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Trade And Investment Relations Among The Emerging Economies: A Case Study Of Gulf Cooperation Council Countries And Brazil

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ABSTRACT

The onset of the 21st Century has observed the rise of economies earlier characterized as developing economies. The adoption of the LPG program by most of these developing countries in the late 20th century observed them achieving substantially higher growth rates in their economies. Based on various economic performance indicators, Brazil, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates have been Classified among the top emerging market economies. At the same time, Bahrain and Oman are also considered emerging market economies. This Paper is an effort to study the trade and investment relations between the GCC countries and Brazil. The Paper examines the export and import relations between GCC Countries and Brazil. The Paper also looks into the investment relationship between them. Thus, the Paper discusses various aspects of economic relations between GCC countries and Brazil.

KEYWORDS: Trade; Investment; GCC; Brazil.

ABBREVIATIONS

LPG: Liberalization, Privatisation and Globalisation; GCC: Gulf Cooperation Council; MERCOSUR: Mercado Común del Sur (Southern Common Market).....

1. INTRODUCTION

With the advent of the 21st Century, many developing countries have emerged as centers of rapid economic growth. It should be noted that by the end of the 20th century, almost all of the developing countries transformed their economies by adopting the LPG Model in their economic policies. During this period spanning three to four decades, many of these countries have become more and more engaged with the global markets. In addition to the rapid growth, these countries have become or are trying to become the hub of foreign investments. The contribution of international trade in Gross Domestic Product increases as these countries move from a closed and controlled economy to an open and free market-based economy. (Pels and Kidd, 2012). The liberalization that has been under implementation not only opens the door for the increased commodity and services flow but also the greater capital flow (Santos-Paulino and Thirlwall, 2004).

Capital inflow, whether in the form of foreign direct investment or Portfolio Investment, is not only welcome but solicited (Gnangnon, 2017). The International Monetary Fund identifies Brazil, Saudi Arabia and the United Arab Emirates among the world's top emerging economies. Other member countries of the GCC, namely Bahrain, Kuwait, Oman and Qatar, are also considered promising emerging market countries (Shehata, 2014).

The countries that make up the GCC are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. These countries are very rich in hydrocarbon resources. Most of these countries are members of the Organisation of Arab Petroleum Exporting Countries and also the Organisation of Petroleum Exporting Countries. About one-third of the global oil reserves are located in these countries (Annual Statistical Bulletin, 2023). These Countries also have substantial natural gas reserves. It is estimated that about 20 percent of the world's natural gas is found in the countries constituting GCC (The Secretary General's Annual Report, 2021). The prosperity and development that these countries enjoy currently is because of them being mostly exporter of oil and gas to the world. However, prior to the oil era, these Countries were subsistent economies that depended mostly upon pearling, fishing, boat making and repairing, herding and pasturing, date farming and small businesses (Daftari, 1980). However, with the inflow of massive oil revenues inflow since the early nineteen seventies, these countries are counted among the economies with very high per capita income in the world (World Bank). Although the GCC Countries have large deposits of oil and gas, the agriculture and water resources in these countries

are very scarce. And these are considered as serious limiting factors in the economic development of these countries (Al-Rashed, and Sherif, 2000). This has resulted in these countries being Agriculture and food-deficit countries. They are highly dependent on imports for their agriculture and food requirements. And hence food security has been an important and urgent concern for these countries (Hassen and Bilali, 2019). As far as Brazil is concerned, it is one of the largest agricultural-producing countries in the world. Brazil's main agricultural products include Coffee, citrus fruits, sugarcane, soybean, beef and poultry (Lora, 2006). Brazil's main export items constitute iron ores, soya beans, petroleum oils, cane or beet sugar and oil cake. The agri exports play an important role in the Brazilian economic development. Brazil's share in global supplies of agriculture and food products has been continuously expanding, and it may become the largest grain exporter in the world very soon (Peduzzi, 2021). It is found that none of the GCC countries are among the top five largest partners of Brazil. Further, Brazil also is not among the top five partners of GCC Countries taken together. Despite this GCC countries and Brazil are important for each other. This Paper makes an effort to study the various aspects of GCC-Brazil trade and investment relations.

2. LITERATURE REVIEW

Although there is limited work on GCC Brazil's economic relations. However, there is some literature available on this subject, and some of such publications are being reviewed. A paper (Gulf Research Centers 2022) entitled Brazil GCC Relations provides an overview of the political and economic relations between Brazil and the countries of the Gulf Corporation Council. The Paper provides precious information on the subject but lacks an in-depth analysis. Another paper (James and Al-Moslemani 2022) entitled The Latin American Region and the UAE Nexus discusses the trade and investment- relations between the Arab Emirates and the Latin American Countries. The Paper also throws light on the trade and investment-bilateral agreement. The paper provides crucial data regarding the subject. However, the study needs to be broadened and enlarged.

In another paper (Fesabatti, 2021), the fate status and the performance of the GCC-MERCOSUR agreement are assessed. The GCC consists of six countries: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. Whereas MERCOSUR consists of Argentina, Brazil, Paraguay and Uruguay. GCC and MERCOSUR signed a framework agreement on economic cooperation between the two organizations in 2005. After a detailed assessment, the Paper Concludes that the agreement failed to result in meaningful economic cooperation. The main reason attributed to this is that this has been a state-only endeavor. It needs to be expanded to all of society. However, it is unable to suggest any meaningful strategy for this purpose. Mexico and Brazil's approach towards the GCC countries: An assessment of economic diplomacy (Marines, 2018) examines the nature of their relations. The Paper finds that the trade between the two regions has been increasing, and economic diplomacy has to be the main strategy for adopting higher economic cooperation. Thus, the Paper neglects the impact of the hard realities of the free-market forces that Shaped economic cooperation in the contemporary period.

Bridging the Gulf: LatAm-GCC trade and investment (The Economist, 2016) examines the trade and investment relationship between GCC Countries and recommends Latin America. The Paper recommends increasing air and seaport links between the two regions to facilitate the expansion of trade and investment. However, this Paper is unable to find out the structural limitations of the bilateral trade and investment flow between the two areas.

3. OBJECTIVES

1. To find the trends in bilateral trade and investment relations.
2. To find the structural limitations in these relations.
3. To recommend possible strategies to Strengthen and enhance Such relationships.

4. METHODOLOGY

The research has utilized data analysis. Data has been analyzed to study the trends in the trade and investment relations between GCC countries and Brazil. Secondary data was utilized for the study. The data has been collected from the World Integrated Solution (WITS) of the World Bank from their site. A simple statistical operation has been utilized to find the trends in the bilateral trade and investment relations between GCC Countries and Brazil.

5. GCC - BRAZIL TRADE

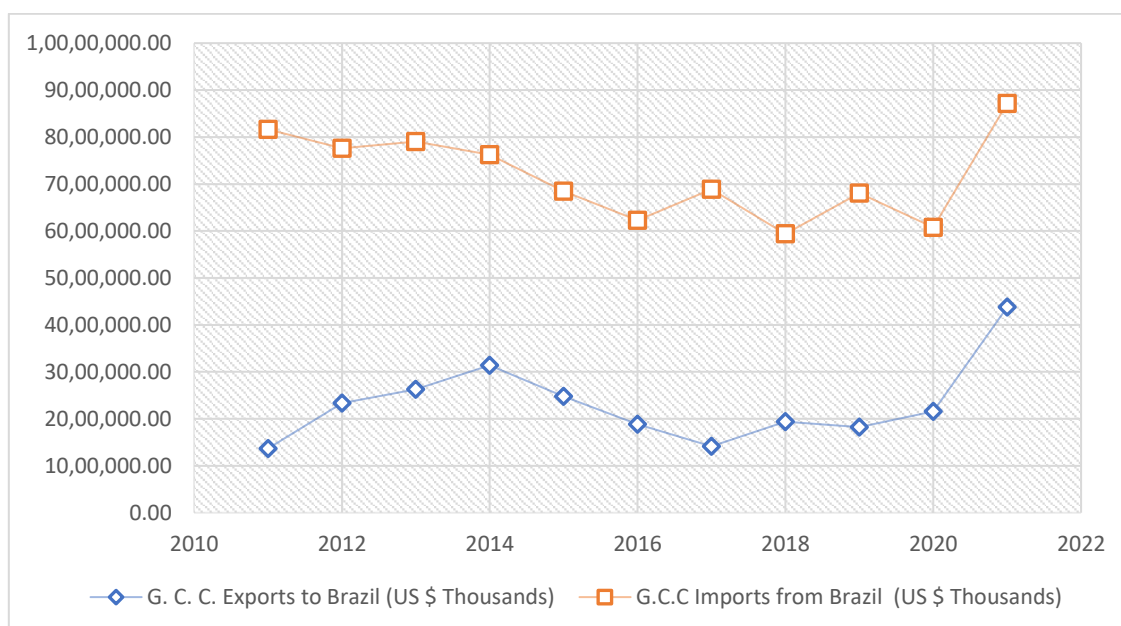
The information regarding GCC trade is provided in Table 1. It is clear from the above Table that GCC-Brazil trade has increased substantially during the period of study. The GCC-Brazil trade was reported to be at \$9.5 billion in 2011. This increased to \$10.76 billion by 2014. However, it declined to \$7.87 billion in 2018. It again increased to \$13.1 billion by 2021. Thus, it is found that GCC-Brazil trade increased from \$9.5 billion in 2011 to \$13.1 billion in 2021. Thus GCC-Brazil trade grew by 27.5 per cent during the above period. This is compared with the growth in GCC as well as Brazil's total trade during the period, the data for which is estimated from Tables 3 and 6. Where it is found that GCC's total trade increased from \$1,329.5 billion in 2011 to 1,529.9 billion in 2021. Thus, GCC's total trade grew by 15.1 percent during this period.

Table 1: GCC - Brazil trade (US \$ Thousands).

Year	GCC Exports to Brazil	GCC Imports from Brazil	Total Trade	Balance of Trade (+Surplus, -Deficit)
2011	1,366,908.2	8,162,885.1	9,529,793.3	-6,795,976.6
2012	2,331,798.1	7,757,345.1	10,089,143.2	-5,425,547.0
2013	2,626,147.2	7,901,361.8	10,527,509.0	-5,275,214.6
2014	3,135,541.7	7,625,356.9	10,760,898.6	-4,489,815.2
2015	2,480,353.5	6,845,620.5	9,325,974.0	-4,365,267.0
2016	1,883,630.0	6,226,526.5	8,110,156.5	-4,342,896.5
2017	1,411,604.1	6,888,178.0	8,299,782.1	-5,476,573.9
2018	1,937,681.6	5,936,947.0	7,874,628.6	-3,999,265.4
2019	1,824,804.1	6,804,208.4	8,629,012.5	-4,979,404.3
2020	2,154,866.0	6,078,801.9	8,233,667.9	-3,923,935.9
2021	4,376,143.9	8,715,989.9	13,092,133.8	-4,339,846.0

Source: World Integrated Trade Solutions (wits.worldbank.org)

Whereas the Brazilian total trade increased from \$492.2 billion in 2011 to \$515.5 billion in 2021. Thus, Brazil's total trade grew by 5 percent during the above period. Hence, it is found that GCC-Brazil trade, during the period of study, grew faster than growths in GCC total trade as well as Brazil's total trade. Another feature of the GCC-Brazil trade is the perpetual deficit faced by GCC countries in their trade with Brazil. GCC countries suffered a deficit of \$6.8 billion in 2011 in their trade with Brazil. However, this deficit came down to \$4.3 billion in 2021. To delve deeper into the various features of GCC-Brazil trade, the GCC exports to Brazil and GCC imports from Brazil have to be studied in-depth. The next section deals with the GCC exports to Brazil.

Chart for Table 1

6. GCC EXPORTS TO BRAZIL

The data about GCC exports to Brazil is provided in Table 2. It is found that GCC exports to Brazil increased tremendously from \$1.4 billion in 2011 to \$4.4 billion in 2021, thus growing by 214 per cent during this period. It should be mentioned that during this period GCC exports to the world increased from \$902 billion in 2011 to \$ 925 billion in 2021, thus growing by 2.5 per cent. This is far below the growth in GCC exports to Brazil.

Table 2: Exports by GCC Countries to Brazil (US \$ Thousands).

Year	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	United Arab Emirates	Total GCC Exports to Brazil
2011	16,789.5	405,206.9	46,280.0	258,488.2	110,376.9	529,766.7	1,366,908.2
2012	35,458.6	996,796.4	4,345.8	807,677.3	156,790.6	330,702.4	2,331,798.1
2013	58,460.9	1,057,588.5	69,727.6	631,399.0	172,012.8	636,958.4	2,626,147.2
2014	66,928.6	1,257,433.7	257,450.6	711,184.9	317,550.2	525,493.7	3,135,541.7
2015	78,204.1	459,633.1	77,084.7	1,038,718.5	335,511.7	491,201.5	2,480,353.5
2016	93,388.2	308,450.5	101,115.9	573,336.9	415,713.7	391,624.8	1,883,630.0
2017	100,006.5	143,697.5	147,331.8	476,755.3	342,956.9	200,856.6	1,411,604.1
2018	123,184.0	226,341.3	133,374.5	290,750.8	571,175.0	592,856.6	1,937,681.6
2019	117,182.2	103,455.2	94,809.3	360,495.9	572,149.1	576,712.4	1,824,804.1
2020	116,083.7	5,058.3	166,233.3	538,022.6	565,149.7	764,278.4	2,154,866.0
2021	292,229.8	56,019.7	727,642.9	850,273.9	1,418,951.8	1,031,025.8	4,376,143.9

This is further confirmed by the information in Table 3. GCC exports to Brazil as the percent of total GCC exports and Brazil's total imports are provided in this Table. GCC exports to Brazil as a proportion of total GCC exports increased from 0.2 percent in 2011 to 0.5 percent in 2021. Whereas GCC exports to Brazil as a proportion to Brazilian total Imports increased from 0.6 percent in 2011 to 1.9 percent in 2021. Thus, there has been a substantial expansion in the market share for GCC exports in the Brazilian import market during this period.

In order to further understand the details of GCC exports to Brazil, it would be useful to discuss the commodity composition of GCC exports to Brazil. Three important commodities constituting the exports of each of the GCC countries to Brazil during 2021 are discussed in Table 4. Raw Aluminium has been the largest Commodity of Bahrain's exports to Brazil in 2021. Bahrain's exports of raw aluminum to Brazil amounted to \$108.0 million, Constituting 3.5 percent of Bahrain's exports of raw aluminum and 8.1 percent of Brazilian imports of raw aluminum. Exports of refined petroleum to Brazil were \$78.4 million, constituting 1.8 percent of Bahrain's export of refined petroleum and 6.0 percent of Brazil's import of refined petroleum. Exports of nitrogenous fertilizers from Bahrain to Brazil stood at \$34.0 million, constituting 13 percent of Bahrain's exports and 0.8% of Brazil's imports of nitrogenous fertilizers. For Kuwait also, nitrogenous fertilizers have been the largest item of export to Brazil. Kuwait exported \$22.8 million of nitrogenous fertilizers, constituting 61.3 percent of Kuwaiti exports of this commodity and 0.5 percent of Brazil's import of nitrogenous fertilizers. Kuwaiti exports of refined petroleum to Brazil were at \$ 15.1 billion, constituting 0.2 percent of Kuwait's exports of refined petroleum and 0.1 percent of Brazil's import of refined petroleum. Whereas Kuwaiti exports of sulfur to Brazil were \$9.5 million, constituting 6.3 percent of Kuwaiti exports of sulfur and 0.7 percent of Brazil's import of sulfur. For Oman, nitrogenous fertilizers have been the largest item of Oman's exports to Brazil. Oman exported \$215.0 million worth of nitrogenous fertilizer to Brazil, which constituted 9.8 percent of Oman's exports of this commodity and 4.9 percent of Brazil's imports of this commodity. Exports of refined petroleum from Oman to Brazil were estimated at \$66.6 million, constituting 1.7 Percent of of Oman's refined petroleum exports and 0.5 percent of Brazil's imports of this commodity. Polyacetals have been the next important item of Omani export to Brazil. Oman exported \$31.7 million of polyacetals, making 6.0 percent of Oman's exports of polyacetals and 2.7 percent of Brazil's imports of polyacetals.

For Qatar also nitrogenous fertilizers have been the largest item of export to Brazil. Exports of nitrogenous fertilizers from Qatar to Brazil were estimated at \$638.0 million, which constituted 32.4 percent of Qatari exports of this commodity and 14.4 percent of Brazil's imports of the same commodity. The exports of petroleum gas from Qatar to Brazil stood at \$354.0 million, constituting 0.6 percent of Qatari exports of petroleum gas and 6.2 percent of Brazil's imports of this commodity. Qatar's exports of refined petroleum to Brazil accounted for \$47.9 million, constituting 0.4 percent of Qatari exports of this Commodity and 0.3 percent of Brazil's imports of this commodity. In the case of Saudi Arabia, chemical

fertilizers have been the largest item of its exports to Brazil. Saudi Arabia's exports of chemical fertilizers to Brazil were reported at \$390.0 million, Constituting 9.3 percent of Saudi Arabia's exports of chemical fertilizers and 6.1 percent of Brazil's imports of this Commodity. Exports of Ammonia from Saudi Arabia to Brazil were reported at \$182.0 million, Constituting 11.6 per of Saudi Arabia's total exports of Ammonia and 70.3 percent of Brazil's total imports of ammonia. Saudi Arabia's exports and propylene polymers to Brazil were estimated at \$174.0 million, constituting 2.4 percent of Saudi exports of this commodity and 20.1 percent of Brazil's imports of this commodity. As far as the United Arab Emirates is concerned, refined petroleum has been the largest export commodity in its export to Brazil. The exports of refined Petroleum from the United Arab Emirates to Brazil amounted to \$750.0 million, constituting 1.8 percent of her total exports of this Commodity and 5.7 percent of Brazil's total imports of this commodity. Exports of broadcasting equipment from the United Arab Emirates to Brazil amounted to \$150.0 million, constituting 0.9 percent of the United Arab Emirates's total export of this commodity and 64.4 percent of Brazil's import of this commodity. United Arab Emirates exports of sulfur to Brazil were reported at \$73.3 million, constituting 7.8 percent of the UAE's total export of this commodity and 5.2 percent of Brazil's total import of this commodity. Hence, it is clear that there exist a few commodities that are exported to Brazil from GCC countries in significant volume and have a substantial market share in the Brazilian import market. Exports commodities from GCC to Brazil are mainly refined petroleum, fertilizers, ammonia etc. GCC countries have a high potential to become crucial sources of imports of these commodities for Brazil (Abu Sidu and Abu Sid, 2023).

Table 3: Trends in GCC exports to Brazil (US \$ Thousands).

Year	GCC Exports to Brazil (I)	Total GCC Exports (II)	Percent (I/II)	Brazil Total Imports (III)	Percent (I/III)
2011	1,366,908.2	901,956,970.0	0.2	238,706,132.4	0.6
2012	2,331,798.1	1,058,086,872.0	0.2	235,404,475.8	1.0
2013	2,626,147.2	1,069,852,995.0	0.2	252,281,704.5	1.0
2014	3,135,541.7	994,680,484.0	0.3	240,763,369.9	1.3
2015	2,480,353.5	684,947,140.0	0.4	180,457,442.2	1.4
2016	1,883,630.0	622,754,458.0	0.3	145,247,873.7	1.3
2017	1,411,604.1	703,317,516.0	0.2	165,855,231.4	0.9
2018	1,937,681.6	895,455,909.0	0.2	192,840,115.9	1.0
2019	1,824,804.1	831,535,907.0	0.2	193,162,004.0	0.9
2020	2,154,866.0	848,335,952.0	0.3	166,336,211.6	1.3
2021	4,376,143.9	924,749,941.0	0.5	234,690,442.2	1.9

Source: 1 World Integrated Trade Solutions (wits.worldbank.org)
2. OPEC Annual Statistical Bulletin, 2015, OPEC, Vienna.

Chart for Table 3

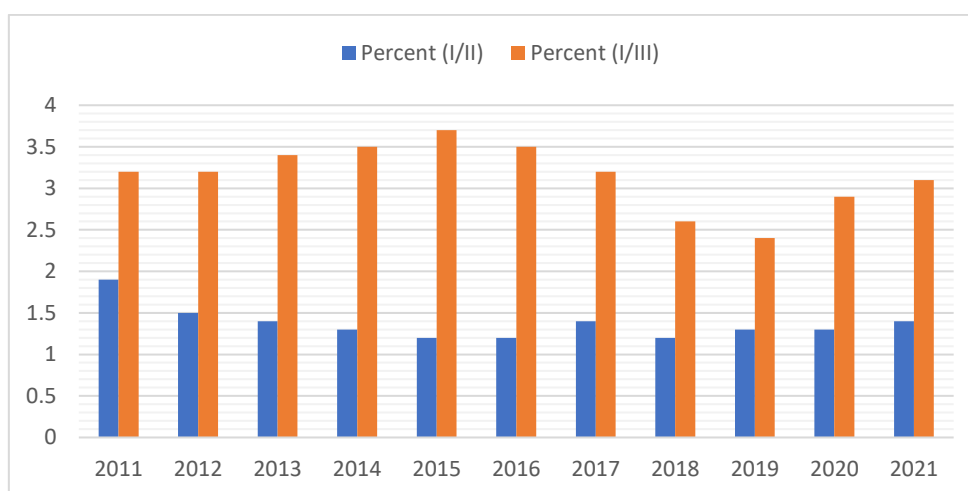


Table 4: Commodity Composition of GCC Exports to Brazil - 2021 (US\$ Million).

BAHRAIN					
Commodity	\$ Million(I)	Total Exports of Bahrain of the Commodity, \$ Million (II)	% (I/II)	Total Imports of Brazil of the Commodity, \$ Million (III)	% (I/III)
Raw Aluminium	108.0	3,130.0	3.5%	1,340.0	8.1%
Refined Petroleum	78.4	42,80.0	1.8%	13, 100.0	6.0%
Nitrogenous Fertilizers	34.0	262.0	13%	4,420.0	0.8%
KUWAIT					
Commodity	\$ Million(I)	Total Exports of Kuwait of the Commodity, \$ Million (II)	% (I/II)	Total Imports of Brazil of the Commodity, \$ Million (III)	% (I/III)
Nitrogenous Fertilizers	22.8	37.2	61.3%	4,420.0	0.5%
Refined Petroleum	15.1	7,570.0	0.2%	13, 100.0	0.1%
Sulfur	9.5	150.0	6.3%	1,410.0	0.7%
OMAN					
Commodity	\$ Million(I)	Total Exports of Oman of the Commodity, \$ Million (II)	% (I/II)	Total Imports of Brazil of the Commodity, \$ Million (III)	% (I/III)
Nitrogenous Fertilizers	215.0	2,190.0	9.8%	4,420.0	4.9%
Refined Petroleum	66.6	3,930.0	1.7%	13,100.0	0.5%
Polyacetals	31.7	522.00	6.0%	1,180.0	2.7%
QATAR					
Commodity	\$ Million(I)	Total Exports of Qatar of the Commodity, \$ Million (II)	% (I/II)	Total Imports of Brazil of the Commodity, \$ Million (III)	% (I/III)
Nitrogenous Fertilizers	638.0	1,970.0	32.4%	4420.0	14.4%
Petroleum Gas	354.0	57,200.0	0.6%	5720.0	6.2%
Refined Petroleum	47.9	11,100.0	0.4%	13,100.0	0.3%
SAUDI ARABIA					
Commodity	\$ Million(I)	Total Exports of Saudi Arabia of the Commodity, \$ Million (II)	% (I/II)	Total Imports of Brazil of the Commodity, \$ Million (III)	% (I/III)
Chemical Fertilizers	390.0	4,210.0	9.3%	6,370.0	6.1%
Ammonia	182.0	1,570.0	11.6%	259.0	70.3%
Propylene Polymers	174.0	7,130.0	2.4%	866.0	20.1%
UNITED ARAB EMIRATES					

Commodity	\$ Million(I)	Total Exports of UAE of the Commodity, \$ Million (II)	% (I/II)	Total Imports of Brazil of the Commodity, \$ Million (III)	% (I/III)
Refined Petroleum	750.0	42,500.0	1.8%	13,100.0	5.7%
Broadcasting Equipment	150.0	16,500.0	0.9%	2,330.0	64.4%
Sulfur	73.3	937.0	7.8%	1,410.0	5.2%

Source: OEC WORLD

7. GCC IMPORTS FROM BRAZIL

The information regarding GCC imports from Brazil is provided in Table 5. It is found that GCC imports from Brazil increased from \$8.2 billion in 2011 to \$8.7 billion in 2021, which implies that GCC imports from Brazil increased by 6.0 percent during this period. The slow growth in GCC imports from Brazil is attributed to the decline in imports from Brazil to Kuwait, Qatar and Saudi Arabia during this period. Only Bahrain, Oman and the United Arab Emirates observed improvement in their imports from Brazil. In the meantime, GCC total imports increased from \$427.6 billion in 2011 to \$605.2 billion in 2021, thus growing by 42 percent during this period. Meanwhile, Brazil's total exports increased from \$253.7 billion in 2011 to \$280.8 billion in 2021, thus growing by about 11 percent during this period. Thus, it is observed that GCC imports from Brazil grew very slowly as compared to GCC total imports during this period and also slower than the growth in Brazil's exports during this period.

Table 5: Imports by GCC Countries from Brazil (US \$ Thousand).

Year	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	United Arab Emirates	GCC Imports from Brazil (Total)
2011	691,097.2	356,753.6	831,635.6	336,994.6	3,778,595.7	2,167,805.4	8,162,885.1
2012	413,543.6	312,802.9	1,128,976.3	316,707.5	3,132,272.2	2,453,043.2	7,757,345.7
2013	258,366.2	306,097.8	1,106,502.9	334,070.2	3,309,161.7	2,587,163.0	7,901,361.8
2014	343,894.2	226,099.0	859,149.8	369,336.7	2,980,884.8	2,845,992.4	7,625,356.9
2015	309,106.6	239,389.9	503,887.9	356,953.9	3,172,277.8	2,503,154.4	6,845,620.5
2016	260,020.9	197,832.5	492,356.5	378,007.0	2,663,241.2	2,235,068.4	6,226,526.5
2017	339,418.3	222,542.5	695,096.2	420,284.7	2,702,783.5	2,508,052.8	6,888,178.0
2018	417,798.8	226,812.5	674,410.9	267,644.8	2,309,934.6	2,040,345.6	5,936,947.2
2019	676,973.2	212,254.4	939,292.4	486,191.9	2,239,323.5	2,250,173.0	6,804,208.4
2020	673,805.5	183,898.9	737,319.2	271,399.2	2,155,594.2	2,056,784.9	6,078,801.9
2021	1,905,161.3	193,662.8	1,545,899.1	284,263.0	2,459,690.4	2,327,313.3	8,715,989.5

Sources: 1. *World Integrated Trade Solutions (wits.worldbank.org)*

2. *OPEC Annual Statistical Bulletin, 2015, OPEC, Vienna.*

This is confirmed by the data available in Table 6. The Table provides trends in GCC imports from Brazil. Where it is found that the share of GCC imports from Brazil in total GCC imports declined from 1.9 percent 2011 to 1.4 percent 2021. Further, the share of GCC imports from Brazil in Brazil's total exports also declined from 3.2 percent in 2011 to 3.1 percent in 2021.

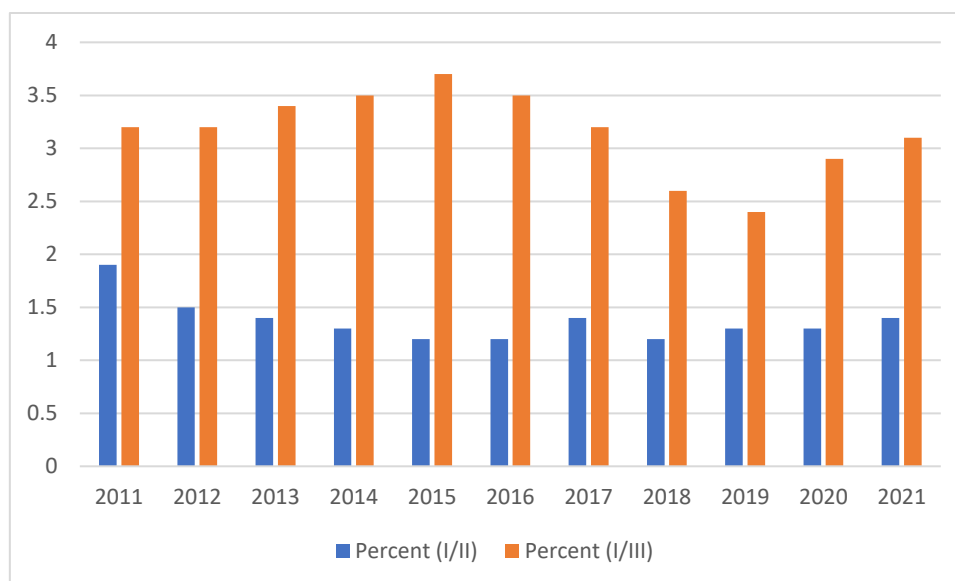
In order to further understand the details of GCC imports from Brazil, it would be useful to analyse the commodity composition of GCC imports from Brazil. The important commodities constituting the imports basket of each of the GCC Countries from Brazil during 2021 are discussed in Table 7. Iron ore has been the most important commodity in Bahrain's import basket from Brazil. Bahrain imported iron ore worth \$1,790.0 million from Brazil, which constituted 80.3 percent of Bahrain's total imports of iron ore and 3.9 percent of Brazil's total exports of iron ore. Bahrain imported \$49.3 million of poultry meat from Brazil, constituting 42.5 percent of Bahrain's total imports of poultry meat and only 0.6 percent of Brazil's total exports of poultry meat.

Table 6: Trends in GCC Imports from Brazil (US \$ Thousand).

Year	GCC Imports from Brazil (I)	Total GCC Imports (II)	Percent (I/II)	Brazil Total Exports (III)	Percent (I/III)
2011	8,162,885.1	427,645,000.0	1.9	253,665,436.8	3.2
2012	7,757,345.7	505,129,447.0	1.5	239,952,538.2	3.2
2013	7,901,361.8	567,425,297.0	1.4	232,543,660.1	3.4
2014	7,625,356.9	574,161,452.0	1.3	220,920,757.2	3.5
2015	6,845,620.5	570,775,735.0	1.2	186,774,916.3	3.7
2016	6,226,526.5	511,688,650.0	1.2	179,526,127.5	3.5
2017	6,888,178.0	499,572,337.0	1.4	214,988,108.3	3.2
2018	5,936,947.2	493,829,231.0	1.2	231,889,523.4	2.6
2019	6,804,208.4	533,164,081.0	1.3	221,126,807.7	2.4
2020	6,078,801.9	472,520,259.0	1.3	209,180,241.7	2.9
2021	8,715,989.9	605,225,193.0	1.4	280,814,575.5	3.1

Sources: 1. *World Integrated Trade Solutions (wits.worldbank.org)*

2. *OPEC Annual Statistical Bulletin, 2015, OPEC, Vienna.*

Chart for Table 6

Bahrain imported \$31.0 million of Aluminium Oxide from Brazil, which made up 3.1 percent of Bahrain's imports of aluminum oxide from the world over and 1.1 percent of Brazil's total exports of aluminum oxide. In the case of Kuwait, poultry meat has been the largest item of import from Brazil. Kuwait imported \$163.0 million of Poultry meat which constituted over 58 percent of Kuwait's total poultry imports and 2.1% of Brazil's total export of poultry meat. Imports of frozen bovine meat by Kuwait from Brazil amounted to \$6.1 million, constituting 6.5 percent of Kuwait's imports of frozen bovine meat and 0.1 percent of Brazil's exports of this commodity. Kuwait's imports of other prepared meat from Brazil amounted to \$3.2 million, which was 7.0 percent of Kuwait's total imports of this commodity and 0.3 percent of Brazil's exports of this commodity. In the case of Oman, iron ore was the largest item of import from Brazil. Oman imported \$1,290.0 million of iron ore from Brazil, constituting 75.0 percent of total Omani imports of iron ore and 2.8% of Brazil's exports of this commodity. Imports of poultry meat to Oman from Brazil accounted for \$138.0 million, constituting 55.0 percent of Oman's total imports of poultry meat

and 1.8 percent of Brazil's total exports of this Commodity. Imports of soybean meal to Oman from Brazil were reported at \$59.2 million, constituting 51.0 percent of Oman's total imports of soybean meal and 0.8 percent of Brazil's total export of this commodity. For Qatar, poultry meat was the largest import item from Brazil. Qatar imported poultry meat worth \$ 135.0 million from Brazil, which constituted 67.8 percent of Qatar's total poultry meat imports and 1.8 percent of Brazil's exports of this commodity. Gas turbines worth 33.7 million were imported by Qatar from Brazil and this constituted 2.1 percent of Qatar's total imports of gas turbines and 5.9 percent of Brazil's exports of gas turbines. Iron Pipes worth \$30.4 million were imported to Qatar from Brazil, which constituted 36.6 percent of Qatar's total imports of iron pipes and 11.7 percent of Brazil's total exports of iron pipes. In the case of Saudi Arabia, it was found that poultry meat was the largest item in the Saudi import basket from Brazil. Saudi imported poultry meat worth \$688.0 million from Brazil, which was 61.0 percent of Saudi total imports of poultry meat and 9.0 percent of Brazil's total exports of this commodity. Imports of raw sugar to Saudi Arabia were worth \$422.0 million, constituting 57.8 percent of Saudi total imports of raw sugar and 4.2 percent of Brazil's exports of this commodity. Saudi imports of soybeans from Brazil amounted to \$219.0 million, constituting 51.0 percent of Saudi total imports of soybeans and 0.6 percent of Brazilian exports of soybeans. For United Arab Emirates again poultry meat has been the largest item of imports from Brazil.

United Arab Emirates imported Poultry meat worth \$691.0 million from Brazil, which Constituted 78.0 percent of the UAE's total imports of poultry meat and 9.0 percent of Brazil's total exports of this item. Imports of Gold by the UAE from Brazil amounted to \$464.0 million, constituting 1.0 percent of the UAE's imports of gold from the world over and 8.8 percent of Brazil's exports of gold worldwide. The imports of raw sugar by the UAE from Brazil amounted to \$256.0 million, constituting 42.0 percent of the UAE's total imports of raw sugar and 2.6 percent of Brazil's total exports of raw sugar. Thus, it is clear that Brazil has been an important source of imports of agriculture and food items for the GCC countries.

It should be mentioned that the countries of the GCC have an acute scarcity of arable land and water (Azhar, 2021). This has resulted in GCC Countries in having severe deficit in agriculture and food production. It should be noted that with the help of massive oil revenues, Saudi Arabia launched a drive for agricultural self-sufficiency in the 1970s. However, the opportunity cost of this program, both in financial and water terms, became unviable. This heavily subsidized program had to be abandoned as imports became a much cheaper option (Azhar, 2009). Qatar also tried to implement the same policy later on. However, it met the same fate as the Saudi policy of acquiring self-sufficiency in agricultural and food requirements (The Economist, 2016). Finally, the GCC countries have realized that they have to rely on imports of agriculture and food commodities from abroad. Hence, the GCC countries now focus on managing imports from diversified sources in their agriculture and food security strategies. The important sources of GCC imports for these commodities include Latin American Countries, particularly Brazil (The Economist, 2016). Thus, Brazil remains a crucial source of imports of agriculture and food commodities for the GCC Countries. Hence, Brazil plays an important role in the food security strategy of GCC countries. It should also be known that the member countries of the GCC and those of the Southern Common Market (MERCOSUR), namely Argentina, Brazil, Paraguay and Uruguay, signed a framework agreement on Economic Corporation between the two organizations in 2005. However, its long-term impact is yet to be observed (Ferrabolli, 2021). The GCC countries are looking all over the world to acquire food security for their populace. However, countries from South Asia, Central Asia, Africa and Latin America have received special attention from GCC countries in order to achieve their food security. (Woertz *et al.*, 2008). As we have already found that Brazil is an important link in GCC's food security strategy, the next section is devoted to GCC- Brazil investment relations.

8. GCC- BRAZIL INVESTMENT

The flow of capital has become yet another indicator of the bilateral economic relations. Further, its inflow is considered an important parameter of the health of host economies. Thus, emerging economies like Brazil, the United Arab Emirates, Saudi Arabia and other GCC countries have been at the forefront of implementing economic reforms to make their economies business-friendly and conducive to foreign investment (Arezki *et al.*, 2022). Table 8 provides data about FDI inflows during 2021. It is found that FDI inflow to Brazil stood at \$51.0 billion having sixth rank in the world. The United Arab Emirates, with an FDI inflow of 21 billion dollars, was ranked globally at 22nd rank. Whereas Saudi Arabia, with \$19.3 billion of FDI inflow, ranked at 26th Position in the world.

The data about the FDI outflows during 2021 is provided in Table 9. It is found that Saudi Arabia, with \$24 billion of FDI outflow, was ranked at 18th position globally. Whereas the United Arab Emirates, with \$23 billion of FDI outflow, was ranked in 20th position. Further, Brazil, with \$20 billion of FDI outflow, was ranked at 21st Rank globally. The GCC countries have pursued their foreign investment policy to diversify their revenue base and integrate with the global oil industry (Azhar, 2023).

As far as GCC investment flow to Brazil is concerned, the United Arab Emirates has been the top investor. It has been reported that the United Arab Emirates accounted for more than a fourth of GCC investments in the Latin American market, mainly Brazil and Argentina, between 2016 and 2021. The GCC investments in this region amounted to \$4 billion during this period. Thus, it means the UAE invested about \$3 billion in Latin America, mainly Brazil and Argentina. For the same period, Saudi Arabia accounted for about one fourth of GCC investment.

Table 7: Commodity Composition of GCC Imports from Brazil - 2021 (US\$ Million).

BAHRAIN					
Commodity	\$ Million (I)	Total Imports of Bahrain of the Commodity, \$ Million (II)	% (I/II)	Total Exports of Brazil of the Commodity, \$ Million (III)	% (I/III)
Iron Ore	1790.0	2,230.0	80.3%	46,200.0	3.9%
Poultry Meat	49.3	116.0	42.5%	7,660.0	0.6%
Aluminium Oxide	31.0	1,004.7	3.1%	2,910.0	1.1%
KUWAIT					
Commodity	\$ Million (I)	Total Imports of Kuwait of the Commodity, \$ Million (II)	% (I/II)	Total Exports of Brazil of the Commodity, \$ Million (III)	% (I/III)
Poultry Meat	163.0	280.0	58.2%	7,660.0	2.1%
Frozen Bovine Meat	6.1	94.5	6.5%	7,090.0	0.1%
Other Prepared Meat	3.2	45.8	7.0%	1,130.0	0.3%
OMAN					
Commodity	\$ Million (I)	Total Imports of Oman of the Commodity, \$ Million (II)	% (I/II)	Total Exports of Brazil of the Commodity, \$ Million (III)	% (I/III)
Iron Ore	1,290.0	1,720.0	75.0%	46200.0	2.8%
Poultry Meat	138.0	251.0	55.0%	7,660.0	1.8%
Soybean Meal	59.2	116.0	51.0%	7,500.0	0.8%
QATAR					
Commodity	\$ Million (I)	Total Imports of Qatar of the Commodity, \$ Million (II)	% (I/II)	Total Exports of Brazil of the Commodity, \$ Million (III)	% (I/III)
Poultry Meat	135.0	199.0	67.8%	7,666.0	1.8%
Gas Turbines	33.7	1,570.0	2.1%	571.0	5.9%
Iron Pipes	30.4	83.0	36.6%	260.2	11.7%
SAUDI ARABIA					
Commodity	\$ Million (I)	Total Imports of Saudi Arabia of the Commodity, \$ Million (II)	% (I/II)	Total Exports of Brazil of the Commodity, \$ Million (III)	% (I/III)
Poultry Meat	688.0	1,130.0	61%	7,666.0	9.0%
Raw Sugar	422.0	730.0	57.8%	10,000.0	4.2%
Soybeans	219.0	429.0	51.0%	38,600.0	0.6%
UNITED ARAB EMIRATES					
Commodity	\$ Million (I)	Total Imports of UAE of the Commodity, \$ Million (II)	% (I/II)	Total Exports of Brazil of the Commodity, \$ Million (III)	% (I/III)
Poultry Meat	691.0	887.2	78.0%	7,660.0	9.0%
Gold	464.0	4,6000.0	1.0%	5,290.0	8.8%
Raw Sugar	256.0	611.0	42.0%	10,000.0	2.6%

Source: OEC WORLD

Table 8: FDI Inflows - 2021.

Country	Billions of dollars	Rank
United States	388	1
China	181	2
Brazil	51	6
United Arab Emirates	21	22
Saudi Arabia	19.3	26
Bahrain	1.8	---
Kuwait	0.2	---
Oman	3.6	---
Qatar	1.1	---

Sources:

1. World Investment Report - 2023, UNCTAD
2. World Investment Report - 2022, UNCTAD
3. The globaleconomy.com

Table 9: FDI Outflows – 2021.

Country	Billions of dollars	Rank
United States	350	1
China	179	2
Saudi Arabia	24	18
United Arab Emirates	23	20
Brazil	20	21
Bahrain	0.7	---
Kuwait	3.63	---
Oman	0.4	---
Qatar	0.2	---

Sources:

1. World Investment Report - 2023, UNCTAD
2. World Investment Report - 2022, UNCTAD
3. The globaleconomy.com

Thus, it means Saudi Arabia invested about \$1 billion in Brazil and Argentina. Qatar accounted for one percent of GCC investments in these Companies (Sambridge 2022). The main beneficiaries were the logistics, distribution and transportation companies, mainly the D.P. World. As far as FDI from Latin American countries to GCC countries is concerned, it was reported at \$500 million between 2017 and 2021; out of this, 85 percent of FDI Came from Brazil and 13 percent from Argentina. The largest investment came from Brazil's B.R.I., which is one of the world's largest food processing companies and also a significant supplier of poultry to the GCC markets (Sambridge, 2022). The Brazilian company has been reported to be constructing a Halal chicken-producing plant in Saudi Arabia. Saudi Public Investment Fund was announced to be willing to invest up to US \$ 10 billion in Brazil (Figueira, 2019). Kuwait, through its Sovereign fund Kuwait Investment Authority, has also exhibited interest in investing in Brazilian energy and agribusiness sectors. (Romildo, 2019). Similar sentiments have been exhibited by other countries of the GCC to boost bilateral investments. However, from the trends in GCC investments, it is found that yet there have been few investments in the Brazilian agriculture and food sectors, which should have been to enhance the food security strategy. These sectors in Brazil may attract substantial GCC investments in the future. Further, there has been no institutional arrangement either between GCC and MERCOSUR or bilaterally between the member countries of GCC and MERCOSUR. Negotiations Concerning the Comprehensive Economic Partnership Agreement (CEPA) between the UAE and MERCOSUR have been reported but without any concrete result. (Ferraboli, 2020).

9. CONCLUSIONS

- The member countries of the GCC and Brazil are important emerging economies.
- From their trade relations it is found that GCC-Brazil trade grew faster than the growth in their total trades during the period of study.
- GCC exports to Brazil grew faster than the growth in total exports of GCC countries.

- Refined Petroleum and Nitrogenous fertilizers have been the most important commodities in GCC exports to Brazil.
- GCC imports from Brazil grew very slowly as compared to GCC total imports during the period of study.
- Poultry meat, raw sugar and iron ore were the most important constituents of GCC imports from Brazil.
- The GCC countries have faced perpetual deficits in their trade with Brazil.
- Brazil is expected to play a very significant role in the GCC food security strategy.
- There have been substantial investments from the UAE and Saudi Arabia in Brazil.
- However, in order to enhance the GCC food security, the GCC investment has to be increasingly directed to Brazilian agriculture and food sectors.
- A Free Trade Agreement between Brazil and GCC countries, collectively or bilaterally, is urgently required.

CONFLICT OF INTEREST

None.

ORCID

Not available.

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