Nowadays we are seeing how countries that during the Cold War did not show great symptoms of growth, today are on their way to becoming the world's largest economies during the period 2030-2045. These countries, “marginalized” by the Western powers in the process of implementing a global economic system, aspire to form an economic order in which they have the decision-making power. This is why South-South alliances among formerly "marginalized" countries predominate, and will continue to prevail in the future. Among these, the ZOPACAS (of which I already wrote about in another article), the IBSA dialogue forum or the BRICS group stand out. Throughout this article, special mention will be made to this last group and how the political and economic interests of the great powers within it, mainly of China, prevail when it comes not only to deciding and coordinating the agreed policies, but also to interceding to accept or not the inclusion of a certain country in the group. In this way, China tries to increase its political and economic ties with the African continent which is crucial in China’s strategy to become the leading nation by 2049 (coinciding with the 100th anniversary of its creation).
SOUTH AFRICA’S ROLE IN THE BRICS

Introduction

The world of the twenty first century as a whole is living within a global order which, far from it being given, has been developed mainly through the past century. This order, as promoted by Western countries (mostly the United States), is mainly characterized by the emergence of democracy as the preferred political system and neoliberalism as the force driving globalization in both the economic and social areas.

This order is one which has been generally accepted by countries and societies all around the globe. However, it gives the impression not every country agrees with the current global order. These nations are mostly among the ones that did not have a major role in the development of the Cold War, as the process which most contributed to the formation of the current world order.

Therefore, the other nations feel they must develop within an order which was imposed and not chosen or even influenced upon. They do not even want to challenge this order but instead only want to belong to an alternative one. This is the main reason why most non-Western nations feel the need to change and belong to an order in which they can have a say. And one of the best ways to do so is by enhancing cooperation at every level (Gratius, 2016).

The BRICS forum is one of such initiatives aimed at promoting a parallel and independent global order which focuses on the economic order as the main force of global change. It is composed of Brazil, Russia, India, China and South Africa. Some reports point to this East-South association as being the result of a “neorealist idea of power balancing of external balancing by joining alliances that are seen as alternative to dominant centres of global power” (Harrison, 2014).

However, far from providing an exhaustive analysis of such an international platform, this article will instead analyse BRICS’s composition. In specific terms, it will analyse the potential South Africa has and whether it should be accepted in such an honourable group.

The BRICS

In order to understand South African’s role within the BRICS it is important to have an overall view of this forum.

First and foremost it is important to note that we are not referring to the BRICS as a given institution or even an international or supranational organization, it is not. Rather, BRIC is originally a term that was devised by Jim O’Neill of Goldman Sachs in 2001 with the aim of grouping those nations which were expected to experience major
economic growth in the world by 2050. He first expressed this concept on his paper "Building Better Global Economic BRICs" (O’Neill, 2001). According to Goldman Sachs, the protagonism of those four nations will be such that the world would be forced to both devise a new organization within the forums of international economics and accept new members within the G-7 (which is already formed by the most developed countries in the world). However, O’Neill was referring to China, India, Brazil and Russia but he did not think nor intended to include South Africa within this group since he thought it had not the economic potential for being included within the BRIC (El Economista, 2012).

Notwithstanding that, these nations embraced O’Neill’s idea and initiated formal meetings in 2009 with its first meeting in Yekaterinburg (Russia). The message that came out of that meeting was the following (BBC News, 2009):

» The emerging and developing economies must have a greater voice and representation in international financial institutions »
BORC summit statement

The BRIC, and later the BRICS members, have held 10 summits up to date, the last one being in July 2018 in Johannesburg (Brazilian Ministry of Foreign Relations, 2018). However, it was in their third meeting in Sanya (China) in 2011 that they opted for the inclusion of South Africa in such group as full member. Only then, the BRIC became the BRICS. Jacob Zuma, who was the South African president back then, did work hard in order not to let this opportunity fade. He visited every BRIC country during 2010 in the search of a diplomatic victory which finally came in 2011 at the meeting in Hainan (Hervieu, 2011). After the meeting, Zuma and the other heads of State held a joint press conference during which Zuma stated the following (Zuma, 2011):

» Although our BRICS partners are leading economies in the world, South Africa nevertheless brings unique attributes which complement the BRICS mechanism »
Statement by South African President Jacob Zuma

As Zuma himself explained throughout the press conference, he referred to a “unique value system that derives from South African recent experience”, in reference to the Apartheid era. Moreover, he made reference to the contribution South Africa makes from its independent and non-biased view on international peace and security issues. Finally, he highlighted the fact that “South Africa serves as a major economic player in the growing African [continent].” (Zuma, 2011) This paper will analyse the validity of these and other assertions in order to consider South Africa as a valid member within the BRICS forum.
It is also noticeable though that this is not the only platform aimed at devising an own economic strategy. The BRICS initiative was buttressed by the Brasilia Declaration in 2003 among the foreign ministers of India, Brazil and South Africa which created the IBSA Dialogue Forum. It is a platform which not only promotes South-South cooperation but also promotes trilateral cooperation by increasing trade and eventually helping poverty alleviation and social development. However, the long-term objective is to expand these cooperation efforts into different fields such as investment, health, education or defence; or even create a trilateral economic association among India, the South African Customs Union and MERCOSUR. To these ambitious ends, regular meetings have been taking place, the latest being in Durban (South Africa) in 2017 (Brasilia Declaration, 2003).

The role of South Africa in the BRICS

The inclusion of South Africa as full member in the BRIC economic forum was originally received with great astonishment by both the world in general and BRIC’s founder in particular. As impressed as he was, O’Neill interrupted his Christmas holidays of 2011 to write a note to several investors expressing his astonishment at the incorporation. He could not have been more conclusive when he argued (Brooks Spector, 2011):

« There are lots of other growth economies that have more justification to be added to the BRIC club than South Africa »

Jim O’Neill

What buttressed his astonishment is that, after the media resonance that the BRICs concept had, O’Neill himself wrote a new paper in 2007 calling for the acronym Next 11 (N-11), roughly the joint action of MINT and CIVETS groups. It referred to those countries which would likely have a similar impact as the BRIC group had in the international economic system. Not even among them did O’Neill originally include South Africa. Instead, the N-11 acronym, which was devised more as a dream than a reality, was formed by Bangladesh, Egypt, Indonesia, Iran, Korea, Mexico, Nigeria, Pakistan, Philippines, Turkey and Vietnam. Thus Nigeria and Egypt being the only African countries. The main ground for their inclusion was that they were the next set of large-population holders beyond the BRICs and thus the ones which will be more likely to succeed economically in the mid and long-term (Wilson & Stupnytska, 2007).

In order to find South Africa in any economic report on foreseen economic growth we have to go to the BBVA bank. A recent study of the BBVA Research called “BBVA EAGLES: Why investors should focus on BBVA Research EAGLEs” divides the countries into 2 main groups: the “Eagles”, which encompasses those countries which
already lead global growth and are likely to overtake the G-7 (China, India, Brazil or Indonesia), and the countries that do have the potential to grow but which are not likely to in the short or mid-term are considered as being in the “Nest”. Among the latter countries is South Africa together with Colombia, Argentina and Malaysia. This study, in comparison with the BRIC’s theory, has the advantage of not being fixed, that is, the countries in either of both lists can change periodically (BBVA Research, 2014).

The factual heterogeneity in the BRICS group allow us to distinguish different figures that put South Africa in a better and worse position in comparison with the rest. Therefore, in spite of the good prospects the BBVA Research shows on South Africa, the truth is the country has only managed to grow at an annual rate of 1.5% from 2013 to 2017, whereas the average growth rate within the BRICS group was around 3.5% (being China and India the most prominent countries reaching 7.15% each over the past 5 years). Moreover, when comparing South Africa’s Gross Domestic Product (GDP) with that of Russia (the weakest nation in economic terms within BRICs) we see that South Africa’s GDP amounts roughly to one quarter of the Russian economy (309,109 vs 1,395,808 million US dollars). In population terms it is obvious South Africa is way behind Russia (56.5 vs 144 million people). Conversely, other sets of figures put South Africa in a better place. For example, it is the country that has less public debt (only 157,102 million US dollars in comparison to Russia that has 206,960 million US dollars). Moreover, we should take into consideration that South Africa’s GDP, although not in a good position within BRICS, amounts currently to a 16% of the whole African GDP. This means that South Africa, with a population of approximately 56 million people, is producing one sixth of what 54 sovereign States and 1,228 billion people altogether produce in a year (Expansión, 2018).

Perhaps this is the main reason why BRIC members did accept South Africa’s inclusion in such privileged group. However, South African economic hegemony within the continent is far from being clear. Instead, powerful countries like Nigeria and Egypt have started to emerge. They amount respectively to the 17% and 11% of the whole African GDP. Therefore, independent researchers in this field have begun to warn about these potential apprehensions. One such researcher is Lyal White who, in line with Jim O’Neill’s previous statements, argues (White, 2011):

« One has to wonder whether Africa would choose South Africa as countries like Nigeria dispute its leadership in the region »
Lyal White

A leadership in dispute

As it has been discussed throughout this article, the astonishment for South Africa’s inclusion in the BRICs was double. On the one hand, because South Africa’s economic and population potential was not even close to that of the rest of country
partners. On the other hand, because there were other countries that could have well fitted the BRIC group if it really was necessary to include any African country (which was not). One such country was Nigeria rather than South Africa. However, let’s examine the pros and cons of each country in order to unveil their suitability within the BRIC forum.

When taking into account the size of both economies we encounter several similarities. As such, one is their respective contribution to African GDP as a whole. As discussed, South Africa contributes with roughly 16% of the continents total GDP. Nonetheless, Nigeria overtakes South Africa by contributing with 17%, being the largest African economy (Wikipedia, 2017). Additionally, South Africa generates more than 50% of all African generated electricity and provides more investment than China, the UK or the US (Vivar, 2015). Besides that, their respective GDPs are fairly similar: that of Nigeria is around 350 billion US dollars, and that of South Africa is about 376 billion US dollars (Wikipedia, 2017).

Nonetheless, nuances abound between both countries, especially when we look at the way they obtain such levels of GDP. Historically, the Nigerian economy has not been diversified. Conversely, until the 1980s its economy was mostly dependant on oil. Despite the economic diversification that was initiated after the disastrous consequences for the Nigerian economy of the petroleum crisis of 1973, the truth is that nowadays Nigerian oil exports still amount to 89.6% of its total exports. It could be that this dependence prevented Nigeria from achieving a greater economic level around the years that South Africa was accepted in the BRIC forum, that is, 2011, a time where South African GDP amounted to 60% the total African GDP. Nonetheless, all turned upside down when Nigeria updated its calculation base (an accounting exercise) which, contrary to UN standards who advice to update it every 5 years, had never been updated since 1990. That way, Nigerian GDP raised from 293.760.400 to 425.560.800 US dollars in 2014. In spite of the recalculation, South African per capita income continues to exceed that of Nigeria (6,850 vs 2,280 US dollars) but when compared to the Gini Index it turns out that South Africa is the worst nation in the world, which means that it is the most unequal nation worldwide. This automatically puts Nigeria in a better position. Lastly, from a social perspective Nigeria has a population of 191 million people, being African leader in this field (Naranjo, El País, 2014).

Their respective growth for 2050, which was prima facie the prerequisite to be included in the BRICs also pose doubts on the suitability of South Africa’s inclusion. It is true that at the time it happen South Africa’s GDP was worth 60% of that of the African continent. Nonetheless, when compared to Nigeria, South Africa seems to be falling apart. According to an analysis of Price Waterhouse Coopers (PwC), South Africa will escalate only 2 positions in 2050 compared to the 2016 figures, specifically from being the 29th economy in the world to being the 27th (measured by GDP at Purchasing Power Parity). Nigeria, however, will escalate 8 positions, that is, from being the 22nd economy to being the 14th. Thus, not only Nigeria will escalate more positions, but also we can see how Nigeria’s departure stage is higher than that of South
Africa in 2016 (we have already discussed Nigeria’s sudden growth). In verbatim, the report says the following (Price Waterhouse Coopers, 2017):

« Nigeria is projected to be the fastest growing African economy in our model, growing at an average rate of 4.2% per annum »
Price Waterhouse Coopers

Not all that glitters is gold, though. The same report puts emphasis on the structural difficulties that Nigeria will most likely face in order to keep up with the foreseen figures of growth. These include an improvement in both their institutional and infrastructural systems. Moreover, the lack of productivity of the Nigerians will be another challenge. Currently, Nigerian productivity is valued at 3.24 US dollars per hour relative to 19.68 US dollars per hour in South Africa. One important asset Nigeria will count on is its youth population. The projected average working age population growth to 2050 for Nigeria is near the 3% mark. This leaves Nigeria in the top of the countries analysed. South Africa is well back of Nigeria with less than 1%. Lastly, a common challenge both Nigeria and South Africa will encounter is the diversification of their respective economies. Nigerian one is too dependent on oil, as discussed. The South African economy is dependent mostly on the exportation of precious metals (Price Waterhouse Coopers, 2017).

Another report puts South Africa in a slightly better position. It makes emphasis on the stronger economic growth countries like Angola, Nigeria and South Africa are experiencing as a consequence of “the political transition and economic reform initiatives [which] supported investor confidence and contributed to stronger activity [in 2018].” Moreover, the World Bank has forecasted Nigeria’s growth as being less than expected. Among the causes this report, published in June 2018, mentions are reasons related to the reduction on oil production due to “capacity constraints.” Still, the comparison with Nigeria leaves South Africa in a bad position even though better than that of other studies. From 2018 to 2020 Nigeria’s real GDP will surpass that of South Africa by at least 1% (2.4% vs 1.9% in 2020) (World Bank, 2018).

The fact South Africa serves the BRICs a way into the African country is also a powerful motive for South African inclusion into the group. Indeed, apart from China, India is increasingly active in the East of Africa and Brazil is multiplying its presence in Angola and other countries (La Información, 2016). It should be noted that Africa as a whole represents a potential market of over 1,200 billion people, which is believed to reach almost 2,500 billion in 2050 and 4,300 billion in 2100 (Villar, 2015).

From an economic perspective it turns out that whereas Nigerian trade with Africa tends to be focused on several countries (such as South Africa), South African trade was more diversified into both different countries and products. According to the Observatory of Economic Complexity, Zambia, Mozambique and Zimbabwe amount to
half of South African exports to the African continent, being the main destination countries. Conversely, South Africa is the destiny of almost 43% of Nigerian exports. For the rest, Nigerian trade is mostly focused on the Northern hemisphere whereas South African exports hold around 4% with almost every country in Africa. This trend continues in regards to their respective imports. Lastly, South Africa is also higher placed by volume of trade. Its exports amount to 13.6 billion US dollars whereas Nigerian ones only amount to almost 5 billion. South African imports are worth 9.5 billion whereas Nigerian ones only 1.5 billion. This gives South Africa a surplus of 4.1 billion and to Nigeria only 3.5 billion. In a nutshell, South African trade is both higher in numbers and consumers when compared to Nigerian trade within Africa.

According to the Spanish Foreign Ministry, China would be the main destination of South African exports making up 11.3% in 2015. For its part, India would be the seventh country (4.2%). (Diplomatic information office, 2018). The main products traded have to do with minerals (platinum, gold, chromium, manganese) petroleum and gas. These products have experienced a continuous rise in exports throughout the years (Gómez Jordana Moya, 2013).

In addition to that, also of relevance is the role Foreign Direct Investment (FDI) has played in South Africa. Especially after Apartheid ended, South Africa became one of the most open economies in Africa with a commercial opening trade of 60% (measured by quantity of imports and exports). In accordance to this economic transition, South Africa also leads commercial integration processes such as the Southern African Customs Union (SACU) which encompasses South Africa, Namibia, Lesotho, Eswatini and Botswana and which managed to sign in 2009 a trade agreement with MERCOSUR (within which belongs Brazil). The ultimate consequences of this liberalization have been the increasing businesses South Africa has established not only in Africa but also in overseas countries such as China and, to a lesser extent, India. In figures, China’s FDI in South Africa in 2014 amounted to almost 4% which allowed China to remain within the 5 main investors in South Africa. A recent case stands out in the car industry: in 2017 the Beijing Automotive International Corporation announced the spending of over 760 million of US dollars in order to establish a new factory in South Africa (Oficina Económica y Comercial de España en Johannesburgo, 2018).

This trend is also replicated in reverse. In 2012 China was the first destination country for South African foreign investment, even before the United Kingdom (18.1% vs 16.1%). This is relevant if we take into account South African history, during which the UK had a central role since it had either direct or indirect rule on South Africa for almost two centuries. It is also remarkable the increasing FDI South Africa has initiated among the African nations, especially within Southern Africa. Concretely South African FDI is quite noticeable in the mining and paper industries, in which several South African multinationals play a big role. Besides that, enterprises like Illovo and Tongaat Hulett have a big stake in the sugar industry. Lastly, there are minor investments in agricultural and livestock farms (Oficina Económica y Comercial de España en Johannesburgo, 2018).
We have already discussed the impertinence of membership of an African nation within the BRIC group, therefore agreeing with its creator Jim O’Neill. Moreover, it seems clear that, as O’Neill argued, Nigeria could have been a better country to include, at least when we look at their respective projected growth. Having said so, we consider that given the economic relations already established with some of the BRIC countries, especially China, plus the high quantity of FDI it has with other African nations, South Africa can well serve as the proper “way in” for other countries—mainly China—into Africa. As we will now discuss, this aim is contrary to BRICS main purpose, which is to serve as a platform gathering the most important economies in the world by the year 2050 and not to serve as a prestigious group which is of easy access to any country willing to make some economic and political concessions.

In accordance to the aforementioned, within an economic forum not everything has to do with economic terms but instead politics play a big role. South African history is crucial in this aspect in the way that as a consequence of the segregationist and racial politics followed by its government called Apartheid, South Africa experienced a long period of international isolation. This stage lasted for 30 years from the Sharpeville massacre in 1960. Eventually, South Africa managed to recover some of the lost support in 1994, when South Africa celebrated its first democratic elections. The need to recover such international support could have been the main political reason why in 2010 Jacob Zuma, who back then was the South African president, initiated a round of talks and diplomatic visits in order to introduce South Africa into such an economic forum.

Bilaterally speaking there are also good reasons that could have facilitated the inclusion of South Africa in the BRIC forum. Brazil and South Africa have historically held good relations. During the period of international isolation, it was Brazil who stood up as the main partner for South Africa. Back then, Brazil was also experiencing a period of international isolation due to the military dictatorship the country was experiencing. Later on, both countries managed to associate with the creation of the ZOPACAS, which is a regional association initially promoted by Brazil which is currently composed of countries on both sides of the Atlantic. Also, in 2003 Brazil and South Africa created, along with India, the IBSA Dialogue Forum with the objective of promoting the South-South relations and facilitate trade agreements among them, as has already been discussed earlier on in this analysis. Therefore, the BRIC forum only constitutes another occasion on behalf of which Brazil and South Africa, two nations that already know each other well, will deal with. This relation is also understood by the fact that both nations share common goals in the international area, that is, we are referring to two nations that do not feel represented in the current imposed international system and subsequently they aim at building their own.

I have already talked about the importance of mineral trade mainly between South Africa and China. However there is another fact that is important to mention if we want to understand alternative motivations for the inclusion of South Africa in the BRICs economic forum. Specifically, we are referring to the relationship between South
Africa and Russia. Both countries control almost 80% of the total precious mineral available in the world like gold, silver, uranium, and palladium (Sputnik, 2018). Nonetheless, platinum continues to be the precious mineral most valued of which both countries together hold 89% of its worldwide reserves (Almería 360, 2017). The intrinsic worthiness these minerals have combined with the fact that they are per se raw materials susceptible of being used for manufacturing help us to understand their importance and therefore the need to protect them. As proof of that are the multiple agreements signed between the two countries for the exploration, extraction and processing of mineral resources. The last of them was signed on 21 November 2018 and aims at expanding this cooperation until 2025 (Sputnik, 2018).

«Today was signed (...) a programme of Russian-South African collaboration in prospecting, extraction, processing and enrichment of mineral resources until the year 2025»
Dmitri Kobilkin,
Russian minister of Natural Resources and Ecology

On the other hand, the abovementioned rise not only in China’s investment in South Africa, but also in South African exports to China has contributed to improve relations between them. Besides, as it has also been demonstrated above, the increasing spending of South Africa in nearby countries helps China to introduce itself to a market of currently 1.228 billion people. The FDI coming from China is warmly welcomed in South Africa, a country with 25% official unemployment and a highly unequal society. Actually, China’s FDI in South Africa amounted to 4.2% of the total. It seems to be a win-win cooperation in which one party needs the money and the enterprises capable of generating jobs and the other is willing to provide that (Santander Trade Portal, 2016).

The most curious relationship is one that has been established between India and South Africa. And that is so because it was India that pushed most within the UN to impose high sanctions on South Africa during the Apartheid era. In fact, India was the first country to cut relations with the African country. However, their relations have flourished in every aspect since the reestablishment of diplomatic ties in 1993 by Jacob Zuma. Their commercial relations have been built on a commodities-for-manufacturing basis. Although trade figures have been declining over the last years, the truth is that those figures have been experiencing upwards trends since 1993. This increase could be pushed further providing a preferential trade agreement between the Southern African Customs Union (SACU) and India is signed (Southern African Customs Union). FDI has also been important: among the Indian enterprises in South Africa we encounter Mahindra (automobiles) and UB Group (brewery and hospitality industry), along with other enterprises in the mining and pharmaceutical sectors. The importance of South Africa for India is also well understood when we look at the various free trade agreements (FTA) India has signed with over 18 African individual countries, amongst
them South Africa. Not to mention the FTA India signed with the Southern African Customs Union in 2011 (South African government, 2014).

From what has been said, we can conclude that, even though Nigeria appears to be a more suitable country in economic terms, it has turned out that the original members of the BRIC block have considered other things rather than only economics. Indeed, from a political point of view it could be that South Africa represents a better option than Nigeria, as it has been analysed. Geopolitical considerations could have played a big role. Actually, South Africa connects the Pacific with the Atlantic oceans from a physically comfortable location, that is, in line with countries like Australia and the Southern Brazil and, which is more important, from a secure point especially when compared to the Gulf of Guinea where hijackings for maritime trade abound.

**Conclusion**

The reflection that follows from the paragraph above is that certain international organizations or forums in this case are often used in order to promote private interests rather than commit the organization into delivering what it is its original aim.

As demonstrated, that has been the case of South African inclusion in the BRIC forum to become the BRICS club. This inclusion was not expected for several reasons. First, because such inclusion was not even foreseen by the inventor of the term BRIC: Jim O’Neill. Second, no one expected the these nations to have such powers to decide which nation goes in or out. They did not even gather in an international organization with certain laws that were to foresee the requisites to be eligible, there was just not such an option. Third and most importantly, because the inclusion of South Africa prevents the BRIC forum from what it was originally aimed at, that is, gathering the nations which are supposed to experience a greater economic growth by 2050.

This last reason is the one I consider to be most important because the forum did represent a real option to build a parallel international order which at least was to be chosen by the parties and with the capacity of influencing the current global order. Such influence can only be achieved if powerful countries are listed within the group. Conversely, a group conformed by non-powerful countries or by countries which, given their economic heterogeneity, have strong individual interest which confront those of the rest is not desirable. Firstly, because that does not only prevent the group from taking a unique side on the majority of issues but also, and most importantly, prevents the group from its ultimate goal: be influential in the world and get rid of imposed global order which they are not even capable to decide upon. Experts have already warned about the consequences of such heterogeneity (European Union, 2012):

« BRICS do not constitute a homogeneous alliance »  
European Union
It is true that the original members of the BRICs, especially China whose is using South Africa for its political and economic purposes, have by its inclusion fed South African desires for more visibility in the international arena (Peña, 2011). However, we do not think this inclusion responds to a desire for South Africa to be merely included in any economic group. Indeed, the BRICS forum is only the tip of the iceberg in emerging countries. In not a long period of time we will start listening to groups like the MINT (Mexico, Indonesia, Nigeria and Turkey) or CIVETS (Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa) which are for two reasons more suitable for South Africa: firstly, because it is formed by countries that, except for Nigeria, have a huge geographical advantage in a changing world trade scenario, and secondly because those countries have great demographic expectations. Truly said, South Africa clearly falls behind the rest in this aspect, but in relative terms it has more population than the physically closer countries in Southern Africa (Rodríguez, 2018).

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