



RECOMMENDATIONS

- South Africa should develop a proper, well-articulated strategy for BRICS engagement, framed firstly around South Africa's domestic economic interests and then around Africa's regional integration agenda that is mindful of BRICS competition on the continent.
- African countries should undertake domestic reforms to improve their business and investment climate in order to facilitate the BRICS role in the continent's development. A strong continental agenda is critical. However, African countries should also be realistic about the potential and limitations of the BRICS benefits for Africa, as the former is an evolving structure with no common norms and whose engagement with Africa is mostly bilateral.
- South Africa should work on developing bilateral relations with key African states, as these are crucial to South Africa's BRICS–Africa engagement; and any outreach to Africa should complement such relations.
- The BRICS Summit should be viewed as a potential opportunity to reframe the African development discourse with emerging economies.

BRICS Summit 2013: Strategies for South Africa's Engagement

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EXECUTIVE SUMMARY

As host of the fifth BRICS Summit in 2013, South Africa's summit theme resonates with African development priorities. The theme, 'BRICS and Africa: Partnership for Development, Integration and Industrialisation', corresponds with South Africa's approach to Africa. South Africa's foreign policy narrative on Africa reflects a country in search of a leadership role in Africa. The campaign for BRICS membership was run on a 'gateway to Africa' narrative, and South Africa's BRICS membership seems to derive its legitimacy from this self-imposed 'leadership' role on the continent. The summit theme is appropriate, given the increasing levels of BRICS–Africa engagement. It also serves to make the summit a moment of truth for what South Africa can realistically achieve for Africa through its BRICS membership. The policy briefing explores how the BRICS group can best be leveraged to ensure tangible developmental benefits for South Africa and for Africa as a whole.

INTRODUCTION TO THE BRICS

The original BRIC group of countries evolved from an acronym coined by Goldman Sachs in 2001, when forecasting future economic trends and the future roles of Brazil, Russia, India and China in overtaking the advanced industrial economies and facilitating a shift in global economic power.² In 2010 the group expanded following South Africa's inclusion, to become the BRICS. In terms of their current global weight based on 2011 statistics, the BRICS countries account for 25% of global gross domestic product; 30% of global land area; and 45% of the world's population.³ Despite a slowdown in growth due to the contagion from economic stagnation in the West, which has seen each BRICS economy decrease by

at least one-fifth in 2012, the BRICS share in world trade as well as intra-BRICS trade have flourished.⁴ The BRICS share in world trade increased from 10% in 2008 to 16% in 2012; while intra-BRICS trade increased eleven-fold from a mere \$28 billion in 2002 to an estimated \$310 billion in 2012.⁵ With the exception of South Africa, the BRICS countries are also among the world's top ten economies.

Against this background, it is becoming increasingly clear that the BRICS is representative of the shifts in the global political economy and a growing multipolar world. The group's rise has been facilitated significantly by the global economic crisis, which has economically crippled the developed countries. Although the axis of power is still resident with the established powers, the BRICS influence is changing power dynamics and relations in global economic governance. The BRICS journey motif, from the group's first meeting in 2009, demonstrates a strong political will to make the members a permanent feature in the global economic governance discourse. The BRICS influence is set to increase and to accentuate the voice of the global South as it continues its economic growth trajectory.

BRICS IN AFRICA

Led by China, BRICS economic activity in Africa has continued to grow in recent years. BRICS–Africa trade has doubled since 2007 and is estimated to have reached \$340 billion in 2012, representing a ten-fold increase since 2002.⁶ The African continent is useful to some of the BRICS economies as a source of raw materials and as an export market for their manufactured products. The BRICS countries also played an important role in serving as an alternative market for African export products during the global economic crisis, and were instrumental in ensuring that Africa was not completely overrun by the effects of the economic downturn. Trade between the two groups is projected to exceed \$500 billion by 2015.

The BRICS is also an important source of foreign direct investment for Africa, investing in infrastructure development; the agricultural sector; and, in the case of China, in industrial development zones designed to help integrate Africa in global value chains.⁷

Of course, these economic linkages take place through bilateral engagements, as the BRICS are not an economic bloc and there is no specific strategic economic engagement yet in place between Africa and the BRICS as a group. This strategy does not even seem to exist at a bilateral level, which has led to concern and apprehension over the impact of the continued growth of the BRICS for Africa, particularly with regard to China. This is also because the BRICS and other emerging economies are celebrated within Africa as alternatives to the traditional partners. The patterns of economic engagement, however, remain the same, with Africa exporting commodities and importing manufactured goods from the emerging economies.

LEVERAGING SOUTH AFRICA'S BRICS MEMBERSHIP

South Africa plays the role of a middle power in its international engagements. This role is most notable in institutions like the World Trade Organization, the UN and the Group of 20. BRICS membership serves to enhance South Africa's global profile and, within Africa, it consolidates South Africa's leadership status. From a political perspective, South Africa's BRICS membership is really derived from the perception of South Africa as a regional leader. This perception, which is largely self-imposed on the part of South Africa and resonates more outside the continent than within, comes with an obligation to articulate the African agenda and enhance African interests in global forums, particularly where there is no other African member.

South Africa's perception of its leadership in Africa is based on its 'Africa first' approach and the 'African agenda' rhetoric that is firmly embedded in the country's foreign policy. This is a legacy of the Thabo Mbeki administration, which has been adopted by the South African government under Jacob Zuma. During Mbeki's tenure, South Africa was instrumental in the establishment of the New Economic Partnership for Africa's Development (NEPAD), the African Peer Review Mechanism, the African Renaissance Fund, and the African Union in 2002.

Post-Mbeki, South Africa is still very active in

shaping and convening the African development discourse at global and regional platforms. Nevertheless, South Africa's position is often contested by other African countries, such as Nigeria, Kenya, Egypt and Ethiopia. The race for the Chair of the African Union Commission in 2012 brought to the surface many of the underlying tensions between South Africa and these countries.

Having initially premised its BRICS membership on its supposed 'gateway to Africa' status, South Africa has now positioned its BRICS membership on three poles: to advance its national interests; to promote its regional integration programme (with specific reference to the Tripartite Free Trade Area) and related infrastructure development programmes; and to develop a South-South partnership for the reform of global governance. South Africa has been very vocal about the African agenda in its interactions with other BRIC countries, and has particularly championed the cause for infrastructure investment in the region as a precursor to regional integration. This is also in line with President Zuma's position as the president of the Programme for Infrastructure Development in Africa.

There have been questions about the real benefits of South Africa's inclusion in the BRICS, besides an elevated voice that comes with such membership. Statistics show that South Africa ranks third among the BRICS as Africa's largest trading partner but has stronger links with Africa than any of its BRICS partners.⁸ It is worth interrogating whether this ranking is affected negatively or positively by South Africa's BRICS membership. That South Africa is not Africa's number one trading partner and what this means for South Africa's commercial interactions on the rest of the continent needs to be analysed within this context.

The above point raises the issue of bilateral engagements and building strong commercial ties that are supported by diplomatic interactions. Before South Africa can leverage the trade and investment linkages with the BRIC countries for Africa, it has to demonstrate an ability to leverage such linkages for itself. What South Africa currently lacks is a twin strategy that combines its foreign policy tools with commercial diplomacy. This also stems from a failure to properly and actively engage

the business sector, and is evidence of inadequate co-ordination between the government and relevant stakeholders.

South Africa should be proactive about attaining concrete economic benefits from its BRICS membership. This means a movement away from rhetoric to action, through the implementation of a foreign commercial policy specifically aimed at the BRICS. This includes implementing and expanding such initiatives as the Comprehensive Strategic Partnership Agreement signed with China in 2010; and boldly speaking out against such practices as China's currency manipulation, which gives it an unfair advantage in world exports. In redesigning its investment framework, South Africa should think about how to best harness investment from other BRICS countries to ensure technology absorption, skills development and to ameliorate domestic priorities such as poverty and unemployment. This would be no different from the approach of the other BRICS, which are uncompromisingly and unapologetically mercantilist in their engagements with Africa.

South Africa's trade and investment foray into Africa is most pronounced in Southern Africa. The Southern African Development Community (SADC) region is a key economic partner for South Africa, absorbing about 80% of its exports. The theme for the BRICS Summit in 2013 emphasises regional integration and development. Credibility to deliver will derive from South Africa's ability to broker real integration in SADC and facilitate development in the region. South Africa has long reiterated the linkages between regional development and its own domestic economic growth. Current challenges to this include chronic supply-side deficiencies, with particular reference to network services infrastructure. Infrastructure development thus becomes key to regional development.

To this end, the Development Bank of Southern Africa and the Industrial Development Corporation can be used as important tools of intervention in South Africa's economic diplomacy in Africa. These development finance institutions can be used to finance South African corporations as they expand into Africa and also as sources of investment for infrastructure development.⁹ South Africa has volunteered to host the mooted BRICS

Development Bank, which will fund development and infrastructure initiatives in the developing world and facilitate trade. South Africa views this bank as a potential source of investment for the Tripartite Free Trade Area initiative as well as for infrastructure development across the continent. Nevertheless, the proposed bank, if implemented, will not be solely for the development of Africa; and Africa's prioritisation would require a strong diplomatic push from both South Africa and the African continent.

This brings us to the engagement between South Africa and its neighbours. South Africa's leadership is rejected stiffly by some African countries, particularly those experiencing rapid economic growth and growth in political stature. As yet South Africa has not made a concerted effort to court and engage the support of these key African states, which are actively engaged with the other BRICS countries through bilateral relations. South Africa has, however, invited representatives of various continental institutions, such as NEPAD and the African Union, as well as representatives of regional economic blocs, to the BRICS–Africa Leaders' Retreat, which will be held after the BRICS Summit in March 2013. If South Africa is to co-ordinate BRICS activities in Africa, as the summit theme implies, then it needs Africa to be at the forefront of this initiative as well. Securing the buy-in of these stakeholders for South Africa's BRICS agenda for Africa means the other BRICS countries will be more inclined to make Africa a standing agenda item. South Africa needs to focus on establishing bilateral relations with these key African countries as a primary reference point, with engagement through the BRICS as complementary and secondary to such bilateral relations.

CONCLUSION

South Africa is the logical leader of the continent

by virtue of its economic and political might; and is probably the only African country with enough capacity and stability to take on such a leadership role. However, there is also a need for South Africa to interrogate its approach to the continent, and to approach issues in a manner that does not undermine or alienate other key African players. South Africa's success in its efforts is dependent on some fundamentals, such as how it engages key states in Africa; how it engages other external economic actors on the continent; and how it defines its role on the continent vis-à-vis the BRICS. An initial attempt to bring the two groups together – the pan-African institutions and the key African states – in March 2013 will help to determine the path for future engagements.

ENDNOTES

- 1 Memory Dube is a senior researcher in the Economic Diplomacy Programme at SAIIA. Her research interests include trade policy reform, global economic governance and regional economic integration.
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- 3 Lavrov S, 'BRICS: A new generation forum with a global reach', in Larionova M & J Kirton (eds), *BRICS New Delhi Summit 2012*. London: Newsdesk Communications, 2012.
- 4 Freemantle S & J Stephens, 'BRICS Trade is Flourishing, and Africa Remains a Pivot', Africa Macro: EM10 & Africa, Standard Bank, 12 February 2013.
- 5 *Ibid.*
- 6 *Ibid.*
- 7 Schoeman M, 'Of BRICS and mortar: The growing relations between Africa and the Global South', *The International Spectator: Italian Journal of International Affairs*, 46, 1, pp. 33–51.
- 8 Freemantle S & J Stephens, *op. cit.*
- 9 *Ibid.*

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