to refuse entry to individuals without valid documentation. While the Schengen Agreement allows for the free movement of people across member countries, it permits the temporary reintroduction of border controls in response to serious threats to public policy or internal security.

The UK's exit from the EU (known as Brexit) in 2020 is a great example of implications for the united trading front. Its exit caused increased trade barriers, as it required more paperwork and checks, as well as delays at the borders and cost increases, not only between the UK and EU in general but also within the borders of the UK. The Northern Ireland Protocol aims to avoid a 'hard border' between Northern Ireland (part of the UK) and the Republic of Ireland (an EU member), which created a customs border in the Irish Sea, with Northern Ireland following EU trade rules for goods.

It is also important to remember the political and economic divergence between the member states. The interests of economically advanced countries like Germany or France differ from countries like Bulgaria or Romania, resulting in disagreements over policies related to tariffs, subsidies, and regulations, making it harder to maintain a united trade front. National interests can lead to protectionism, hindering the collective trading interest, for example, countries may prioritize protecting their industries over global trading. For instance, in 2018, the US implemented tariffs on Canadian steel and aluminium, violating the United States-Mexico-Canada Agreement, which was to eliminate all tariff and non-tariff barriers to trade and investment between the United States, Canada, and Mexico. Canada replied with counter-tariffs, showing us how protectionist policies can worsen alliances.

Outside the EU, geopolitical tensions rise and can affect the ability to trade effectively. In such cases, disagreements in foreign policies, security concerns, or deep-rooted conflicts play a significant role in this issue. Ongoing tensions between Kenya and Somalia over maritime boundaries, pressure on the EU from the U.S. over trade relations with China, sanctions on Russia, and political instability in Myanmar are all examples of conflicts that hinder our aim to unite the trading front.

BRICS role

The challenge of the united trading front rises even more as the conflicts and influence between BRICS members reveal another significant issue. South-South cooperation is a concept that emphasises solidarity and collaboration between the developing member states to reduce the

reliance on the Western economy. Although BRICS, a committee of developing economies, thrives on the success of this principle through trade and investment, internal conflicts and varying priorities can undermine these goals. In this case, the trade imbalance within BRICS seems to be the critical issue; as we see, China dominates exports and is the largest economy in this community. Countries such as South Africa or Brazil rely on China as they rely on exporting raw materials to the Chinese market. In 2022, Brazil exported 90 billion dollars and imported 60 billion dollars to and from China, showing how it created its dependency on the Chinese market. This dependency makes it harder to diversify the exports and creates some kind of hierarchy, even within developing countries like BRICS.

India and China, as major energy importers, compete for access to not only fossil fuels but also renewable energy resources, further complicating the collective goals. India represents its push for energy independence while China focuses on expanding its influence. These security concerns don't end with that, as South Africa struggles with an energy crisis.

With that, South-South cooperation seems more like an inspirational goal, than a strategy, since conflicting priorities undermine BRICS potential. It is important to remember the BRICS progress, made through the New Development Bank (NDB). It is a bank established in 2014 by the BRICS nations to support infrastructure and sustainable development projects. Its biggest aims are to mobilize the resources for infrastructure and development projects in BRICS countries, while it also expands its bank to other developing economies such as Bangladesh, UAE or Egypt, to promote development and economic integration, and also to provide an alternative to Western-dominated financial institutions like the World Bank, giving BRICS the bigger opportunity to reduce its independence on the western world.

Conflicts between BRICS members

The 2020 Galwan Valley clash between India and China significantly worsened the economic relations between these two nations. This violent border confrontation in the Himalayas led to a heightened distrust; India then banned over 200 Chinese apps, including TikTok. Although this clash made the collaboration within BRICS more challenging, India continued to import goods from China, with a worth of 118 billion dollars in 2022.

In 2021, tensions between Russia and Brazil arose over agricultural trade policies. Russia is a major supplier of fertilizers to Brazilian agriculture. In 2021, due to domestic shortages, Russia temporarily restricted exports, disrupting Brazil's agribusiness sector. Brazil responded by threatening to limit their exports of wheat from Russia, which is a key export product for Moscow.

These vulnerabilities are again driven by resource dependency, as we also noticed during the Russia-Ukraine war, where Europe stood on the edge of the energy crisis, due to Western sanctions on Russia. As Europe looked for alternative suppliers, Russia continued to expand exports to other regions like China, India, and Brazil. The sanctions definitely reshaped global trade dynamics, also creating new dependencies for Brazil while reinforcing its reliance on Russian exports for key resources. The solution to the 2021 agriculture tensions between Russia and Brazil was found through diplomatic negotiations, showing the importance of trade agreements.

In 2023 the debates on South Africa's concerns about growing trade imbalance followed between South Africa and China. South Africa's imports overflowed the exports. These concerns reflected South Africa's issue of its dependence on the export of raw materials without sufficient value addition, worsening its ability to industrialize.

Timeline of Key Events

| Date | Event |
|------|---|
| 1947 | Establishment of GATT. |
| 1957 | Founding of the European Economic Community (ECC), now known as the European Union (EU). |
| 1995 | Establishment of The Schengen Area |
| 2014 | Establishment of the New Development Bank (NDB). |
| 2018 | US setting tariffs on Canadian aluminium and steel, contradictory to the United States-Mexico-Canada Agreement agreement. |
| 2020 | Galwan Valley Clash Between India and China, and the exit of UK from the EU (Brexit) |

| | |
|-------------|---|
| 2021 | Brazil-Russia Trade Tensions Over Agriculture. |
| 2022 | Diverging reactions to the Russia-Ukraine Conflict. |
| 2023 | South Africa-China Trade Imbalance Debates. |
| 2024 | India-China Diplomatic Freeze and Germany's decision to bring back the border checks. |

Major Parties Involved

Brazil

Stance: Brazil seeks to use BRICS as a passage to diversify and increase its trade relationships and reduce the overall reliance on Western nations, particularly the U.S. and the European Union. As a critical agricultural power, Brazil puts a strong emphasis on expanding its exports, especially soybeans, meat, and coffee, to the BRICS nations.

Conflicts: Though Brazil is extremely important to the export market around the world, Brazil still faces competition with Russia in agricultural exports, particularly in soybeans and grains, thus creating tension within the bloc. Moreover, Brazil is cautious of China's growing influence, fearing its economic dependence on Beijing's investments, albeit in an attempt to secure a strong relationship.

Russia

Stance: Russia views BRICS as a platform in order to effectively counter various Western sanctions and reduce the general reliance on the U.S. dollar. Russia's primary focus is on energy exports and strengthening trade ties with India and China.

Conflicts: While Russia does find strong trade partnerships with China and India, its military actions in Ukraine have created divisions within BRICS, where Brazil and South Africa have claimed neutral stances, while India and China remain quite pragmatic, driven primarily by energy needs.

India

Stance: India places a large emphasis on reducing the reliance on Chinese imports and balancing its overall relationships within BRICS. It views the bloc as a means to promote cooperation and, therefore, strengthen its South-South cooperation.

Conflicts: India's unresolved border disputes with China, such as the Galwan Valley clash, create significant problems. Additionally, India has concerns about China's dominant role in BRICS initiatives, which India may perceive as undermining the collective decision-making process within the bloc.

China

Stance: China uses BRICS to increase its economic and global influence, focusing heavily on trade expansion, de-dollarization, and its Belt and Road Initiative. It advocates for deeper initiation of BRICS economies under its own leadership.

Conflicts: China's aggressive foreign policy and trade surplus with other BRICS nations, such as South Africa, have sparked numerous accounts of criticism. Its border disputes with India and dominance in decision-making processes have also drawn resistance and caution from other member states from the bloc.

South-Africa

Stance: South Africa views BRICS as a vital platform to increase Africa's voice in global trade discussions and ensure strong investments for regional development. South Africa aims to strengthen its ties with all BRICS members while addressing its own domestic economic challenges.

Conflicts: South Africa often struggles to negotiate equitable trade agreements within BRICS, particularly with China, which accounts for a large portion of its imports. This trade imbalance raises concerns about dependency and limits South Africa's trade and negotiation power.

Possible Solutions

Solutions aren't easy to make, as lots of (ongoing) conflicts are rooted in history and hard to solve, even through sanctions. However, there are measurements that can help create a united trade front but require a complex approach, including diplomatic, economic, and even institutional reforms.

First, it is important to invest in less economically developed countries to bridge the divide between the member states, such as the EU's cohesion policy, which provides funding for less developed regions. Providing financial and technical assistance to struggling member states can help to create better standards across the countries.

Although solid agreements can help, they don't always fit national interests because of cultural, social, and financial differences. This should not lead to disagreements and fast sanctions that lead to a block of united trade but should encourage flexible trading agreements that can fit the specific needs and concerns of each individual member state. It is important to allow compromises, as not every single country is the same.

As BRICS, it is important to address these internal conflicts to effectively put the South-South cooperation at work. Finally, the BRICS committee must work towards more collective trade agreements that reduce dependency on single markets and reduce dependency on one country, diversify exports, and promote balanced and collaborative economic growth. Strengthening institutions like the NDB to address shared challenges, such as energy security and infrastructure deficits, could also enhance BRICS development. Conflicts between BRICS member states significantly impact the nation's ability to function as a united trading front. Addressing issues such as trade imbalances, sanctions, energy security, and resource dependency requires a renewed commitment to the principles of South-South cooperation. Only through greater trust, transparency, and frameworks, that BRICS nations build together, can BRICS realize its potential again and work towards reshaping the global trading system.

Lastly, it is essential to promote multilateralism, where member states address issues and work towards a solution together. Trade plays a huge role in our globalized world, with high demand that has to be kept up every day. Ensuring that infrastructure over the world is more suitable over the world, with sufficient space for goods, is thus also a very important point to remember while finding a solution.

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