

South Africa in the BRICS

Opportunities, Challenges and Prospects¹

This study investigates the participation of South Africa in the BRICS group from an analytical perspective. It is argued that South Africa's membership to this group entails both opportunities and challenges for South Africa, the continent and the system of global governance. We seek to flesh out the potential medium- and long-term implications as well as the benefits and risks of South Africa's membership in the areas pertaining to trade, foreign policy and development.

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Introduction

South Africa was granted an invitation to join the Brazil, Russia, India and China (BRIC) grouping² on 23 December 2010 by the Minister of Foreign Affairs of the People's Republic of China, Yang Jiechi. The announcement was made by South Africa's Minister of International Relations and Cooperation, Maite Nkoana-Mshabane, after months of lobbying by South African President Jacob Zuma, who marketed the country as the gateway to Africa. Zuma has maintained that this is an important group to be part of, given that the emerging economies have a significant role to play in restructuring political, economic and financial institutions to become more equitable and balanced.³ Participation in the group provides, according to the South African government, economic benefits such as increased trade and investment opportunities as well as political benefits, such as increasing its voice in the international sphere.

The third BRIC summit, held on 14 and 15 April 2011 and attended by President Zuma, heralded the transformation of BRIC to BRICS (Brazil, Russia, India, China and South Africa). The countries called for reforms in international financial mechanisms, and greater cooperation

in fields ranging from finance and business to science and technology. South African Trade and Industry Minister, Rob Davies, indicated that the BRICS countries would benefit from direct trade in their own currencies, which would protect them from volatile international convertible currencies, for example the US dollar.⁴ The development banks of the five nations also signed a framework agreement on cooperation among their national financial development institutions to establish mutual credit lines to be denominated in local currencies. The China Development Bank was the first institution to respond to the new measures, outlining its intention to lend 10 billion yuan to Brazil, Russia, India and South Africa. There is no information yet forthcoming on the precise terms of the loan or exactly how the money will be allocated and on which projects, but such loans are likely to focus on large oil and natural gas projects.⁵

The BRICS meeting concluded with the signing of the Sanya Declaration, outlining the major commitments and areas of agreement discussed at the summit, among which were the following:

- A broad-based reserve currency system which provides stability and certainty
- Discussion about the global role of Special Drawing Rights (SDR), the accounting unit of the International Monetary Fund (IMF) and the SDR's basket of currencies (now comprising the US dollar, the euro, the yen and the pound sterling)
- Establishing mutual credit lines denominated in their home currencies among the state development banks of the group
- Reform of international institutions such as the IMF, with the UN Security Council reflecting the interests of emerging and developing countries
- The importance of renewable energy and atomic energy technologies as a key element of development

- Reducing distortion and further regulating the financial market
- Expanding and deepening economic, trade and investment cooperation among the BRICS countries.⁶

South Africa's Contribution to the BRICS

There is little consensus not only on the implications of South Africa's admittance to the group, but on precisely what the grouping is and its potential effect on international affairs. The invitation was met with surprise and incomprehension by many analysts puzzled by the admittance of such a smaller economy, considering there were stronger contenders than South Africa as the newest member; for example Mexico, South Korea and Turkey. There has been widespread speculation about the nature of the association; the motivations for the invitation, be they financial or political; what it will mean; and what effect it will have on South Africa and the continent as a whole.

Some observers contend that it is difficult to immediately perceive how South Africa could easily fit into the BRIC group.⁷ The inclusion of South Africa changes the dynamics of a group that has impacted global economic markets over the last 10 years and estimated by Goldman Sachs to have contributed to over a third of global growth in gross domestic product (GDP) over the last decade.⁸ With a GDP of approximately one-sixteenth of China's output, an annual growth rate of 2,8 per cent in 2010 (compared to 10,3 per cent for China, 9,7 per cent for India and 7,5 per cent for Brazil) and a population of 50 million (compared to China's 1,3 billion and India's 1,2 billion), South Africa has significantly less economic power than the other members.⁹ South Africa

has a nominal GDP of US\$286 billion, far below that of the other members: Brazil (US\$1 trillion), India (US\$2 trillion), Russia (US\$1,6 trillion) and China (US\$5,5 trillion).¹⁰ China and India are ranked as the top two in *The Economist's* ranking of the 10 fastest-growing economies from 2011 to 2015, seven of which are located in Sub-Saharan Africa, but South Africa is not even included.¹¹ The country also has not achieved the improvements in living standards or sustained levels of economic growth and job growth that is characteristic of the original BRIC countries.¹²

According to the World Bank,¹³ South Africa's medium-term growth prospects are improving, with GDP projected at 3,5 per cent in 2011; 4,1 per cent in 2012 and 4,4 per cent in 2013. The challenge is to generate higher and more inclusive growth in the country, raise GDP growth to 6–7 per cent, and tackle the high unemployment rate.

Despite an economic presence far below that of the other members, South Africa's per capital income is larger than that of both China and India,¹⁴ and it has one of the highest ratios of market capitalisation in the world.¹⁵ According to Martins,¹⁶ South Africa enters the group not as a middle-income country but as the most powerful economy on a fast-growing continent. South Africa's participation in the group, to President Zuma, means that the entire continent of Africa, with a population of over one billion, is now represented (Wong, 2010).¹⁷ Trade and Industry Minister Davies explained the country's membership in the grouping like this: 'The African continent is the next great economic story. We are quite small but, when we look at the African continent as a whole, the numbers start to add up'.¹⁸

South Africa has a two-tiered economy. At one level, it is Africa's economic powerhouse, with a GDP averaging around 25 per cent of that of the entire continent. The formal sector, based

on services, mining and manufacturing, can rival the majority of Organisation for Economic Co-operation and Development (OECD) states. As a middle-income country with a per capita gross national income (GNI) of US\$6 100,¹⁹ its largely affluent white population have long reaped the benefits from the control of a competitive and robust economy, characterised by an abundant supply of mineral resources; well-developed legal, energy, financial, and communications and transportation sectors; a modern infrastructure that supports an efficient distribution of goods and services to major urban centres throughout the country; and an active stock exchange that ranks among the top 20 in the world.

At the other level, South Africa is a country plagued with severe inequalities, pervasive poverty and high unemployment. The OECD's 2010 Economic Survey of South Africa outlined several concerns about the economy: high levels of continued unemployment,²⁰ growing dualism in labour markets, and low levels of entrepreneurialism among the black population.²¹

In theory, the invitation represents an opportunity for South Africa to participate in the restructuring of global, political, economic and financial structures to produce a more equitable and inclusive system. To some detractors, however, South Africa is a lightweight in the global economic arena in comparison to the other members, and despite its trading relationship with China, its membership in the group is unlikely to significantly benefit them.²² The next section examines the strengths and weaknesses of South Africa's inclusion in the grouping, its potential for shaping the agenda of the group and the implications not only for the country but also for the other members. It also speculates to what extent South Africa has or could have the support of other African states to represent the interests of the entire continent.

Implications of South Africa's Membership of the BRICS Group

Benefits and risks of South Africa's inclusion

Much has been made of the potential economic benefits for South Africa in the BRICS group, or conversely, the benefits of the introduction of an African member to the original four members. Some view South Africa's participation in a major international forum as inherently positive – an opportunity to influence policymaking and alignment among developing countries to make the international economic system more inclusive.²⁵

Membership in the group is projected to allow the country to promote economic development through enhanced trade and investment, and expand sectors in which the country holds a comparative advantage²⁴ and provide overseas investment opportunities for South African enterprises.²⁵ In terms of African development, many consider the BRICS agreement to be beneficial for the expansion of sub-Saharan African markets and infrastructural development, and trilateral cooperation on the continent.²⁶ For the other BRIC members, the emphasis has largely been on greater representation among the developing nations and increased access to African markets. Chinese Foreign Minister Yang stated that the inclusion of South Africa in the group would promote development among the members, and further cooperation among emerging market economies.²⁷

While it is not yet clear whether entrance into the forum will help South Africa achieve this objective, it is evident that a number of risks are associated with its entrance in the group – both economic and political. Questions have arisen over the wisdom of South Africa joining such an exclusive 'club' that could potentially entrench the differences in economic size and power between it and the other members.

Economic implications

With South–South trade expected to account for a growing share of global trade, South Africa's new status within the BRICS group could provide new trade and investment opportunities, not only for South Africa but also for other African nations. Brazil, Russia, India and China have increased capacity to bring expertise and technologies to Africa that can aid infrastructural development. The original BRIC nations account for more than 50 per cent of overall emerging-market IT spending, and therefore could provide opportunities for technology transfer.²⁸ With higher levels of technological innovation in the BRIC nations, it is expected that membership will provide technology sharing, joint manufacturing, marketing and research projects, and exchange programmes for skills and training for South Africa.²⁹ Most analysts are unclear as to whether South Africa will be an African representative and at the same time 'leverage' itself as a major player in the group.³⁰ Currently, Asia accounts for the majority of South–South commerce, figures indicating that China alone comprises 40 per cent. A key challenge for South Africa will therefore be to ensure that other regions of the world can generate a larger portion of this investment.

According to the South African government, South Africa's trade and investment is poised to expand with its membership in the BRICS group through joint ventures and cooperation. The South African government is looking at leveraging its membership to seek opportunities for joint ventures, mergers and cooperation with other BRIC countries currently investing on the continent.

In recent years a number of joint ventures have developed, particularly between Chinese and South African firms.³¹ Standard Bank, the largest bank in South Africa, sold 20 per cent

of the bank to the International Commercial Bank of China (ICBC) three years ago.³² In a joint statement, the ICBC indicated that it views South Africa as a lucrative market for investment, and as such an alliance with Standard Bank would open up opportunities across the continent. For Standard Bank, the deal allows the South African bank increased access to the largest and fastest-growing economy in the world, and better able to facilitate and finance trade flows between Asia and Africa.³³ Since the acquisition, ICBC and Standard Bank have launched cooperative projects, including major infrastructure projects.

It is not yet clear if trade between South Africa and the original BRIC group will expand on a long-term basis, providing tangible benefits for South Africa and the continent as a whole. It is also difficult to determine if investments are occurring as a result of participation in the BRICS group or would have occurred regardless, considering that infrastructural development had been increasing prior to South Africa's admittance to the group. It does appear, however, that there has been considerable interest in forging new investments. After South Africa formally joined the BRICS group, an immigration official reported that in a period of just over a week, there was a 38 per cent increase in enquiries from corporate clients and individuals requesting visas and information on obtaining work permits in BRICS nations.³⁴ The South African government has also encouraged private investment in the BRICS countries through trade expos. In November 2011, the government invited South African companies in targeted sectors to participate in events in Beijing and Shanghai.³⁵

South Africa's participation in the BRICS group does provide strategic partnerships for investors from the other members, particularly China. Mergers with BRIC firms, however,

are not regarded by all as beneficial for South Africans, as many perceive this could allow BRIC investors to exploit the region.³⁶

South African bilateral trade with countries in the BRICS group

China is set to make the largest impact on the South African landscape, as the partnership between China and South Africa has been steadily growing over the last few years. Bilateral trade between the countries has been gradually expanding since diplomatic relations were established in 1998, with total trade amounting to US\$16 billion in 2010, growing 2 per cent from 2008.³⁷ Trade with China tripled as a share of the country's total trade from less than 5 per cent in 2000 to approximately 15 per cent in 2010.³⁸

Major Chinese companies such as ZTE and Huawei are investing and establishing their African headquarters in the country, and Beijing has located the African headquarters of the China-Africa Development Fund in Johannesburg. In August 2010, China signed a 'comprehensive strategic partnership' with South Africa in recognition of the growth in bilateral trade between the two countries. The declaration outlined 38 cooperation agreements³⁹ between the two countries focusing on trade, investment, mineral exploration and agriculture, as well as national and global political dialogues.⁴⁰ The state visit also produced a plan to build a high-speed rail link between Durban and Johannesburg.⁴¹

There is a fear that South Africa will, through its membership in the BRICS group, lose out to increased market competition from the more industrialised members – and China in particular. Through helping to fulfil its role as an economic and political link to Africa, South Africa will be encouraging competition for its own markets on the continent, the only region of the world where it currently has a trade surplus

in manufacturing.⁴² Trade minister Rob Davies admits that while increasing trade between the two countries has been positive, most of South Africa's exports to China are entirely comprised of natural resources, while imports from China have been manufactured goods.⁴³ The government wants to encourage more value-added trade and investment, and move from resource exports to partnerships in infrastructure and green industries. Further, the country is looking to persuade more Chinese companies to establish manufacturing in the country.⁴⁴

South Africa is currently India's second-largest trading partner in Africa. Bilateral trade between the two countries rose to US\$10,6 billion in 2010–11, with the aim to boost it to US\$15 billion by 2014.⁴⁵ Although not receiving the same degree of attention, India is expanding its role on the continent, and has generated competition for South African companies, particularly in the service sector. Several Indian multinationals have begun to make inroads in South African markets. Tata (a rapidly growing business group), as of 2011, had made plans to begin construction on a vehicle assembly plant outside Pretoria.⁴⁶ Other enterprises doing business in the country include Bharti (a telecommunications company operating in a growing number of countries), Reliance and Mahindra.⁴⁷ India views South Africa as key to countering China's strategic expansion in Africa.⁴⁸

South African investment in India has so far been limited, with investments estimated at around US\$250 million, spearheaded by the brewer SABMiller, First Rand (the first African bank to get an operating licence in India) and Airports Company South Africa (ACSA), which won a lucrative contract to rehabilitate the Mumbai airport. South Africa still largely exports primary or scrap products like coals and wood pulp, while India exports value-added products such as petroleum oil, cars, pharmaceuticals and

mobile phones.⁴⁹ Indian investors have demonstrated interest in investing in coal, iron ore and manganese mines in the country. JSW Energy of India acquired a majority stake in the South African Coal Mining Holdings in April 2010. Indian enterprises are also looking to procure uranium and nuclear technologies from South African companies.⁵⁰ South African companies are interested in pursuing investments in agro processing and cold chains, tourism, hotels, the retail sector, iron and steel, organic and inorganic chemicals, fertilisers, gold and diamonds. South African banks, and insurance and financial services companies also have expressed interest in increasing their presence in India.⁵¹

Brazil, meanwhile, has also invested in the continent in recent years, most notably in mining, infrastructural development and large-scale agriculture.⁵² From 2000 to 2008, Brazil's trade with Africa increased more than six-fold from US\$4,2 billion to US\$25,9 billion. It currently ranks as Africa's third-largest trading partner behind Indian and China, and ahead of Russia, at fourth at US\$3,5 billion.⁵³ Minerals and oil and gas comprise more than 80 per cent of Brazil's imports from the continent, while Africa imports a diversified array of products including agricultural products, vehicles and parts, nuclear reactors and machinery, ores and ash.

Brazil's largest trading partners in Africa are Nigeria (32%), Angola (16%), Algeria (12%), South Africa (10%), and Libya (7%). Trading relations, however, with the former Portuguese colonies have been most significant because of cultural and historical ties. Angola and Mozambique have so far attracted the most interest from Brazilian firms.⁵⁴

Total trade between the Russian Federation and South Africa is limited but increased by 6,42 per cent from US\$484,02 million to US\$517,21 million in 2009 (*BuaNews*, 15 February, 2011). With the collapse of the Soviet Union, Russia's

relations with Africa declined. In recent years, however, the country has been refocusing its attention on the African continent. Russian investment in Africa has not yet been significant, but according to that country's officials, Russian companies are expanding their activities throughout the continent. The government also extended a US\$500 million development assistance package to the region in 2008, representing a marked increase in interest in the region. As a resource-rich country, Russia does not have the same impetus to expand its investment efforts to the same extent that resource-poor China has. However, Russia shares China's geopolitical and economic expansionist objectives in the region.⁵⁵ In a visit to South Africa in 2009, the Russian president and his trade delegation expressed interest in investing throughout the continent and cooperating in areas such as energy and nuclear power.⁵⁶

In contrast, South African investment has expanded rapidly throughout the continent. Driven by liberalisation and the lowering of barriers in many countries in Africa restricted their investment to traditional sectors such as petroleum, mining and construction like many European and American enterprises, but have in fact penetrated many other sectors of Africa's economies.

Trade to Sub-Saharan Africa (SSA) has risen steadily in the past few years. Only 4 per cent of South Africa's total trade was conducted with SSA in 1990, compared to 12 per cent in 2010. This is in contrast with figures showing that SSA accounts for only 2–5 per cent of total trade in China and Brazil, and only 0,2 per cent of total Russian trade. In absolute terms, however, bilateral SSA trade with China is four times that of trade with South Africa.⁵⁷

Trade and competition

South Africa faces market competition from the BRIC group in major sectors such as clothing

and textiles, steel and the automotive sector.⁵⁸ China, and to some extent India, could threaten South African manufactured exports to the rest of the continent if greater market access were to be granted to Chinese and Indian goods. China's rapidly expanding export base has been difficult to compete with, exacerbated by China's policy of allowing the yuan to rise slowly and thereby undervaluing the currency.⁵⁹ With China clearly at an advantage, it is difficult to imagine a sustainable trade relationship with South Africa.

If the planned free-trade agreements with India,⁶⁰ Brazil⁶¹ and China⁶² come to fruition, South Africa could be faced with increased BRIC-manufactured exports. Chinese exports have already 'decimated' the textile sector in South Africa⁶³ and the shoe industry in Brazil,⁶⁴ while India has resorted to applying anti-dumping duties on various Chinese goods.^{65 66}

South Africa faces the formidable task of identifying how its membership in the BRICS group will influence its role in Africa.⁶⁷ A key test will be the extent to which the forum will promote inter-regional trade and the nature of the trading relationship. Qobo and Soko⁶⁸ caution against focusing excessively on strengthening economic ties with the BRIC group. Diversifying export markets is essential for South Africa but should include other areas of Africa, the Middle East, and other Latin American and Asian countries.

To further economic integration on the continent, African leaders signed an agreement in June 2011 to launch discussion on the continent's largest free-trade bloc, encompassing 26 countries from Cape Town to Cairo. The so-called African Grand Free Trade Area would join three trade blocs – the East African Community (EAC), the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) are projected

to be worth US\$1 trillion by 2013. The agreement could cut tariffs in the COMESA and the EAC, now with tariffs almost twice that of the SADC.⁶⁹ African leaders speaking at the summit ambitiously declared that the free-trade area would be in place in three years.⁷⁰ Proponents of the plan argue that it would reduce tariffs in the region, and allow small nations access to a regional market. Further, they argue, it will allow Africa to benefit from the BRICS agreement, and will increase South African cooperation and links with the rest of the continent.⁷¹

Entrance into the BRICS group represents a shift from former president Thabo Mbeki's concern that the country's relationship with China should come to resemble the colonial relationship of the past. In response to concerns about China's expanding role in Africa, South African officials have responded that increased competition between developed and emerging economies is positive (*Financial Times*, 2010). However, emerging relations between China and Africa have raised concerns, particularly in regard to China's underwriting of investments and trade with the Sudanese government, which has been accused of serious human rights violations. Critics of Chinese enterprise on the continent has been widespread – in countries such as Algeria, Angola, Zambia and the Democratic Republic of the Congo, Chinese companies and workers have been targets of violence and animosity, while international analysts criticise the Chinese government's willingness to ignore human rights, governance concerns and the environment in pursuit of resources.⁷²

Economic implications for the continent

The argument that South Africa represents the continent and its interests are, on one hand, supported by South Africa's recent policies and statements in various forums, such as the World Trade Organisation calling for the

lowering of trade barriers for African countries. However, at the same time, critics contend that South Africa does not and cannot represent the continent's interests, certainly not all the time, especially if they have a detrimental impact on its own foreign policy objectives, and economic and security concerns.

While South Africa has been branded as a representative of the continent in the group, other countries in the region do not view it as such. Some analysts maintain that the benefits to the region will only be marginal. It could provide diversity in investments and increased markets for African industry, as well as a rise in tourism from countries other than the UK and western Europe, but not the widespread infrastructural growth and economic investment that many project⁷³ by continuing to reinforce a pattern of resource extraction by the wealthier BRIC nations. There is a concern that partnering with BRIC investors could prove detrimental to African countries as it facilitates further capital encroachment by South Africa's corporations in the region.⁷⁴

South Africa's move to join the group could impose a new threat of neo-colonialism on the continent, according to some critics. Increased market access for the BRIC nations to Africa could have even more detrimental consequences for the rest of the region, which has yet to develop its industrial base. It could run the risk of entrenching asymmetrical patterns of trade, keeping economies in the region dependent on commodity exports.⁷⁵

South Africa has promoted liberalised trade and lowering capital controls, which could have a detrimental effect on African countries, many of which are one-resource economies with small industrial bases. To expect smaller African economies to promote liberal economic policies in order to stimulate economic growth is unfair, considering that BRIC countries have

themselves developed by not always adopting principles of liberalised trade, but have in fact promoted protectionist policies.⁷⁶

Strategic geopolitical implications

The proliferation of regional integration initiatives and geopolitical forums and blocs are changing the economic and political landscape. South Africa is currently a member of UN, G-20, the IBSA Dialogue Forum and the G-77, and a non-permanent member of the Security Council. Within Africa, it is a member of the Southern African Customs Union (SACU), SADC, the African Union (AU) and the New Partnership for African Development (NEPAD). To some analysts, entrance into the BRIC group will allow South Africa to positively contribute to key global governance and democracy issues, and to demonstrate its leadership on issues such as conflict resolution, security, and reconstruction and development.⁷⁷ **Purportedly**, South Africa's membership also generates geographic representations for Africa both within the BRICS group and in international forums representing the interests of the African continent and BRIC countries, allowing the group to speak more widely on behalf of emerging economies and arguably on behalf of the developing world.⁷⁸

Some contend that to get the most out of the new BRICS arrangement, South Africa must push for continued regional integration, through regional bodies such as SADC.⁷⁹ Many analysts within South Africa argue that economic growth on the continent has been constrained due to low levels of regional and continental economic integration. While SADC has made progress in integrating its member economies relative to the other regional bodies on the continent, increasing the flow of minerals in the region (Angolan oil, Tanzanian gold, Zambian copper, Zimbabwean diamonds, gold and chrome),⁸⁰ it has not attained the level of integration it has

promoted. According to the body's 15-year plan, it has not made significant progress – it was to reach a free-trade area in 2008, Customs Union in 2010, Common Market in 2015, Monetary Union in 2016 and regional currency in 2018.⁸¹

South Africa is by far the most dominant economy in the group, holding the success for SADC at both an economic and political level.⁸² Many argue that regional integration has at times conflicted with South Africa's national interests, with the country choosing to integrate into the world economy at the expense of regional partners. The EU/SA Trade Development and Cooperation Agreement (TDCA) agreement on developing a free-trade area between the two partners is, according to Amos⁸³ an example of this.⁸⁴

The grouping offers political leverage for South Africa, with some advocating that it should pursue alliances in key sectors. One of the key sectors in which South Africa can influence the agenda of the BRICS group is that of renewable energy. Helping to negotiate agreements focusing on a trade-off between environment and development, South Africa could help to develop its own renewable energy and technology sectors. South Africa has indicated it will use its membership in the group to intensify its global campaign on climate change.

The cohesiveness of the BRICS group is also cause for concern – their economic goals and objectives, and past and future political alliances⁸⁵ could potentially conflict, and there are clearly prospects of friction when it comes to foreign policy objectives. Many argue that there is little in terms of political and economic objectives that bind these countries together in the first place. Furthermore, only three of the five members are democracies, which may create future conflict or controversy in terms of political priorities. South Africa's ability to fully participate in the BRICS forum could potentially be

constrained by its dearth of diplomatic resource, compared to those of the other members.⁸⁶

There has been speculation as to how the admission of South Africa into the BRICS group will affect IBSA – the policy forum between India, Brazil and South Africa established to reach consensus on a variety of political, economic and social issues. Some argue that the IBSA partnership will continue to operate within the BRICS group, or be absorbed by China and Russia, particularly if BRICS adopts a more political agenda and is able to speak as a united group on issues of international importance.⁸⁷ This notion is dismissed by those who argue that there is no evidence to suggest that IBSA will be rendered obsolete but contend that it will help strengthen BRICS⁸⁸ and reinforce the work of the forum through collaboration on investment initiatives and calls for reform of the international monetary system. With both forums still early in their formation, it is difficult to predict how they will interact.

Implications for foreign policy

Many experts and analysts argue that integration into BRICS causes concern for its foreign policy, given that it may be difficult for the country to justify its foreign policy positions among the other, much wealthier countries in the forum⁸⁹ – and difficult for all members to reach a consensus, considering their differing national, regional and strategic interests.

The South African government asserts that its foreign policy priorities are focused on Africa, and economic priorities lie in forging greater trade with China and India.⁹⁰ South African diplomacy has been focused on conflict resolution and peacekeeping in countries like the DRC and Zimbabwe. The country has done little to promote consensus on key development concerns, particularly in relation to Asia's growing economic involvement in Africa as it seeks to gain

strategic economic partnerships with Asian enterprise and expand South African multinationals into key Asian centres such as China and India. South Africa has remained silent in regard to China's role in Africa, even in controversial land deals,⁹¹ choosing instead to help attract increasing investment to the continent.

South Africa's role in land grabs on the continent

South Africa's stint as a non-permanent member on the Security Council from October 2006–2008 garnered criticism for controversial voting: from its support for normalisation of nuclear trade with India,⁹² its opposition to sanctions against Iran,⁹³ its help in blocking a sanctions resolution against Zimbabwe's rulers (by voting against imposed sanctions),⁹⁴ to voting against condemning the UN human rights violations in by the military junta in Myanmar.⁹⁵ Its decisions, which outraged the international community, were, according to South Africa, motivated by European and US violations of existing rules in the US system 'by tabling issues in inappropriate structures', or the targeting of countries to which they were hostile.⁹⁶

In its current stint in the Security Council, South Africa has again generated controversy from the international community. The country voted to pass a UN resolution authorising the use of force in implementing a no-fly zone over Libya while Brazil, China, India and Russia all abstained. This has generated concerns about South Africa's foreign policies and its implications for the BRICS group. The most recent divergence in foreign policy came from South Africa's August 2011 opposition to the unfreezing of assets belonging to the fallen government of Libya and offering them to the rebels, and its refusal to recognise them as the legitimate government of the country. South Africa agreed to support a US\$500 million package for humanitarian assistance but would not release

the funds until the UN had recognised the National Transitional Council itself.⁹⁷

In its 2011 *White Paper on South Africa's Foreign Policy*, the government emphasises the role that resource-rich African countries can play in providing markets, while recognising that other countries on the continent will provide challenges in terms of competition for new markets and political influence. It therefore calls for the need to develop partnerships with countries in the continent for 'mutual advancement'.⁹⁸ It rather directly indicates how African policy on the continent is influenced by South African economic and political interests, largely without emphasising how its policies will be shaped by the needs of the greater region.⁹⁹ Therefore, although South Africa has often been labelled as 'representative' of the African continent in the BRICS group, its economic and political interests are not always aligned with those of its neighbours.¹⁰⁰ The country's economic dominance in the region has made it a *de facto* leader, but due to its obvious differences from the other countries in the region, it is not in the best position to act on behalf of them.

Implications for northern countries

Some caution is given that the importance of South–South relations to the detriment of North–South ties should not be overemphasised. Cornelissen argues that North–South ties are still essential to the reconstitution of the global economy.¹⁰¹

Despite emerging relations with the BRIC group and that Sino-African trade expanded 10-fold between 2001 and 2008,¹⁰² the EU is still South Africa's topmost regional export destination¹⁰³ ¹⁰⁴ and the US remains Africa's largest export market. Chinese trade with Africa has proven steady in recent years, while US trade with the continent has been unstable – it was almost reduced by half when commodity prices

fell in 2009, while China-Africa trade fell by only 15 per cent.¹⁰⁵ President Zuma, however, cautioned that South Africa's membership in the BRICS group does not mean that countries in the North are less important.¹⁰⁶

Key Challenges for the BRICS

Given current patterns of economic growth, the BRICS forum could become a global political force and influence international policymaking, but only if the members are able to generate consensus on key global issues. Commentators argue that the BRICS group could become an alternative force that could help shape global security and governance architectures, and present an alternative to NATO. Peace and security matters, particularly in developing countries, could better be addressed in forums such as the BRICS. For this to occur, the BRICS nations would have to display more evidence of cooperation and coordination beyond signing economic and political cooperation agreements.

Some analysts contend that the forum is a political rather than an economic one, and is not expected to significantly impact African countries in the short- to medium-term.¹⁰⁷ It is clear, however, that BRICS is not a formal alliance of a bloc of like-minded countries but that the members are in fact rivals in international markets, attempting to meet their own national interests. They do, however, have the similar objective of economic growth and a desire to reform international institutions to better represent emerging economies.¹⁰⁸ Many South African analysts assert that the BRICS group can play a political role in counteracting Western countries, giving developing countries a greater voice in international institutions through allowing leaders to be chosen outside of Western countries, trading in currency other than the US dollar, increasing

financial regulation, and establishing a stable, reliable and broad-based international reserve currency system.

In reality, though, with such divergent national interests and objectives, politics could obscure the ability of the group to become a real force in global decision making. As recently as August 2010, the BRICS countries failed to unite to work toward their objective of changing the leadership of global institutions. In the first BRICS meeting in April 2011, the BRICS declared that the next chair of the IMF should not be selected based on region. It should rather be picked according to competence, marking the first time that a group of developing countries has pressured a leading international organisation to select a chief executive who reflects emerging

global realities and the rising importance of the emerging economies more accurately.¹⁰⁹

However when faced with the opportunity to unite behind one candidate from the South for the position of managing director of the IMF, the BRICS group failed to reach consensus. With the resignation of Dominique Strauss-Kahn, southern candidates such as the South African National Planning Minister Trevor Manuel were publicly endorsed as contenders, but the original BRIC members were content to support and endorse the French nominee, Christine Lagarde, over any candidate from the south. This lack of cohesion does not bode well for the ability of the five countries to provide a united front against developed-country control of global institutions.¹¹⁰

Notes and References

- 1 The authors would like thank Rachael Calleja for her able research assistance and feedback.
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