China's economic and trade interdependencies with other BRIC countries - from a GVC Perspective

Topic: Global Value Chain Analysis
Author: Yaxiong Zhang

The fact that the economic relations of BRIC have been strengthened is manifested by the BRIC value added, which has been driven by the final demand of each country. In this context, certain commodity’s producing process is considered under a global value added chain (GVC). This is no existing literature estimating the economic interdependencies of BRIC in terms of their trade relation. This paper tries to explore how their final demand drives the value added of BRIC countries. We calculate the international linkages and how much each country’s final demand contribute to the value added among BRIC countries by using the WIOD through 2001-2011. We find that China's external trade with other BRIC countries both in Customs data and in value added is increased greatly through 2001 to 2011, but the structures between these two kinds of data are clearly different. The inter-industrial linkages between China and other BRIC are getting closer, at the same time the final demands contribute to sectoral value added for each country are also rising. It shows the economic interdependencies among BRIC are obviously greater. At the same time, there is a wide variety of manufacturing goods in China exports, while Russia and Brazil agriculture and mining sector’s value added are contributed largely by other BRIC final demand. The further strength of economic interdependencies among BRIC could be predicted, while the pattern should be improved and thus contribute to domestic economic development.